

Governance and Audit Committee Meeting

**Grand Jury Room, Town Hall, High Street,
Colchester, CO1 1PJ
Tuesday, 05 March 2024 at 18:00**

The Governance and Audit Committee considers and approves the Council's Statement of Accounts and reviews the Council's annual audit letter. The Committee also deals with the Council's governance, risk management and audit arrangements. To make recommendations to the Council on functions such as Elections and bye laws, and determine Community Governance Reviews.

Information for Members of the Public

Access to information and meetings

You have the right to attend all meetings of the Council, its Committees and Cabinet. You also have the right to see the agenda (the list of items to be discussed at a meeting), which is usually published five working days before the meeting, and minutes once they are published. Dates of the meetings are available here:

<https://colchester.cmis.uk.com/colchester/MeetingCalendar.aspx>.

Most meetings take place in public. This only changes when certain issues, for instance, commercially sensitive information or details concerning an individual are considered. At this point you will be told whether there are any issues to be discussed in private, if so, you will be asked to leave the meeting.

Have Your Say!

The Council welcomes contributions and representations from members of the public at most public meetings. If you would like to speak at a meeting and need to find out more, please refer to the Have Your Say! arrangements here: <http://www.colchester.gov.uk/haveyoursay>.

Audio Recording, Mobile phones and other devices

The Council audio records public meetings for live broadcast over the internet and the recordings are available to listen to afterwards on the Council's website. Audio recording, photography and filming of meetings by members of the public is also welcomed. Phones, tablets, laptops, cameras and other devices can be used at all meetings of the Council so long as this doesn't cause a disturbance. It is not permitted to use voice or camera flash functions and devices must be set to silent. Councillors can use devices to receive messages, to access meeting papers and information via the internet. Looking at or posting on social media by Committee members is at the discretion of the Chairman / Mayor who may choose to require all devices to be switched off at any time.

Access

There is wheelchair access to the Town Hall from St Runwald Street. There is an induction loop in all the meeting rooms. If you need help with reading or understanding this document please take it to the Library and Community Hub, Colchester Central Library, using the contact details below and we will try to provide a reading service, translation or other formats you may need.

Facilities

Toilets with lift access, if required, are on each floor of the Town Hall. A water dispenser is available on the first floor.

Evacuation Procedures

Evacuate the building using the nearest available exit. Make your way to the assembly area in the car park in St Runwald Street behind the Town Hall. Do not re-enter the building until the Town Hall staff advise you that it is safe to do so.

Library and Community Hub, Colchester Central Library, 21 Trinity Square,

Governance and Audit Committee - Terms of Reference (but not limited to)

Accounts, Audit, Risk and Counter Fraud

To consider and approve the Council's Statement of Accounts and the Council's financial accounts, and review the Council's external auditor's annual audit letter.

To consider the findings of the annual review of governance including the effectiveness of the system of internal audit and approve the signing of the Annual Governance Statement.

To have an overview of the Council's control arrangements including risk management and in particular with regard to the annual audit plan and work programme, and to approve the policies contained in the Council's Ethical Governance Framework.

Miscellaneous regulatory matters

To make recommendations to Council on functions such as elections, the name and status of areas and individuals, and byelaws.

To determine and approve Community Governance Reviews.

An overview of the Council's complaint handling procedure and Local Government and Social Care Ombudsman investigations.

Shareholder Committee for Council owned companies

To consider, review and make recommendations to Cabinet regarding the activities and financial performance of Colchester Commercial (Holdings) Limited, its subsidiary companies and Colchester Borough Homes Limited.

Consider an annual review of the business plans of Colchester Commercial (Holdings) Limited (including its subsidiary companies) and performance of the companies including delivery of the dividend; and the Annual Report, Governance Statement and performance of Colchester Borough Homes Limited.

The creation of any arrangements for any future Council owned company including activities and performance.

Standards

To consider reports from the Monitoring Officer on the effectiveness of the Members' Code of Conduct, and to advise the Council on the adoption or revision of the Code.

To receive referrals from the Monitoring Officer into allegations of misconduct and to create a Hearings Sub-Committee to hear and determine complaints about Members and Co-opted Members referred to it by the Monitoring Officer.

To conduct hearings on behalf of the Parish and Town Councils and to make recommendation to Parish and Town Councils on improving standards or actions following a finding of a failure by a Parish or Town Councillor.

To inform Council and the Chief Executive of relevant issues arising from the determination of Code of Conduct complaints.

To grant dispensations, and to hear and determine appeals against refusal to grant dispensations by the Monitoring Officer.

To make recommendations to Council regarding the appointment of Independent Persons.

General

To review of the Constitution including governance issues around formal meetings, processes and member training and to make recommendations to Council.

The complete Terms of Reference of the Governance and Audit Committee are contained within the Council's Constitution.

COLCHESTER CITY COUNCIL
Governance and Audit Committee
Tuesday, 05 March 2024 at 18:00

The Governance and Audit Committee Members are:

Councillor Chris Pearson	Chair
Councillor Paul Smith	Deputy Chair
Councillor Paul Dundas	
Councillor Dave Harris	
Councillor Alison Jay	
Councillor Sara Naylor	
Councillor William Sunnucks	

The Governance and Audit Committee Substitute Members are:

All members of the Council who are not Cabinet members or members of this Panel.

AGENDA
THE LIST OF ITEMS TO BE DISCUSSED AT THE MEETING
(Part A - open to the public)

Please note that Agenda items 1 to 6 are normally dealt with briefly.

1 Welcome and Announcements

The Chairman will welcome members of the public and Councillors and remind everyone to use microphones at all times when they are speaking. The Chairman will also explain action in the event of an emergency, mobile phones switched to silent, audio-recording of the meeting. Councillors who are members of the committee will introduce themselves.

2 Substitutions

Councillors will be asked to say if they are attending on behalf of a Committee member who is absent.

3 Urgent Items

The Chairman will announce if there is any item not on the published agenda which will be considered because it is urgent and will explain the reason for the urgency.

- 4 **Declarations of Interest**
Councillors will be asked to say if there are any items on the agenda about which they have a disclosable pecuniary interest which would prevent them from participating in any discussion of the item or participating in any vote upon the item, or any other registerable interest or non-registerable interest.
- 5 **Minutes of Previous Meeting**
The Councillors will be invited to confirm that the minutes of the meeting held on 12 September 2023 are a correct record.
- Draft minutes 12-09-2023 Governance and Audit Committee** 9 - 16
- 6 **Have Your Say! (Hybrid Council meetings)**
Members of the public may make representations to the meeting. This can be made either in person at the meeting or by joining the meeting remotely and addressing the Committee via Zoom. Each representation may be no longer than three minutes. Members of the public wishing to address the Committee remotely must register their wish to address the meeting by e-mailing democratic.services@colchester.gov.uk by 12.00 noon on the working day before the meeting date. In addition, a written copy of the representation will need to be supplied for use in the event of unforeseen technical difficulties preventing participation at the meeting itself.
There is no requirement to pre-register for those attending the meeting in person.
- 7 **Hibernation of Colchester Amphora Homes Ltd (CAHL)** 17 - 54
The Committee will consider a report requesting that it consider the formal resolutions that are required to bring about the hibernation of Colchester Amphora Homes Limited, with a view to completing this process by 31st March 2024.
- 8 **Review of Colchester Borough Homes Performance** 55 - 108
The Committee will consider a report inviting it to note the performance targets for Colchester Borough Homes for 2024/25, and to make any comments or recommendations to the Portfolio Holder for Housing and Colchester Borough Homes on performance management arrangements for 2024/25 and beyond.
- 9 **Draft Statement of Accounts 2022/23** 109 - 226
To note the draft Statement of Accounts 2022/23 prior to the completion of the external audit process.
- 10 **Treasury Management Outturn 2022/23** 227 - 232
The Committee will consider a report requesting it note the Council's Treasury Management Outturn 2022/2023.

- 11 **Verbal update from the Council’s S151 Officer with regard to the Council’s Treasury Management Mid-Year Update 2023/24**
The Committee will receive a verbal update from the Council’s S151 Officer with regard to the Council’s Treasury Management Mid-Year Update 2023/24.
- 12 **Quarter 3 Budget Monitoring Report 2023/24** 233 -
258
The Committee will consider a report setting out the 2023/24 General Fund and Housing Revenue Account positions, for both revenue and capital, as of 31st December 2024.
- 13 **Work Programme 2023-2024** 259 -
262
The Committee will consider a report setting out its work programme for the current municipal year.
- 14 **Exclusion of the Public (not Scrutiny or Executive)**
In accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).

Part B
(not open to the public including the press)

Governance and Audit Committee 12 September 2023

<i>Present:-</i>	Cllrs Pearson (Chair), Harris, Jay, Naylor, Smith and Sunnucks
<i>Substitute Member:-</i>	Cllr Dundas for Cllr Smithson
<i>Also in Attendance:-</i>	Cllr Cory

378. Minutes of Previous Meeting

RESOLVED that: the minutes of the meeting held on the 1 August 2023 be confirmed as a true record.

379. Colchester Borough Homes Annual Governance Statement 2022/2023

Geof Beales, Client Services Manager for Colchester City Council introduced the report with Fiona Marshall, Chair of the Finance and Audit Committee at Colchester Borough Homes and Matt Armstrong, Director Business Improvement at Colchester Borough Homes. The Committee heard that the key issues that Colchester Borough Homes (CBH) had before it was the financial risk of stability going forward, with the current deficit of £784,000. It was noted that this was concerning as the organisation had been in surplus the year before. It was outlined that there were cost pressures associated with staffing and the employment of agency staff and that a proactive approach being taken to fill vacancies. The Committee heard that the biggest concern was that the Design and Construction Management Team who were in a deficit of £469,000 had been covered with reserves but detailed that this was not sustainable with reserves currently sitting at £1.2 million and that a proactive approach needed to be undertaken to address this. It was detailed that a 5-year business plan was being created to assess the mid-term viability as well as a reserves policy and looking at all costs. It was detailed that the lack of commissions for the Design and Construction Management Team was being investigated to line up projects in a collaborative approach with the City Council. It was detailed that the 5-year business plan would be looking at efficiencies and targets as well as the IT and digital strategy as well as external funding. It was identified that management fee increases were being investigated as well as service standards and detailed that Board Members were keen to take a collaborative approach and were keen to understand the CBH and Housing Revenue Account (HRA) in tandem and detailed that a Chairs group had been created to increase collaboration.

It was detailed that external pressures including the cost of living crisis were having an impact, that Ombudsmen were being more active within the Housing Sector, that there were key issues around homelessness which needed to be addressed in partnership with the Council.

Members discussed the report with comments from the Committee focussing on the wider picture and the collaboration across the organisations. Members queried the rent rise restriction from the previous year and what financial impact this would have.

At the request of the Chair the Director of Business Improvement at CBH responded and detailed that the normal rent increase would be Consumer Price Index (CPI) plus 1% but due to CPI being so high the Government had capped increases at 7% and as such efficiency savings were made. It was noted that a third of the management fee was the repairs budget and this was hit hardest in terms of material costs. The Committee heard that the long-term impact would mean that the HRA business plan would need to be reviewed ready for the 2024/2025 budget. In response to a further question the Director of Business Improvement confirmed that if there was no cap it would have been an 11% rise in rent and that this had meant a loss of over £1.5 million income which would be compounded over time.

Members queried the impact of whether some of the capital programmes would be impacted or cancelled as part of the review process and how flexible CBH could be with regards to its fixed costs. At the request of the Chair the Director of Business Improvement responded that one of the biggest risks was a lack of projects as the profits were re-invested back into the business to reduce the deficit. The Chair of the Finance and Audit Committee at CBH detailed that it was a challenge to recruit staff and that getting the balance and flexibility right was difficult and that 80% of the management fee was for staff costs and that costs were escalating in terms of health and safety following the Grenfell fire as well as managing housing stock in the current pressurised environment. It was noted that CBH had explored the possibility of undertaking works outside of the Council to increase profits however this came with its own risks and could be reviewed in the future.

Members discussed the opportunities for the Design and Construction Management Team and whether their services could be offered to other authorities. It was confirmed that this was being looked at and other ALMO's did do this and could be reviewed but that there was a need for ensuring that Colchester City Council's aims could be met first without conflict. The Committee continued to discuss the report and questions were raised regarding the contract with Colchester City.

In response to questions from the Committee the Director of Business Improvement detailed that CBH was a management company and that since their inception their services had increased and had been asked to provide other housing services which are detailed in the management agreement. It was detailed the housing sector was regulated and that this meant that there were certain requirements as a registered housing provider and that staff pensions were part of the Local Government Pension Scheme and if there were any deficits these would be underwritten by the Council. It was noted that the pension scheme situation had changed from a £9 million deficit to an £11 million surplus due to the way the pension scheme had been set up. It was detailed that 70% of works carried out were HRA funded, with some works being funded from the General Fund and others being grant funded which usually required expedited works being done.

In response to further questions from Members regarding the management fee the Committee heard that the fee was agreed with the City Council whilst taking into account the HRA income of approximately £34 million and detailed that the management fee was mainly just the staff cost and the repairs cost noting that both had been subject to inflationary pressures and as such it did mean that CBH had used some of their reserves to fund the repairs. Further to this it was noted that the accounts had been agreed and signed off and a link to them had been sent around to all Members to view. Some Members raised concerns

regarding the management cost of each dwelling being higher than other management companies and whether any of this was associated with duplication. In response to this question the Director of Business Improvement detailed that CBH was benchmarked and was noted that the company was in the lower quarter of housing providers in terms of cost with high performance. It was detailed that the calculations on how this had been worked out would be shared with the Committee after the meeting but confirmed to Members that the cost was approximately £2 million cheaper than other providers of the same size.

The Chair asked that in future links be included in the report to publicly available data associated with the report.

The Committee continued to raise questions on issues including how the deficit would be addressed over time and whether it would affect performance and that the welfare of the residents was of paramount concern. In response to the questions regarding the deficit the Committee heard that CBH had created a deficit budget for the year of £200,000 which could be covered by reserves if required. It was noted that this was due to the issues raised earlier in the meeting including rising inflation and a demand for specialist staff. It was noted that satisfaction in housing had reduced across the sector and this was mainly based around repairs and communication. The Committee heard that there were currently 311 people in temporary accommodation and that there was a need for more properties with the current wait for a 3-bedroom house was 4 years. The Chair of the Finance and Audit Committee at Colchester Borough Homes added that the £200,000 was based on the recovery of the Design and Construction Management Teams work. The Client Services Manager for Colchester City Council detailed that if Members did want further information on CBH's performance then this could be brought back to a later meeting and that there was a significant change in housing regulations from 1 April 2024 with an increased emphasis on compliance and safety in the home. Further to this it was noted that there would be a league table of satisfaction from tenants and further powers given to the Ombudsmen which included unlimited fines.

Members discussed the £1.5 million loss of income due to the 7% rent cap and the projected deficit of £200,000, the satisfaction issue and that there was a conflict between getting people into homes as soon as possible and there being enough time to repair them prior to the next occupation. Discussion continued on the rent shortfall and whether the accounts for CBH needed to be brought before the Committee and what CBH were doing to make best use of the housing stock. At the request of the Chair the Client Services Manager detailed that there was a transfer incentive scheme and a policy to move tenants into a smaller property if they wished to downsize but there was no legal way to move to downsize.

At the request of the Chair Andrew Smalls, Section 151 Officer, outlined that there was a choice with regards to budget setting on increasing the rent cap and this would mean a trade-off of less money for repairs if it was not increased and that the CBH accounts would come back as part of the Councils Accounts discussion. Members discussed the history of how Councils were required to buy back their Council Homes and that the expectation was that the rental income and CPI plus 1% every year would cover this cost.

RESOLVED that: the assurance provided by Colchester Borough Homes regarding its governance arrangements throughout 2022/23 be accepted.

380. Financial Monitoring Report – End of Year 2022/23

The Section 151 Officer presented the report to the Committee noting that Council achieved a surplus of £163,000 when compared to the assumed budget imbalance for 2022/2023 and as such this would not need to be taken out of the General Fund. It was noted that the Council had dealt with an exceptional year with factors such as the invasion of Ukraine which had seen significant food price and energy price increases whilst also driving up inflation. The Committee heard that there had been a change in base rates for interest and that there had been a general slowdown in the economy with a change in demand patterns. As such the Committee heard that there had been multiple changes to the budget and the cost pressures, reductions in incomes and underspends which were detailed in paragraph 5.4. Further to this it was noted that there was a carryover of funds of just under £3 million and that there were questions on this/8 that would be reviewed with the portfolio holder. The Committee heard that there was an underspend in the Housing revenue Account (HRA) £25,000 and detailed that the changes in interest rates had caused a significant impact on both General Fund and HRA as well as a slowdown in capital spending. It was noted that the Council had seen significant increases in cash balances thanks to the interest rates rises.

Members discussed the report and queried the MRP and an overspend of £480,000 and queried how long this would be carried on the revenue fund and that there was very little headroom in the reserves for the HRA should any opportunities arise. At the request of the Chair the Section 151 Officer responded that the HRA was ring fenced and that its estimates were based on the forecasted 30-year business plan and that if there was more money available then it could be used to fund further capital expenditure but that there were mechanisms built into the account to flex it if required. Further to this the MRP loan was clarified as a loan to Amphora Energy for the heat network and that there was a further conversation to have regarding this network that would be happening soon.

Discussion continued with Members noting the carryover and how was this shown in the following report of budget monitoring. At the request of the Chair the Section 151 Officer confirmed that they were still learning about the way Colchester dealt with its accounts and that some of the carryover could have been put into the reserves and was something that would be explored further in the 2024/25 budget. It was noted that there were other factors surrounding this that needed to be understood to inform whether they could be reviewed and if any funds could be put into reserves going forward. Members continued to discuss the report and queried the status of the General Fund and its movements of funds and it was noted that the way it was presented was being improved going forward. The Section 151 Officer agreed that a reserves statement would be beneficial and that the draft accounts for 2021/2022 would be published by the end of the week and detailed that significant work was being undertaken to prepare the 2022/2023 accounts which would clearly show the reserve balances and improvements in the presentational format.

Councillor Cory, Portfolio Holder for Resources, detailed that the carry forwards were cited for everything down to £1,000 and that they were allocated against projects and that the Cabinet was looking at dropping some of these.

Members continued to debate the report on issues including the accounts being provided and whether these would be reconcilable to the report before the Committee. At the request of the Chair the Section 151 Officer responded that this would be the case regarding the expenditure and income. Discussion continued with Councillors asking whether further figures could be shared regarding each department spend and that some of the carry forward spending was allocated to long term projects. Members debated the use of reserves to fund a budget deficit and detailed that this would be counterproductive.

RESOLVED that: the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the year 2022/2023 be noted.

381. Quarter 1 Budget Monitoring Report 2023/2024

The Section 151 Officer presented the report to the Committee outlining the challenging financial circumstances that all Councils were facing which included interest rates and inflation costs. The Committee heard that this translated into higher wage costs for staff, as well as higher supplier costs and contract costs. The Committee heard that the wider picture included income streams decreasing with planning fees going down and that the discretionary spend from citizens was going down whilst demand for statutory services was rising. It was noted that there was significant concern regarding the ability to afford housing and confirmed that the projected overspend from the general fund from Q1 was £1.3 million that a further breakdown at a service level then the overspend was projected at £2.7 million which would be offset but higher interest earnings. It was noted that the single biggest pressure was homelessness costs as well as the Garden Waste income and vacancies. It was noted that the report did not include a subjective analysis and did not have a statement of reserves that would be included next time. The Committee heard that the Housing Revenue Accounts update included in the report detailed that there was a projected balance change of zero. Members heard that the Capital Programme provision had slowed down and that it was projected that it would be an underspend and that a full capital programme statement was included in appendix C of the report.

Councillor Cory, Portfolio Holder for Resources outlined that part of the slowdown in the capital programme was about de-risking the programme and lowering the Council's risk of impacts from the wider economy.

Members discussed the use of reserves and table 5.6 which had shown a change in the figures and queried whether £4 million was being used from reserves. The Section 151 Officer detailed that if things stayed as they were that would be the overall position and confirmed that the Council had £26 million of reserves which was a useful cushion against major shocks but it could only be spent once. Members heard that there was a lot of activity in the Council to bring down the overspend but there was not a place for complacency.

Members raised concerns regarding wage increases for staff with some Members noting that a 4% rise had been allocated in the budget but there had been a 14% cut in real terms and that there was concern of losing some experienced officers with specific concern being raised with the building control services. At the request of the Chair the Section 151 Officer detailed that wages were the single largest cost to the Council and that there was a balance between wages and services provided whilst giving a fair settlement and retaining staff. It was noted that inflation did not follow the anticipated pattern which had led to wage growth.

Members thanked officers for including the Capital Expenditure Report within the papers and a further question was asked regarding the interest rates rises and concern was raised regarding investments and what risks were involved and asked whether less investments could be included in the treasury management review as there was concern that investments could result in a Thurrock Council investment loss. The Chair responded to the points raised and outlined that the benefits from investments that the Council had received was not luck but prudent investments and that were monitored appropriately. The Section 151 Officer added that the Council managed its risk accordingly and detailed that whereas others had

not the Government was reigning back investments through the Public Works Loan Board (PWLB) as the money would have to be repaid.

Discussion continued with Members noting that the Council had previously taken the strategic decision about taking on long term debt when interest rates were at a historic low which had been agreed across the political spectrum and that with regards to wage payments the Council was a Living Wage Employer which was not something that was replicated across Essex. Members raised serious concerns regarding homelessness and what was causing this and detailed that the cost of Bed and Breakfasts for a family was £1,300 a week whilst noting that the Government paid only £96 in housing benefit. Members noted that the Council had a statutory duty with regards to homelessness and that Section 21 evictions were exacerbating the problem alongside high private rental costs. Some Members were concerned that that the £1.3 million overspend could be surpassed by the end of the financial year.

Members queried the budget and reserve usage with the budget approved in February 2023 showing a usage of £1.09 million and had changed since then to £2.2 million as well as the figures within the MRP and whether this was based on the Capital Programme going ahead. A further query was raised regarding the pay negotiations and whether the 4% as detailed in the report was already out of date as a 5% offer had been rejected and whether the Capital Programme figures were out of date. Members discussed whether it would be beneficial to have a total spend on Capital Programmes to gauge the amount of money already spent as well as specific projects including Rowan House, Fieldgate Quay and the Town Hall.

At the request of the Chair Lucy Breadman, Strategic Director for Communities responded that there had been movement in the programme since the end of Q1 in June 2023 and confirmed that Members of the Committee had been invited to a workshop on the programme on the 28 September 2023 where the details of the questions could be addressed and confirmed that there were ongoing conversations with regards to the projects. It was noted that many projects were moving at pace including the Town Deal Fund and the Levelling Up Fund but some had been paused until their financial viability had been assessed.

The Chief Executive addressed the Committee and outlined that negotiations were ongoing with regards to a pay deal and confirmed that the assumptions in the budget were accurate and fair given the direction from Cabinet to make an offer to the trade unions and negotiations would continue. It was noted that the public sector was trailing behind wage rises in terms of inflation and detailed that pay was a vital part of the reward package but it was only a part. The Chief Executive detailed that the assumptions in the report relating to Amphora were fair and accurate but it was known that the Amphora group of companies were under review but that the details of this could not yet be shared because of the commercial sensitivities and that the Council had a duty of care to the staff. The Chief Executive detailed that a draft report would be coming to the next Governance and Audit meeting and would be confirmed that it would be for the Cabinet to make the final decision on the options.

The Chair noted that Governance and Audit was the shareholding Committee for Colchester Commercial Holdings Limited (CCHL) and although it was not shown on the workplan it would be coming to the October 2023 meeting of Governance and Audit.

At the request of the Chair the Section 151 Officer confirmed that the MRP was suitable for the Capital Programme that had been presented to the Committee but did not mean that it could not be amended in the future as needed.

At the request of the Chair the Strategic Director for Communities detailed that capital versus

revenue expenditure would be allocated correctly and that there would be a large amount of scrutiny on this. Further to this the Committee heard that the asset review was taking place because of the financial situation over the previous decade where assets had suffered and confirmed that this would not be a sustainable way forward and that the Council would be looking to use CBH services going forward.

Members raised queries regarding the Senior Management Team's work at Colchester City Council and CBH to mitigate overspends and whether any were available to share any of the mitigations from this. Further to this the Committee raised concerns about a more stringent recruitment freeze.

The Committee heard from the Portfolio Holder for Housing, Cllr Smith, that the Council was trying to increase the amount of temporary housing but confirmed that this was taking time and money.

The Chief Executive responded to the question regarding the recruitment freeze and outlined that there was a risk of losing staff and that there needed to be a saving of £500,000 in paid staff and if this was not achieved then the Section 151 Officer will need to look at this. It was detailed that the recruitment freeze had been brought in to address this and that every role for recruitment was reviewed with the Chief Executive and Chief Operating Officer where all options would be explored including partner working which was already in action in the Senior Leadership Team. The Committee heard that there would be an intensification of internal communications including regular webinars and listen and learn sessions as well as visiting every Team in the Council.

RESOLVED that: the General Fund revenue position at the end of Quarter 1 (30 June 2023) for 2023/2024, including actions being undertaken or proposed to ameliorate the position, where significant variances have been identified be noted (including appendices A and B)

And

That the General Fund capital position at the end of Quarter 1 (30 June 2023) for 2023/2024 be noted (including appendix C)

And

That the Housing Revenue Account revenue position at the end of Quarter 1 (30 June 2023) for 2023/2024, including actions proposed to ameliorate the position, where significant variances have been identified, be noted.

And

That a subjective analysis is provided in future for items and that a total spend of projects is included where possible in future reports to the Committee.

382. Work Programme 2023-2024

The Chair detailed that October 2023 meeting of the Governance and Audit Committee would include an item on CCHL.

Members discussed the work programme and asked whether further items could be brought

on reserves. The Chair detailed that in the first instance the Portfolio Holder for Resources should be contacted to provide these to Members. Discussion continued with Members asking to look at the statutory accounts and asked that something be included in the work programme. The Chair agreed that this would be included following consultation with the Section 151 Officer.

RESOLVED that: the Work Programme 2023/2024 be agreed as detailed in the report with the addition of and item be added for CCHL be added to the October meeting and that an item looking at the statutory accounts be added following consultation with the Chair and Section 151 Officer to agree an appropriate time.

Date: 5 March 2024

Report of	Managing Director (Interim) Colchester Commercial (Holdings) Ltd	Author	Richard Carr ☎ 282421
Title	Hibernation of Colchester Amphora Homes Ltd (CAHL)		
Wards affected	All wards		

1. Executive Summary

1.1 In line with the approved Future Strategy for Amphora and following a review of the company's assets and agreements with third parties, to propose the formal hibernation of Colchester Amphora Homes Ltd (CAHL), including the treatment of its assets and agreements.

2. Recommended Decision

2.1 The Committee is recommended to commend the resolutions set out in Appendix 3 to Annexe A, to the Cabinet.

3. Reason for Recommended Decision

3.1 In approving the Future Strategy for Amphora towards the end of last year, the City Council approved the principle of hibernating CAHL. Appropriate due diligence has now been completed on this intention and it is now necessary to consider the formal resolutions that are required to bring about that hibernation, with a view to completing this process by 31st March 2024.

4. Alternative Options

4.1 Theoretically, CAHL could continue to remain in operation. However, for this to happen, the City Council would need to agree to continue to underwrite the costs of CAHL, in the knowledge that there is no realistic prospect of an offsetting income in the foreseeable future. Therefore, the costs of underwriting the losses incurred by the company would likely rise.

4.2 Another option would be to disband the company altogether. In practice, the steps required to disband the company altogether are essentially the same as for hibernation, but 'dormancy' leaves open the option of re-activating the company if there was a significant change in circumstances and it proved to be in the City Council's interests to do so. Hibernation or dormancy was the option recommended by CIPFA as part of their review as explained in the Future Strategy for Amphora approved by the Cabinet last November.

5. Background Information

- 5.1 The Future Strategy for Amphora was approved through both Amphora's and the City Council's formal governance processes towards the end of 2023. The Strategy included the hibernation of CAHL, as a result of the change in the City Council's ability to accommodate risk due to the more challenging financial circumstances faced by all authorities and in line with the recommendations made by CIPFA as part of their review earlier.
- 5.2 Before formal resolutions to bring about the hibernation of CAHL could be presented to the Boards of CAHL and CCHL and, thereafter, the City Council's Governance and Audit Committee and Cabinet, it was appropriate to review CAHL's assets and agreements with third parties, to determine the appropriate way forward for each of these. This has now been completed with the support of Anthony Collins, who have been advising both Amphora and the City Council on this issue. A report which has now been considered by both the CAHL Board and the Board of Colchester Commercial Holdings Ltd (CCHL), CAHL's holding company, is set out at Annexe A and summarises the outcome of the due diligence process.

6. Equality, Diversity and Human Rights implications

- 6.1 The hibernation of CAHL does not impact on the City Council's obligations covering equality, diversity and human rights.

7. Strategic Plan References

- 7.1 The hibernation of CAHL flows from the agreed Future Strategy for Amphora. That Strategy describes the links to the Council's Strategic Plan and objectives.

8. Consultation

- 8.1 Appropriate consultation has taken place with the two staff who are currently employed by CAHL.

9. Publicity Considerations

- 9.1 The rationale for the proposed decision should help with the public explanation of the proposals.

10. Financial implications

- 10.1 The full costs of hibernating CAHL cannot be established until the end of the financial year and the City Council is commissioning technical advice to ensure that the necessary financial transaction is implemented in a way which protects the interests of both the City Council and Amphora. In the meantime, the Council's S151 has set out the likely range within which the costs of hibernating both CAHL and the Colchester Amphora Energy Company (CAEL) are anticipated to fall and the implications of this in his Section 25 Report as part of the City Council.

11. Health, Wellbeing and Community Safety Implications

11.1 The hibernation of CAHL has no particular health, wellbeing and safety implications.

12. Health and Safety Implications

12.1 There are no specific health and safety implications associated the proposed hibernation.

13. Risk Management Implications

13.1 Given the understandings reached with the City Council, the hibernation of CAHL effectively extinguishes the principal risks to the company, including those flowing from the delays with the Northern Gateway which has impacted on CAHL's ability to bring forward the housing development in the way anticipated.

13.2 The residual risks stem from a failure of the arrangements with the City Council to be fully completed. However, given the discussions that have taken place with the City Council, this risk is considered manageable although it will need careful monitoring and management.

Environmental and Sustainability Implications

14.1 There are no specific implications to highlight flowing from the proposed hibernation of CAHL.

Appendices

Annexe A	Proposed Hibernation of Colchester Amphora Homes Ltd Board Report
Appendix 1	Report to Colchester City Council – Amphora Governance and Decision Making
Appendix 2	CAHL Documents Review 2024
Appendices 3	CAHL Shareholder Resolutions CCHL Board Resolutions CCHL Shareholder Resolution

Annexe A

PROPOSED HIBERNATION OF COLCHESTER AMPHORA HOMES LTD

To: Boards of

Colchester Amphora Homes Ltd

Colchester Commercial Holdings Ltd

Date: 13 February 2024

From: Interim Managing Director, Colchester Commercial Holdings Ltd

1. PURPOSE

1.1 In line with the approved Future Strategy for Amphora and following a review of the company's assets and agreements with third parties, to propose the resolutions required to enable the hibernation of Colchester Amphora Homes Ltd (CAHL), including the treatment of its assets and agreements.

2. BACKGROUND

2.1 The Future Strategy for Amphora was approved through both Amphora's and the City Council's formal governance processes towards the end of 2023. The Strategy included the hibernation of CAHL, as a result of the change in the City Council's ability to accommodate risk, due to the more challenging financial circumstances faced by all authorities and in line with the recommendations made by CIPFA in 2022 as part of their review earlier.

2.2 The general considerations involved in the hibernation of CAHL are essentially the same as those set out for CAEL when similar resolutions were considered towards the end of last year. For ease of reference, the report setting out those considerations covering CAEL are attached for ease of reference at Appendix 1.

2.3 As for CAEL, before formal resolutions to bring about the hibernation of CAHL could be presented to the Boards of CAHL and CCHL and, thereafter, the City Council's Governance and Audit Committee and Cabinet, it has been necessary to review CAHL's assets and agreements with third parties, to determine the appropriate way forward for each of these. This has now been completed with the support of Anthony Collins, who have been advising both Amphora and the City Council on this issue.

3. DOCUMENT REVIEW

3.1 CAHL's assets are confined to a property at Creffield Road. The proposed approach to it and the limited number of agreements CAHL has with third parties is set out in Anthony Collins' advice note entitled 'Document Review dated 25 January 2024' and included at Appendix 2.

3.2 As far as Creffield is concerned, on the assumption that the sale of one remaining flat cannot be completed by 31st March, the proposal is to transfer this to CCHL, given that local authorities do not have the legal powers to act commercially, which is what holding open market 'for sale' housing would be. An offer has now been received for the property and if the prospective sale could be completed before 31st March, this would negate the need for the proposed intercompany transfer. However, realistically, the sale is unlikely to be completed until after the financial year end, not least as the prospective purchaser has still to sell their own property. As Creffield is a site of six flats, the freehold of the common parts will also need to transfer to CCHL.

3.3 Anthony Collins' advice note emphasises the need to establish whether there are any tax implications associated with this proposed inter-company transfer, although even if there were, given that the asset cannot be owned by the City Council, these would not detract from the recommended transfer. However, advice secured from Amphora's external auditors Scrutton Bland has now been received. This confirms that there are no detrimental tax implications arising from the proposed inter-company transfer of the Creffield property if, as seems likely, this proves necessary due to its sale not being completed before 31st March.

3.4 Anthony Collins have confirmed that the Creffield property could be held by CCHL without any adjustment required to the holding company's Articles of Association. In due course, the business plan and group governance agreement will need to be refreshed to reflect the holding.

3.5 The associated rights and liabilities arising from CAHL having redeveloped the Creffield site will also transfer to CCHL, in accordance with the advice from Anthony Collins.

4. FINANCIAL & STAFFING IMPLICATIONS

4.1 Before the proposed resolutions for the hibernation of CAHL could be implemented, it will be necessary to reach agreement with the City Council over the treatment of the losses incurred by Amphora Homes in a way that protects the interests of both the City Council and Amphora, including CCHL. This is the same position as for CAEL. This includes agreeing the most appropriate approach to the impairment of CCHL's interest in CAHL. This is being pursued with the City Council's S151 Officer.

4.2 CAHL has two employees. The Future Strategy for Amphora envisages that both will take up roles elsewhere within the Colchester family. One is transferring to Colchester Borough Homes under TUPE and the other is engaged in a recruitment process for a new role within the City, the outcome of which should be known shortly. If the approach to staffing anticipated in the Future Strategy did not materialise, the implications of this would need to form part of the discussions with the City Council described in paragraph 4.1.

5. CONCLUSION

5.1 The principle of hibernating CAHL has been agreed by both Amphora and the City Council, as part of the Future Strategy for Amphora.

5.2 Following the review work carried out with support from Anthony Collins, the way is now clear for the Board to consider and approve the formal resolutions to enable the hibernation to be implemented. These are appended at Appendix 3 and include the approach to CAHL's solitary asset and its agreements with third parties. To be clear, the implementation of the resolutions

would be contingent upon a satisfactory conclusion of the matters set out in paragraph 4 as is the case with the hibernation of the agreed resolutions to hibernate CAEL.

6. RECOMMENDATION

6.1 The Board is recommended to approve the resolutions set out in Appendix 3.

APPENDICES

Appendix 1 – Report to Colchester City Council – Amphora Governance and Decision Making

Appendix 2 – CAHL Documents Review 2024

Appendices 3 – CAHL Shareholder Resolutions

CCHL Board Resolutions

CCHL Shareholder Resolutions

1. INTRODUCTION

- 1.1 We are instructed by Mr Julian Wilkins, the Legal Services Manager of Colchester City Council (the “Council”) We are asked to advise on the governance and decision-making arrangements on the potential winding-up or ‘hibernating’ (of Colchester Amphora Energy Ltd (“CAEL”).
- 1.2 We understand that in due course the Council may commission wider advice on options for the treatment of CAEL. As such this report is not concerned with the merits of either winding-up (dissolving the company) or hibernating it (placing the company into a state of dormancy), or the means by which the either course of action may be effected and what is involved. We understand the Council may require advice on such matters in due course which we would be happy to provide, however, they are beyond the scope of our immediate instructions.
- 1.3 CAEL is a subsidiary of Colchester Commercial (Holdings) Ltd (“CCHL”). CCHL is sole shareholder of CAEL. CCHL is wholly owned by the Council and as such the Council is the ultimate shareholder of CAEL.
- 1.4 In preparing this report we have reviewed and considered the following documents:
- 1.4.1 CAEL – Articles of Association and Companies House record;
 - 1.4.2 CCHL – Articles of Association and Companies House record;
 - 1.4.3 Group Governance Agreement dated 28 November 2017;
 - 1.4.4 The Council’s Constitution (dated November 2022):
 - Part 3 A, Responsibility for Functions;
 - Part 3 C, Scheme of Delegation to Cabinet Members;
 - Part 3 D, Scheme of Delegation to Officers;
 - Part 4 G, Governance and Audit Committee Procedure Rules.

2. CAEL

- 2.1 CAEL is a private limited company limited by shares and was incorporated under the Companies Act 2006 (the “CA2006”) on 1 June 2017. Pursuant to a special resolution of the shareholder (CCHL) the company adopted new Articles of Association (the “CAEL Articles”) on 17 October 2017. CAEL is a subsidiary of CCHL..

- 2.2 On 28 November 2017 CAEL entered into a Group Governance Agreement (the “Governance Agreement”) with Colchester Borough Council, CCHL, Colchester Amphora Trading Ltd and Colchester Amphora Homes Ltd. The Governance Agreement takes precedence where there is any inconsistency between its provisions and the CAEL Articles.
- 2.3 Subject to the CAEL Articles and the Governance Agreement, the CAEL Directors are responsible for the management of the company’s business, for the purpose of which they may exercise all the powers of the company. Under the CAEL Articles, CCHL has a reserve power pursuant to which, by way of a special resolution, CCHL may direct the CAEL directors to take or refrain from taking a specified action.
- 2.4 Decisions of the CAEL Board are determined by a majority decision of the CAEL Directors at a meeting of the CAEL Board, or a unanimous decision where the decision is in the form of a written resolution.
- 2.5 The CAEL Articles provide that shareholder decisions are determined by a show of hands on a resolution put to the vote at a general meeting (unless a poll vote is demanded). The CAEL Articles make no reference to written shareholder resolutions, however, they are provided for under the CA2006. An ordinary shareholder resolution is determined by a simple majority; a special shareholder resolution must be approved by not less than 75% of the shareholders entitled to vote on it.
- 2.6 Companies House records the board of directors of CAEL (the “CAEL Board”) as comprising two directors (the “CAEL Directors”).

3. THE CURRENT STATUS OF THE MATTER

- 3.1 We understand that discussions and considerations for the future treatment of CAEL are in the initial stages and follow a review undertaken by CIPFA and recommendations made in light thereof. We understand that in due course the Council may require substantive advice on options for the company which are likely to include it being wound-up or prepared for dormancy.

4. CCHL

- 4.1 CCHL is a private limited company limited by shares and was incorporated under the Companies Act 2006 (the “CA2006”) on 1 June 2017. Pursuant to a special resolution of the shareholder (the Council) the company adopted new Articles of Association (the “CCHL Articles”) on 17 October 2017. CCHL is the holding company of CAEL and CAEL’s shareholder.
- 4.2 On 28 November 2017 CCHL entered into the Governance Agreement with Colchester Borough Council, CAEL, Colchester Amphora Trading Ltd and Colchester Amphora Homes Ltd. The Governance Agreement takes precedence where there is any inconsistency between its provisions and the CCHL Articles.

- 4.3 Subject to the CCHL Articles and the Governance Agreement, the CCHL Directors are responsible for the management of the company's business, for the purpose of which they may exercise all the powers of the company. Under the CCHL Articles, the Council (as shareholder) has a reserve power pursuant to which, by way of a special resolution, the Council (as shareholder) may direct the CCHL directors to take or refrain from taking a specified action.
- 4.4 Decisions of the CCHL Board are determined by a majority decision of the CCHL Directors at a meeting of the CCHL Board, or a unanimous decision where the decision is in the form of a written resolution.
- 4.5 The CCHL Articles provide that shareholder decisions are determined by a show of hands on a resolution put to the vote at a general meeting (unless a poll vote is demanded). The CCHL Articles make no reference to written shareholder resolutions, however, they are provided for under the CA2006. An ordinary shareholder resolution is determined by a simple majority; a special shareholder resolution must be approved by not less than 75% of the shareholders entitled to vote on it.
- 4.6 Companies House records the board of directors of CCHL (the "CCHL Board") as comprising four directors (the "CCHL Directors").

5. THE GOVERNANCE AGREEMENT AND DELEGATIONS SCHEDULE

- 5.1 The Governance Agreement provides for an advisory "Shareholder Committee" the purpose of which in respect of CAEL (and the other CCHL subsidiary companies) is to:
- 5.1.1 *(6.1.1) Receive, review and comment on or recommend any amendments to the CCHL business plan;*
 - 5.1.2 *(6.1.2) Review the financial performance of the group;*
 - 5.1.3 *(6.1.3) Make recommendations to the Council on how it should exercise the function flowing from its ownership of shares.*
- 5.2 The Shareholder Committee has no power to make decisions on behalf of the Council or CCHL – its remit is to advise CCHL and the Council in its capacity as the shareholder of the companies.
- 5.3 The Governance Agreement provides that until otherwise resolved by the Council, the Council's "Trading Board" shall fulfil the role of the Shareholder Committee.
- 5.4 We understand that Shareholder Committee function is now performed by the Council's Governance and Audit Committee. The procedure rules for the Audit and Governance Committee set out at Part 4, Section G of the Council's Constitution include its terms of reference as the Shareholder Committee for Colchester Commercial (Holdings) Ltd, as set out below at paragraph 6.2.4.
- 5.5 In accordance with the Governance Agreement, the CCHL Board reports to the Shareholder Committee or the Council both as the board of CCHL, and in the CCHL Board's capacity as the 'first instance' shareholder of CAEL and the other subsidiary companies. In exercising the Council's shareholder function in respect of the subsidiary

companies the CCHL Board determines those matters delegated to it for the purpose set out in schedule 1 of the Governance Agreement.

- 5.6 Schedule 1 to the Governance Agreement is a “Delegations Schedule” which details particular matters for the determination of the Council or the delegation of their determination to CCHL or CAEL. The Delegations Schedule provides that the following matter is for the determination of the Council:

Making any petition or passing any resolution to wind up the relevant party or making any application for an administration or winding up order or any order having similar effect or giving notice of intention to appoint an administrator or file a notice of appointment of an administrator.

As such, a decision to wind up CAEL is to be made by the Council in its capacity as the company’s ultimate shareholder.

- 5.7 Additionally, the Delegations Schedule includes various matters categorised as “corporate”, “operational” or “finance” which may also be required in the winding up of the company or in preparing for it to become dormant. Under the Delegations Schedule, decisions on such matters may be reserved to the Council or delegated to CCHL or CAEL.
- 5.8 Once the future of CAEL has been determined it will be possible to identify all the matters which need to be determined to effect the company’s winding up or dormancy and whether, under the Governance Agreement, decisions on such matters are also to be made by the Council, or if they have been delegated to CCHL or CAEL.
- 5.9 Those matters which fall for the Council’s determination (along with the decision to wind up the company or prepare it for dormancy) could be included in a single set of shareholder resolutions (with conditions or limits if necessary) which once approved by the Council would negate or reduce the need for further resolutions. Alternatively, provided sufficient information was available to the Council for the purpose, the Council may resolve to approve the given course of action (winding up or dormancy etc) and delegate to CCHL / CAEL overarching authority to take such steps as necessary to effect the given course of action (again with conditions or limits if necessary). Either way, it will be necessary to check whether any of the matters falling for the determination of the Council are required to be resolved as special resolutions under the CA2006.
- 5.10 The operational winding up of CAEL or its preparation for dormancy will be the responsibility of the CAEL Board.

6. COUNCIL DECISION-MAKING AS SHAREHOLDER

- 6.1 The Council operates an ‘executive arrangement’ model of governance and as such the Council’s role and decision-making as shareholder of its companies is an executive function. This is reflected in the arrangements for the Council’s exercise of its shareholder function and shareholder decision-making provided for in the Council’s Constitution.

6.2 The Council's Constitution provides that:

6.2.1 **Part 3, Section C: Functions Retained by the Leader of the Council and Portfolio Holder for Strategy:**

(16) *Client role for Colchester Commercial (Holdings) Ltd*

6.2.2 **Part 3, Section C: Delegation to Deputy Leader of the Council and Portfolio Holder for Local Economy and Transformation:**

(9) *To review and monitor the performance of Colchester Commercial (Holdings) Ltd and its subsidiaries: Colchester Amphora Housing Ltd, Colchester Amphora Trading and Colchester Amphora Energy Ltd together with the commercial aspects of Sports and Leisure.*

6.2.3 **Part 3, Section D: Scheme of Delegation to Officers**

Delegated to All Strategic Directors:

1. *Authority to act as client officer for the Council in relation to matters related to Colchester Commercial (Holdings) Limited and its subsidiary companies.*

2. *Authority to act as the Council's shareholder representative in relation to Colchester Commercial (Holdings) Limited and to cast the Council's vote at any relevant Board or shareholder meeting.*

6.2.4 **Part 4, Section G: Audit and Governance Committee – Rules of Procedure**

Terms of Reference as Shareholder Committee for Colchester Commercial (Holdings) Ltd:

6.2.4.1 (8) *Consider and review the activities and financial performance of Colchester Commercial (Holdings) Limited and its subsidiary companies i.e. Colchester Amphora Housing, Colchester Amphora Energy and Colchester Amphora Trading.*

6.2.4.2 (9) *Receive, review and recommend to Cabinet Colchester Commercial (Holdings) Limited's business plans (including its subsidiary companies) annually and to review performance including delivery of the dividend.*

6.2.4.3 (10) *Monitor, challenge and make recommendations to Cabinet regarding Colchester Commercial (Holdings) Limited and its subsidiary companies.*

6.2.4.4 (11) *Make recommendations to Cabinet on how it should exercise the functions flowing from its ownership of shares in Colchester Commercial (Holdings) Limited and its subsidiary companies.*

6.3 We note that pursuant to its terms of reference the Audit and Governance Committee, in its capacity as the Shareholder Committee, makes recommendations to the Cabinet

as to the Cabinet's execution of the shareholder function in respect of CCHL and the subsidiary companies. The terms of reference make no mention of the Strategic Directors to whom the shareholder function has been delegated as detailed above at paragraph 6.2.3. However, in our view this does not put the Shareholder Committee terms of reference at odds with the scheme of delegation to officers which is still operable but may not in fact be the current arrangement.

- 6.4 The Cabinet is the Council's ultimate shareholder body and may retain and / or delegate the shareholder function and shareholder decision-making as deemed appropriate. As such, it would be expected that the terms of reference provide for the Shareholder Committee's reporting to the Cabinet as the ultimate shareholder body. As seemingly the Cabinet has delegated the shareholder function to each Strategic Director, a Strategic Director would be advised and assisted by the Shareholder Committee in the same way the Cabinet would be.

7. DECISION-MAKING AND THE DECISION-MAKING PROCESS

- 7.1 As detailed above, a decision to wind up CAEL falls to be made by the Council in its capacity as the company's ultimate shareholder, and whilst not expressly provided for in the Delegations Schedule, in our view so too would be a decision to effect the dormancy of the company given that such a course of action is likely to be outside of the company's current business plan, and involve matters which must be determined by the Council pursuant to the Delegations Schedule.
- 7.2 The exercise of the Council's shareholder function as regards CCHL and as the ultimate shareholder of CAEL and the other subsidiary companies is currently delegated to each of the Council's Strategic Directors. In making the Council's shareholder decisions a Strategic Director should be advised by the Shareholder Committee.
- 7.3 The delegation to the Strategic Directors is permissible under the Local Government Act 2000, pursuant to which the delegation of executive functions, and as such the delegation of the shareholder function and shareholder decision-making is within the gift of the Leader of the Council. The Leader's retention or delegation of executive functions is set out in the Constitution at Part 3 Section 3 and Section 4 as detailed above under paragraph 6.2. The Leader may require that a given shareholder decision is made by themselves, an individual Cabinet Member, another officer or committee of the Cabinet, or the Cabinet collectively. However, given that the Leader has retained the exercise of the 'client role' for CCHL (as detailed above at paragraph 6.2.1) which we take to mean the Council's commissioning function in respect of CCH, the Leader would likely be conflicted if also exercising the shareholder function in respect of CCHL or the subsidiary companies. As such, in our view it would be preferable for the Leader to delegate a shareholder decision to a Cabinet Member where the decision is not being made by Cabinet or a Strategic Director – as currently delegated.
- 7.4 Subject to the Council's Constitution, a shareholder decision may also be a key decision and / or subject to 'call-in'. In such an instance the decision will need to be

taken in accordance with the procedure for determining key decisions and if applicable so too the call-in procedure provided for in the Constitution.

- 7.5 Whether it is a Strategic Director, Cabinet Member or Cabinet who, acting in the capacity as CAEL's ultimate shareholder, determines that the company should be wound up or put into dormancy, the decision-making process will start with a resolution of the CAEL Board. To avoid the need to call general meetings to effect shareholder resolutions, we recommend using written shareholder resolutions and the process set out below is based on the same.

CAEL

- 7.6 At a duly convened and quorate meeting of the CAEL Board the CAEL Directors will need to resolve a proposed course of action as regards the company for the approval of the Council as the company's ultimate shareholder. The CAEL Board will need to have the information and any advice required to make an informed decision, and the CAEL Directors will each need to be satisfied that in making the decision s/he is acting in the best interests of the company and in compliance with his/her duties as a director.
- 7.7 Assuming the CAEL Board agrees on a proposed course of action, the CAEL Board will need to approve the form and circulation of a written shareholder resolution to the CCHL Board, with a recommendation that the CCHL Board approves the proposed course of action and circulates to the Council as shareholder a written resolution with a recommendation from the CCHL Board that the Council resolves to approve the written shareholder resolution put by the CAEL Board. The resolution may provide for the approval of specific matters set out within it which fall to be determined by the shareholder under the Delegations Schedule and / or a general authorisation for the CAEL Board to take such steps as necessary to effect the given course of action proposed for CAEL (e.g., winding up or dormancy).

CCHL

- 7.8 At a duly convened and quorate meeting of the CCHL Board the CCHL Directors will need to consider the course of action proposed by CAEL and the written shareholder resolution circulated by the CAEL Board. The CCHL Board will need to have the information and any advice required to make an informed decision in exercising its role as the 'first instance' shareholder of CAEL.
- 7.9 Assuming the CCHL Directors agree with the CAEL Board's proposed course of action, the CCHL Board will need to resolve accordingly and approve the circulation to the Council of the CAEL written shareholder resolution and the CAEL Board's recommendation that the Council approve the resolution. The CCHL Board resolution approving the form and circulation to the Council of the CAEL written shareholder resolution must be circulated to the Council with the original written shareholder resolution and recommendation put by the CAEL Board.

The Council as Ultimate Shareholder of CAEL

- 7.10 The written shareholder resolution put by the CAEL Board, and the CCHL Board resolutions in respect thereof, should be circulated in the first instance to a Strategic Director as they have the standing delegation under the Constitution. The Strategic Directors have each been delegated shareholder decision-making in respect of CAEL where, under the Delegations Schedule, a shareholder decision cannot be made by the CCHL Board acting as the first instance shareholder of CAEL.
- 7.11 If the decision remains with the Strategic Director s/he will determine the written shareholder resolution on behalf of the Council as the ultimate shareholder of CAEL.
- 7.12 The Strategic Director, Cabinet or Cabinet Member Cabinet determining the resolution will need to be satisfied that they have the information and advice required to make an informed decision and have consulted as may be required or appropriate. If the resolution is also a key decision under the Council's Constitution, it will need to be made in compliance with the rules and procedures for determining key decisions as set out in the Constitution, including if applicable, as regards call-in. The shareholder decision-maker would be assisted and advised by the Shareholder Committee.
- 7.13 Once the resolution has been determined the decision may be subject to call-in but then must be notified to the parties concerned with the duly executed written shareholder resolution returned to CAEL and copies retained by the Council and CCHL. Any special shareholder resolution will need to be filed with Companies House. As per paragraph 7.12 above, if the resolution is also a key decision, its determination, recording and publication will need to accord with the relevant rules and procedures of the Council's Constitution.

8. CONFLICTS OF INTEREST

- 8.1 At each stage of the decision-making process care will need to be taken to guard against potential conflicts of interest. Those making decisions on behalf of CAEL or advising them should not also be involved in decision-making on behalf of the shareholder or advising them.

9. SUMMARY

- 9.1 A decision to wind up or place CAEL into dormancy is a matter for the Council as the ultimate shareholder of the company in accordance with the Group Governance Agreement and Delegations Schedule.
- 9.2 The decision will be effected by a (written) shareholder resolution(s) proposed by the CAEL Board and circulated in the first instance to CCHL Board acting as the 'first instance' shareholder of CAEL. In turn, the CCHL Board will circulate the resolution to the relevant Strategic Director (or as may otherwise have been decided) for determination on behalf of the Council as CAEL's ultimate shareholder.

- 9.3 The operational implementation of the resolutions and thereby the winding up of CAEL or preparing it for dormancy will be the responsibility of the CAEL Board. There are procedures to be followed for either course of action in respect of which we would be happy to advise if required.
- 9.4 Effecting the board and shareholder resolutions required to implement the course of action determined for CAEL is not complex as a matter of law but is very much process driven. The requirements for shareholder decision-making are provided for under the CA2006 and the process is somewhat administratively burdensome as well as potentially confusing for those not familiar with it. In addition to the requirements of the CA2006, the decision-making process must give effect to the governance arrangements in place for the Council and its companies in accordance with the Constitution.
- 9.5 The key to effecting the decisions required to implement the course of action determined for CAEL is preparation and ensuring that the operational issues, actions and decisions required at each stage of winding up or preparing the company for dormancy (or any other course of action) and the decision-makers are identified in advance. We would expect that much can be agreed between the parties informally and then provided for in reports and the documents prepared to give effect to the agreed arrangements.
- 9.6 Resolutions can be formulated and 'bundled' where possible and circulated to the decision-maker with the information required to make an informed determination. This should then reduce the number of occasions on which a matter needs to be referred to a given decision-maker.
- 9.7 Potential conflicts of interest arising for decision-makers and those advising them need to be guarded against. It is important that the parties each understand the course of action decided upon for CAEL, what is required at each stage of the process and who needs to make the necessary decisions.

10. NEXT STEPS

- 10.1 Once the preferred course of action for CAEL has been decided we would be happy to advise further on the resolutions needed, the resolutions process, and to draft the necessary resolutions and reports if required.
- 10.2 Please do not hesitate to contact us with any queries or if any further information is required.

Anthony Collins

May 2023

Ref. MM/068786.0001

Matt Marsh

Solicitor

matt.marsh@anthonycollins.com

Claire Ward

Partner

clarie.ward@anthonycollins.com

Mark Cook

Partner

mark.cook@anthonycollins.com

DOCUMENTS REVIEW

1. BACKGROUND

- 1.1 Colchester Amphora Homes Limited (“CAHL”) is a wholly owned subsidiary of Colchester Commercial (Holdings) Limited (“CCHL”) which in turn is wholly owned by Colchester City Council (“the Council”). It has been decided for CAHL to be made dormant as part of a restructuring.
- 1.2 The objective is for the benefit of CAHL’s assets and existing agreements to be transferred ideally to the Council or possibly to CCHL. The Council has asked for various lease agreements, a building contract and grant agreement to be reviewed and for AC to set out the actions needed to achieve the objective.
- 1.3 There are two legal terms used in this report which describe how arrangements which have previously been made by CAHL may be “transferred” to the CCHL or the Council:
 - 1.3.1 An “assignment” is where the legal benefit is transferred to a party where there are no actions or live obligations to be fulfilled under the contract. The party to whom the benefit has been transferred can then use that benefit – for example a benefit of most contracts is to be able to enforce them if a supplier has not complied with its obligations.
 - 1.3.2 A “novation” is where all the parties must agree (the supplier, CAHL and the Council) to change the “customer” from CAHL to CCHL or the Council. This is to be used where CCHL or the Council needs to continue to order services or goods from the same supplier.
- 1.4 The recommendations for the reviewed agreements are either to assign, novate, or terminate. Each agreement needs dealing with properly to ensure that there are no questions left about CAHL’s obligations or the Council’s rights and responsibilities in future.
- 1.5 This advice does not factor in tax issues, and you have confirmed that the Council and Amphora group of companies will obtain separate advice about progressing the objective in a tax efficient manner. If a tax adviser has any comments on our proposals for each of the agreements, AC will gladly collaborate with them to ensure that the most efficient result is achieved. This is particularly relevant and important in relation to the proposed property transfers where SDLT, capital taxes and potentially VAT will be relevant.

2. CREFFIELD ROAD

- 2.1 Documentation has been provided showing that there are six flats at Creffield Road within the Freehold property under title number EX399347. It is understood that of those flats, one is still for sale, three have been privately sold, and two are Council housing.
- 2.2 CAHL could attempt to sell the remaining flat at auction or continue to attempt to sell on the market in the usual manner. Unless auction is actioned very quickly, it is highly unlikely that any sale by private treaty would now be progressed before the target date for making CAHL dormant.
- 2.3 Until such time as a lease is granted of that flat upon its sale, the flat will continue to form part of the freehold title. The Council is unable to hold open market “for sale” housing as this would not be within the Council’s powers.
- 2.4 For this reason and others, it would be best to transfer the freehold title to CCHL for at least the time being, because this would enable the options for disposal of the remaining flat to be considered. In addition, the Council may wish to explore selling the freehold title to a management company which would be owned by the leaseholders. This could not be achieved by the target date for making CAHL dormant, so it would appear to make sense to transfer the land to CCHL to give time for this to be considered.

3. CREFFIELD ROAD BUILDING CONTRACT

- 3.1 An unamended JCT ICD 2016 agreement was signed between CAHL and T.J Evers Limited on 13 July 2020 for the “*refurbishment and alteration of existing house into 6 flats and construction of 2 new houses at 60 Creffield Road, Colchester...*” (“the Building Contract”). The Building Contract appears to have been correctly executed via a deed.
- 3.2 The works associated with the Building Contract have all been completed, and therefore we suggest that CAHL assigns the benefit of it to CCHL. This is to preserve the right to be able to make a claim against the Contractor under the Building Contract in the instance(s) that defects are discovered. It is best for the rights to enforce the Building Contract to follow the ownership of the building.
- 3.3 Under clause 7.1 of the building contract, CAHL requires the Contractor’s consent in order to assign the benefit. Whether the Contractor is willing to grant this is difficult to predict, but it will be worth asking. If the Contractor is unwilling, there is a “work around” which would involve granting an indemnity from CAHL to CCHL on transfer of the land. Further advice can be provided about this as necessary in future.
- 3.4 Although we have not had sight of these, if there are any collateral warranties associated with the project from sub-contractors, these should also be assigned to CCHL.

4. 10 YEAR BUILDING WARRANTIES

- 4.1 Two sets of 10 year latent defect home insurance policies have been provided for review. An AEDIS policy has an initial certificate to the benefit of CAHL at 60 Creffield Road. An LABC policy documentation lacks such a certificate, but we assume similarly benefits CAHL, and benefits the freehold properties on Inglis Road.
- 4.2 AEDIS and LABC would usually have required CAHL to enter into agreements where CAHL indemnifies AEDIS and LABC in the event that CAHL does not effect repairs to a property, causing a claim against the building warranty by a leaseholder. These indemnities were either not demanded, or cannot be found. Potentially the indemnities could have been novated to CCHL to avoid the risk of having to remove CAHL from dormancy to deal with any claims under the indemnities. However, this is a double edged sword, because a novation would have exposed CCHL to potentially significant claims in the event of a property defect.
- 4.3 On this basis, it is suggested that no further action is taken unless the indemnity documents are found in due course, in which case further advice can be provided in the event of any claim.

5. NORTHERN GATEWAY GRANT AGREEMENT

- 5.1 As part of the Northern Gateway scheme, a grant agreement was entered into between the Council and Homes England ("HE"), dated 4 October 2019 which was later varied on 4 March 2020 ("the Grant Agreement").
- 5.2 The Grant Agreement provided £3.56 million for enabling works and £1.94 million for infrastructure to allow CAHL to develop 560 residential units at the Northern Gateway. As CAHL is not a party to the Grant Agreement, there is no need to assign, novate or terminate this agreement and it can be left in place during any dormant period.
- 5.3 Prior to the End Date, under clause 19, the Council must advise HE of any changes to the project. Changing the entity delivering the required number of residential units under the wider project milestones (as specified under Schedule 3) would be caught by this requirement.
- 5.4 As the Grant Agreement named CAHL as the entity to carry out the development work, we would recommend that either a variation is agree with HE or at the very least an update is send to HE to reflect the change in circumstances.

6. BLOOM APPOINTMENT

- 6.1 CAHL and Bloom Procurement Services Limited ("Bloom") entered into a call-off contract dated 17 February 2022 for the provision of specialist professional services in relation to the Northern Gateway scheme ("the Bloom Contract").

- 6.2 Bloom had been appointed for the delivery of specialist professional services under a framework agreement by the North East Procurement Organisation. This framework agreement was dated 1 September 2019 with an initial period of four years, with potential extension options.
- 6.3 It appears that CAHL has issued a work order to Bloom to provide initial services under the Bloom Contract.
- 6.4 Clause 22.1 of the Bloom Contract allows for either party to terminate the Bloom Contract without cause by providing one month's written notice. On review of Clauses 22.5 and 22.6, it is unclear whether terminating the Bloom Contract under Clause 22.1 also terminates any work orders.
- 6.5 Clause 14.2 of the Bloom Contract states that neither party shall be liable to the other party *"for indirect special or consequential loss or damage in connection with this Agreement which shall include, without limitation, any loss of or damage to profit, revenue, contracts, anticipated savings, goodwill or business opportunities whether direct or indirect."*
- 6.6 If the work order is terminated by CAHL without CAHL having the right to do this, then Bloom would be unable to claim loss of profit or any other consequential losses against CAHL. However, it might attempt to claim direct losses of terminating the work order. This might include, for example, unproductive time if it cannot redeploy any resources which were assigned to the work order. However, if little or no work is currently being progressing under the Bloom Contract, and little or no work is anticipated as being required in the short to medium term, it may be best to negotiate termination with Bloom. If a clean termination cannot be agreed rapidly, it is likely to be best to ask Bloom to novate the contract to the Council. The Northern Gateway contracts from Colchester Amphora Energy Limited have been or are being novated to the Council so this would work from a consistency perspective.

7. OVERVIEW

- 7.1 The table below summarises at high-level the recommendations for each of the agreements reviewed.

7.2

AGREEMENT	RECOMMENDATION
CREFFIELD ROAD PROPERTY INTERESTS	Transfer to CCHL then dispose from CCHL.
CREFFIELD ROAD BUILDING CONTRACT	Assign benefit to CCHL
NORTHERN GATEWAY GRANT AGREEMENT	Possible variation with or notification to Homes England
BLOOM APPOINTMENT	Negotiate termination – although if difficult or time consuming, novate to Council

8. NEXT STEPS

- 8.1 It is suggested that the implications of the decision to place CAHL into dormancy should now be documented so that all matters can be contained into one report for governance purposes. That report will then be the basis upon which the recommendation will be made.
- 8.2 We would be happy to support the Council and CAHL to implement some or all of the suggested courses of action above once necessary governance is completed. It might be useful to discuss the conclusions and we could attend a brief meeting to check you are in agreement with our advice.
- 8.3 If requested we would be happy to draft the necessary resolutions and cover reports if required from a governance perspective.
- 8.4 Please do not hesitate to contact us with any queries or if any further information is required.

Anthony Collins Solicitors LLP

January 2024

Richard Brooks, Partner, richard.brooks@anthonicollins.com

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED SHARES
WRITTEN RESOLUTIONS OF THE SHAREHOLDER OF
COLCHESTER AMPHORA HOMES LTD

Company No: 10799097

("the Company")

[insert date of circulation to Shareholder] 2024 ("Circulation Date")

The undersigned Colchester Commercial (Holdings) Ltd ("CCHL") is the parent company and first instance shareholder ("Shareholder") of the Company ("CAHL"). By signing this document, the signatory confirms their approval of the below written resolutions (Resolutions).

The Shareholder may sign by way of their electronic signature.

The Resolutions are passed as Resolutions with effect from the date that they are signed by the Shareholder. The Shareholder must sign and return the Resolutions within the period of 28 days from the above detailed Circulation Date.

Attached to this document are:

1. The resolutions of the Board of CCHL to:
 - 1.1 Approve the resolutions the Board of CAHL;
 - 1.2 Approve the form of, and circulation to, the Shareholder of the written shareholder resolutions;
 - 1.3 Recommend to the Shareholder that it approves the written shareholder resolutions;
 - 1.4 Approve the form of, and circulation to, Colchester City Council as the shareholder of CCHL and ultimate shareholder of CAHL, the written Colchester City Council shareholder resolutions (subject to Shareholder's prior approval of the written shareholder resolutions);

Colchester Amphora Homes Ltd

Company Number: 10799097

Written Resolutions of the Shareholder

- 1.5 Recommend to Colchester City Council as the shareholder of CCHL and ultimate shareholder of CAHL, that Colchester City Council approves the written shareholder resolutions (subject to the Shareholder's prior approval of the written shareholder resolutions).
2. The resolutions of the Board of CAHL.

Name of Shareholder
Colchester Commercial (Holdings) Ltd

Agreement

Please read the notes at the end of this document before signifying your agreement to these Resolutions.

The undersigned, being entitled to vote on the Resolutions on the Circulation Date hereby irrevocably agree to the below Resolutions.

Resolutions of the Shareholder

The Shareholder Resolves to:

1. Note the resolutions and recommendations of the Board of CCHL;
2. Note the resolutions and recommendations of the Board of CAHL;
3. Approve that the CAHL is put into a “dormant” state within the meaning of section 1169 of the Companies Act 2006 (subject to the approval of Colchester City Council as the ultimate shareholder of CAHL);
4. Approve the arrangements set out in the below table as regards the treatment of the CAHL assets and agreements in preparation for, and subsequent to, CAHL becoming a dormant company (subject to the approval of Colchester City Council as the ultimate shareholder of CAHL):

Asset / Agreement	Recommendation
Creffield Road Property Interest	Transfer to CCHL, then dispose from CCHL
Creffield Road Building Contract	Assign benefit to CCHL
Northern Gateway Grant Agreement	Possible variation with or notification to Homes England
Bloom Appointment	Negotiate termination – if difficult or time consuming, novate to the Council

5. Approve that the Board of CAHL is authorised to take, and shall so take, all such actions as may be necessary to effect the putting of CAHL into a dormant state, (including without limitation, as regards the effecting of the arrangements set out in the above table pertaining to CAHL’s assets and agreements), and thereafter the company secretary or an officer of CAHL is authorised to take, and shall so take, all such actions as may be necessary to maintain the dormant state of CAHL (subject to the approval of Colchester City Council as the ultimate shareholder of CAHL);

Colchester Amphora Homes Ltd

Company Number: 10799097

Written Resolutions of the Shareholder

6. Approve the form of, and circulation to, Colchester City Council as the shareholder of CCHL and ultimate shareholder of CAHL, the written Colchester City Council shareholder resolutions;
7. Approve that the Board of CCHL recommends to Colchester City Council as the shareholder of CCHL and ultimate shareholder of CAHL, that Colchester City Council approves the written Colchester City Council resolutions.

Name of Shareholder	Authorised Signatory	Date
Colchester Commercial (Holdings) Limited Name..... Position..... Colchester Commercial (Holdings) Limited	

Notes

1. If you agree to the Resolutions please indicate your agreement by signing and dating this document where indicated above and returning it to the Company using one of the following methods:

By Hand: delivering the signed copy to Colchester Amphora Homes Ltd, Rowan House, 33 Sheepen Road, Colchester, CO3 3WG

Post: returning the signed copy by post to Colchester Amphora Homes Ltd, Rowan House, 33 Sheepen Road, Colchester, CO3 3WG

E-mail: by attaching a scanned copy of the signed document to an e-mail and sending it to [insert name and email address] confirming that the Resolutions proposed are agreed. Please enter 'Shareholder Resolutions: CAHL Dormancy' in the e-mail subject box.

Electronic Signature

Electronic signature by the duly authorised signatory is permitted provided that the authentication requirements set out in section 1146 of the Companies Act 2006 are complied with to confirm the identity of the signatory.

Written Resolutions of the Shareholder

If you are signing using an electronic signature please include in your email returning the signed document:

My electronic signature has been affixed to the Resolutions dated [insert date] 2024 attached to this email. I am [insert name] an authorised signatory for Colchester Commercial Holdings Ltd as the sole Shareholder of the Company. This email has been sent from my email account [insert email address].

2. If you do not agree to the Resolutions you do not need to do anything with regard to the Resolutions with which you disagree: you will not be deemed to agree if you fail to reply.
3. Once you have indicated your agreement to the Resolutions you may not revoke your agreement.
4. Unless, within 28 days of the Circulation Date, sufficient agreement has been received for the Resolutions to pass, they will lapse. If you agree to the Resolutions and please ensure that your agreement reaches us within 28 days of the Circulation Date.
5. If you are signing this document on behalf of a person under a power of attorney or other authority please send a copy of the relevant power of attorney or authority when returning this document.

Colchester Commercial (Holdings) Ltd

Company Number: 10798878

Resolutions of the Board of Directors

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
RESOLUTIONS OF THE BOARD OF DIRECTORS OF
COLCHESTER COMMERCIAL (HOLDINGS) LIMITED

Company No: 10798878

("the Company")

[insert date of Board meeting] 2024

At a meeting of the Board of Directors of the Company, held on the above date, in view of the recommendations and advice pertaining to CAHL, a subsidiary of the Company ("CCHL"), in the following reports:

- Colchester City Council, *Review of the CCHL Companies*, CIPFA January 2023
- Colchester City Council, *Colchester Amphora Energy Ltd, Governance and Decision-Making*, Anthony Collins, May 2023
- Colchester Amphora Homes Limited, *Contracts Review*, Anthony Collins January 2024

on the Chair being satisfied as to the declaration of each Director as to the nature and extent of any interest s/he may have in the transactions proposed as the business of the meeting, and being satisfied as to the quorum of the meeting, having carefully considered the proposed transactions and the resolutions and recommendations of the Board of CAHL and having carefully considered the matters set out in section 172 of the Companies Act 2006,

THE BOARD RESOLVED TO:

1. Approve the resolutions and recommendations of the Board of CAHL;
2. Approve the form of, and circulation to, CCHL as the first instance shareholder of CAHL the written CCHL shareholder resolutions;
3. Recommend to CCHL as the first instance shareholder of CAHL that it approve the written CCHL shareholder resolutions;
4. Approve the form of, and circulation to, Colchester City Council as the shareholder of the Company and ultimate shareholder of CAHL, the written Colchester City Council

Colchester Commercial (Holdings) Ltd

Company Number: 10798878

Resolutions of the Board of Directors

shareholder resolutions (subject to the prior approval of the written CCHL resolutions by CCHL as the first instance shareholder of CAHL);

5. Recommend to Colchester City Council as the shareholder of the Company and ultimate shareholder of CAHL, that Colchester City Council approve the written Colchester City Council shareholder resolutions (subject to the prior approval of the written CCHL resolutions by CCHL as the first instance shareholder of CAHL);

.....

Chair of Colchester Commercial (Holdings) Ltd

Dated.....

Colchester Commercial (Holdings) Ltd
Company Number: 10898878
Written Resolutions of the Shareholder

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BYSHARES
WRITTEN RESOLUTIONS OF THE SHAREHOLDER OF
COLCHESTER COMMERCIAL (HOLDINGS) LTD
Company No: 10898878
("the Company")

[insert date of circulation to Shareholder] 2024 ("Circulation Date")

The undersigned Colchester City Council is the sole shareholder of the Company ("Shareholder"). The Company being the parent company and first instance shareholder of Colchester Amphora Homes Ltd ("CAHL") the Shareholder is the ultimate shareholder of CAHL. By signing this document, the signatory confirms their approval of the below written shareholder resolutions ("Resolutions").

The Shareholder may sign by way of their electronic signature.

The Resolutions are passed as Resolutions with effect from the date that they are signed by the Shareholder. The Shareholder must sign and return the Resolutions within the period of 28 days from the above detailed Circulation Date.

Attached to this document are:

1. The resolutions of the Board of the Company;
2. The resolutions of the Company (as the first instance shareholder of CAHL);
3. The resolutions of the Board of CAHL;

Name of Shareholder
Colchester City Council

Colchester Commercial (Holdings) Ltd

Company Number: 10898878

Written Resolutions of the Shareholder

Agreement

Please read the notes at the end of this document before signifying your agreement to these Resolutions.

The undersigned, being entitled to vote on the Resolutions on the Circulation Date hereby irrevocably agree to the below Resolutions.

Resolutions of the Shareholder

The Shareholder Resolves to:

1. Note the resolutions and recommendations of the Board of the Company;
2. Note the resolutions and recommendations of the Company (as the first instance shareholder of CAHL);
3. Note the resolutions and recommendations of the Board of CAHL;
4. Approve that CAHL is put into a “dormant” state within the meaning of section 1169 of the Companies Act 2006;
5. Approve the arrangements set out in the below table as regards the treatment of the CAHL’s agreements in preparation for, and subsequent to, CAHL becoming a dormant company:

Asset / Agreement	Recommendation
Creffield Road Property Interest	Transfer to CCHL, then dispose from CCHL
Creffield Road Building Contract	Assign benefit to CCHL
Northern Gateway Grant Agreement	Possible variation with or notification to Homes England
Bloom Appointment	Negotiate termination – if difficult or time consuming, novate to the Council

6. Approve that the Board of CAHL is authorised to take, and shall so take, all such actions as may be necessary to effect the putting of CAHL into a dormant state, (including without limitation, as regards the effecting of the arrangements set out in the above table pertaining to CAHL’s assets and agreements), and thereafter the company secretary or an officer of the CAHL is authorised to take, and shall so take, all such actions as may be necessary to maintain the dormant state CAHL.

Colchester Commercial (Holdings) Ltd

Company Number: 10898878

Written Resolutions of the Shareholder

Name of Shareholder	Authorised Signatory	Date
Colchester City Council Name..... Position..... Colchester City Council	

Notes

1. If you agree to the Resolutions please indicate your agreement by signing and dating this document where indicated above and returning it to the Company using one of the following methods:

By Hand: delivering the signed copy to Colchester Commercial (Holdings) Ltd, Rowan House, 33 Sheepen Road, Colchester, CO3 3WG

Post: returning the signed copy by post to Colchester Commercial (Holdings) Ltd, Rowan House, 33 Sheepen Road, Colchester, CO3 3WG

E-mail: by attaching a scanned copy of the signed document to an e-mail and sending it to **[insert name and email address]** confirming that the Resolutions proposed are agreed. Please enter 'Council Shareholder Resolutions: CAHL Dormancy' in the e-mail subject box.

Electronic Signature

Electronic signature by the duly authorised signatory is permitted provided that the authentication requirements set out in section 1146 of the Companies Act 2006 are complied with to confirm the identity of the signatory.

If you are signing using an electronic signature please include in your email returning the signed document:

*My electronic signature has been affixed to the Resolutions dated **[insert date]** 2024 attached to this email. I am **[insert name]** an authorised signatory for Colchester City Council as the sole Shareholder of the Company and the ultimate shareholder of Colchester Amphora Homes Ltd. This email has been sent from my email account **[insert email address]**.*

2. If you do not agree to the Resolutions you do not need to do anything with regard to the Resolutions with which you disagree: you will not be deemed to agree if you fail to reply.
3. Once you have indicated your agreement to the Resolutions you may not revoke your agreement.
4. Unless, within 28 days of the Circulation Date, sufficient agreement has been received for the Resolutions to pass, they will lapse. If you agree to the Resolutions

Colchester Commercial (Holdings) Ltd

Company Number: 10898878

Written Resolutions of the Shareholder

and please ensure that your agreement reaches us within 28 days of the Circulation Date.

5. If you are signing this document on behalf of a person under a power of attorney or other authority please send a copy of the relevant power of attorney or authority when returning this document.

5 March 2024

Report of	Chief Operating Officer	Author	Geoff Beales
Title	Review of Colchester Borough Homes Performance		
Wards affected	All wards		

1. Executive Summary

- 1.1 The purpose of this report is to give Committee the background to the new regulatory regime for housing which commences on 1 April 2024 and an update on CBH's current performance. Performance targets contained within the Colchester Borough Homes Medium-Term Delivery Plan for 2024/25 are also provided to Members for any questions they may have regarding the performance requirements for the next financial year.

2. Recommended Decision

- 2.1 Committee is invited to note the performance targets for 2024/25 and make any comments or recommendations to the Portfolio Holder for Housing and Colchester Borough Homes (CBH) on performance management arrangements for 2024/25 and beyond. (see Appendix 2 – for performance targets 2024/25)
- 2.2 Committee is asked to agree the new reporting arrangements as set out in section 5 of the report.

3. Reason for Recommended Decision

- 3.1 CBH is a wholly owned arm's length company of the Council and delivers the majority of the Council's housing functions, in particular those connected with the Council's housing stock and delivery of homelessness and housing advice services. As such CBH has a key role to play in contributing to the achievement of the Council's Strategic objectives. As the Council's shareholder Committee it is appropriate for the Governance and Audit Committee to review the performance on a regular basis.
- 3.2 As we move into a new regulatory regime from April 2024 it is imperative that the Council seeks assurance on performance of its housing services. Where performance does not achieve the target reasons or mitigations are given for this to show that scrutiny has been undertaken and any risks are minimised and understood. The Council as Landlord is responsible for meeting the regulatory requirements.

4. Background Information

- 4.1 The Council signed a ten-year Management Agreement with CBH in August 2013. In November 2020 Cabinet agreed a five-year extension to the Management Agreement to August 2028.
- 4.2 The Management Agreement Schedules include a Liaison Protocol which sets out how the Council and CBH will make decisions and how the Council will monitor performance. This includes a quarterly Principal Liaison meeting to monitor strategic, operational, financial and performance matters, including agreeing annual targets and reviewing progress against these, monitoring progress against the Medium-Term Delivery Plan, and overseeing the direction and implementation of the Councils Housing Asset Management Strategy and the Housing Revenue Account Business Plan. The Liaison Protocol also sets out the informal liaison arrangements between the Chief Executives of the Council and CBH and between the Chief Executive of CBH and “the Council’s Representative”.
- 4.3 From April 2024 we will enter a new regulatory regime overseen by the Regulator of Social Housing (and sponsored by the Department for Levelling Up, Housing and Communities). The approach and objectives of the Regulator are set out in the Social Housing Regulation Act which became law in July 2023. The approach is new for Local Authorities.
- 4.4 The Regulator will ‘proactively’ monitor landlords’ compliance to a new set of Consumer Standards, which builds upon an existing set. The Regulator’s focus will be on organisational issues. The Housing Ombudsman will continue to manage individual complaints.
- 4.5 Landlords in essence need to show that their properties are decent, safe and compliant. This assessment should be made up of accurate data about the stock and about tenants. It is also a requirement that tenants views are taken into account, considered and listened to. Information on services and performance should be published and made available for tenants to scrutinise.
- 4.6 The new Consumer Standards are:
- Safety and quality
 - Tenancy
 - Transparency influence and accountability
 - Neighbourhood and community
- 4.7 The Regulator will use their new powers to hold Landlords to account through:
- Property inspections
 - Provider inspections
 - Information
 - Professionalism of housing staff
- 4.8 All landlords including this Council will be subject to an ‘inspection’. Inspections of Local Authorities will focus solely on consumer issues and the new Standards. Inspections will commence from 1 April 2024 and the Council can expect this to occur sometime over the next four years. The Council will receive six weeks’ notice that this will take place. They are likely to include the following:

- Request of relevant information
 - Observation of meetings
 - Meeting with key people, including lead Councillors and tenants
 - Assess a range of evidence to check standards are being met
 - Ask for more information if there are significant gaps
- 4.9 The Regulator can also direct Landlords to collect and publish information on their performance, including specifying what information is required, over what period it should be collected, how the information is collected, analysed and published, what is to be published and in what form.
- 4.10 An example of the above is a new suite of Tenant Satisfaction Measures (TSM's). These are made up of key performance data and satisfaction of tenants with the service they receive. These will be collected annually at the end of the financial year, collated by the Regulator and published in a table format. The Council completed its first annual satisfaction survey of tenants under the new regulation over the summer of 2023.
- 4.11 The Act also introduces powers for the Regulator to set competency and conduct standards for housing staff. It will be mandatory for some staff that work in housing and with tenants to have a relevant suitable qualification. A consultation on how this may work and the standard required was sent to providers in February 2024.
- 4.12 Between staff in CBH and the Council we have been preparing for the new regulatory regime over the last couple of years and we are ready for the challenges this brings across our organisations. We continue to assess ourselves against the new standards, ensure that the data we have is robust accurate and relevant.
- 4.13 Relevant reporting will continue to come to the Committee to give assurance that the regulatory requirements are met, the standards are being achieved and to ensure scrutiny around performance. To this end Committee is asked to consider and note the Medium-Term Delivery Plan performance (at Quarter 3) for Colchester Borough Homes for 2023/24 (Appendix 1) and the 2024/25 targets (Appendix 2) and make any further recommendations to the Portfolio Holder for Housing or Colchester Borough Homes in regard to these.

5. Current Position

- 5.1 Specifically with regard to regulatory changes that commence in April, the RSH will be looking at the assurance that Councillors are getting about the quality of homes, service performance and engagement with tenants. It is recommended that the following approach be adopted to enable the City Council to evidence this.
- Quarterly reporting by the CE of CBH as Strategic Housing Lead to this Committee on the quality of the Council's homes, service performance and engagement with tenants. It is suggested that in the first instance this reporting take place quarterly as this will provide the information for Councillors to challenge and gain assurance of compliance, through CBH's work, with the new RSH regulatory framework that commences in April.
 - Full Council will receive assurance on adherence to the new RSH regulatory regime through the minutes from and work of G&A Committee.
 - Reporting in this way will itself support the Council in being able to evidence adherence to the new regulatory framework as the RSH will be looking at the assurance that Councillors are getting.

- Enhanced reporting of CBH's performance to this Committee is consistent with the outcome of the HQN review completed in early 2023 and the subsequent work of the Oversight Group.
- The approach would provide greater visibility of social housing regulation in general and of CBH's performance.

5.2 In addition to the recommended approach set out in 5.1 the intention is for the following reporting to the Council's Cabinet:

- Quarterly social housing update reports from the CE of CBH as Strategic Housing Lead. This would raise awareness on topical and emerging housing related issues via a "state of the nation" report. This will inform CCC's current and future housing strategy and housing policies.
- Items requiring a decision by Cabinet will be incorporated into the quarterly updates, and
- Five housing KPI's will continue to appear on the Councils corporate dashboard.

5.3 The recommended approach to future reporting would hence mean that, through CBH, performance and regulatory assurance reporting to the Council is through this Committee with decisions and "state of the nation" reporting to Cabinet.

5.4 The CE of CBH will be responsible and accountable for regulatory assurance and ensuring quarterly assurance reports that align with expectations in the new regulatory framework are prepared and reported to the Council's Senior Leadership Board and this Committee. The CE of CBH is also the designated person in respect of the Council's Registered Provider compliance with its health and safety obligations towards tenants as required in the Social Housing Regulation Act 2023.

5.5 With regard to the TSM's referred to in 4.10, performance for 2023/24 is due to be reported for the first time to the Regulator in June 2024. It will then be possible to comprehensively report on CBH's performance compared to peers. Some comparable data is available, although this will change over time as more and more landlords complete and publish their TSM data. To provide an indication of current performance, the median overall service satisfaction for all England local authorities and ALMOs in December 2023 stood at 65.0% and this compares to 68.4% for CBH. It is worth noting that Housemark, the national social housing benchmarking organisation are reporting that fresh results for overall satisfaction are typically 7 to 8 percentage points lower than their previous results and that formal complaints across the sector nearly doubled between December 2021 and December 2022. Some of the TSM's are perception and not transactional surveys and hence include responses from residents who may not have experienced the service. For example, Housemark reported in November that 34% of social housing tenants nationally are satisfied with the handling of a complaint using the TSM perception survey. Whilst this is similar for CBH, for those using the service (transactional survey) the latest result for CBH is 80.4%. The full set of benchmarked TSM results will be reported following their collation by the RSH after the June 2024 submission as results will change over the coming months as more landlords submit their data. However, in advance of this a suite metrics with CBH's current performance as well as CBH's TSM's are provided at Appendix 3.

6. Recent CBH Highlights

6.1 Highlights include CBH's health and safety compliance performance at the end of December 2023 as indicated below:

Required gas safety checks carried out	100%
Passenger lifts safety checks carried out	100%
Asbestos management surveys carried out	100%
Fire risk assessments carried out	100%
Legionella risk assessments carried out	100%
Homes with a current (within 5 years) electrical safety check	99.83%

6.2 Additional non metric highlights for CBH in the last 3 months include:

- *Achieving TPAS accreditation*; this is a prestigious award that recognises housing providers who have demonstrated a high level of commitment to tenant engagement. To achieve accreditation CBH had to go through a rigorous assessment process, which included demonstrating its strong culture of involvement and its ability to drive business improvements for itself and its tenants.
- *Winning the Neighbourhood Transformation award at the Essex Housing Awards 2023*; The award recognises outstanding contributions to improving the quality of life in a neighbourhood. CBH won for its work to reduce Anti-Social Behaviour (ASB) and crime in Greenstead.
- *Being recognised for its long service under the Essex Police Community Safety Accreditation Scheme (CSAS)*; CBH were recently presented with a certificate and award. The CSAS gives CBH a range of powers usually only available to police, such as the authority to issue fixed penalty notices for certain offences.

7. Current CBH Challenges

7.1 *The volume of damp and mould cases*; the number of inspections raised increased by 96% from 234 to 458 between August 2022 and August 2023 and this trend is continuing. There is also emphasis now on the landlord taking greater responsibility for instances of damp and mould which combined with the increase in volume means that this is a much more resource intense area of CBH's activity.

7.2 *Repairs contractor performance*; the in house CBH team completed 89% of jobs on time in quarter 3 2023/24. This compares to only 70% for contractors and CBH is focussed on ensuring this continues to improve.

7.3 *Void (re-let) performance*; this improved from 42.1 days at the end of quarter 2 to 32.5 days in December. However, this is against a target of 28 days and CBH is continuing to challenge each stage of the re-let process to improve performance.

7.4 *Homelessness prevention and temporary accommodation*; Committee will be familiar with the intense pressure in this area of CBH's activity due to the significant increase in demand on the service and on temporary accommodation.

8. Equality, Diversity and Human Rights implications

8.1 The work undertaken in homes ensures that the services remain operational and efficient, tackling inequality in living standards and providing home improvements for the tenants. This is also true of the wider Housing Investment Programme works planned

through an Asset Management Strategy. The Equality Impact Assessment for the Council's Asset Management Strategy is [here](#).

- 8.2 Through the Housing Procurement Strategy within the Asset Management Strategy, staff ensure that all future procurement and purchasing documentation recognises, understands, and supports the Council and CBH policies regarding equal opportunities, diversity, and human rights.

9. Strategic Plan References

- 9.1 The services and projects delivered by the Council and CBH contribute directly to the following Strategic Plan 2023-2026 priority areas:

- **Respond to the climate emergency**
 - Reduce our carbon footprint.
 - Ensure Council homes benefit from increased energy efficiency.
- **Deliver Modern Services for a Modern City**
 - The Colchester Council family of organisations work together to a shared and ambitious vision for the future of our city.
 - Continue to invest in our homes to deliver quality social homes and services for tenants and leaseholders.
 - Put communities and their needs at the heart of our vision and support local areas as they help shape and deliver services which are most important to them.
 - Work closely with partners, charities and organisations to add value.
- **Improve health, well-being, and happiness**
 - Tackle the causes of inequality and support our most vulnerable people.
 - Work with residents and partners to address quality of life and issues of happiness.
- **Deliver homes for those most in need**
 - Increase the number and quality and types of affordable homes.
 - Meet our duty to prevent or assist those facing homelessness.

10. Consultation

- 10.1 Performance information and monitoring is developed in conjunction with CBH Board Members, Council Officers and the Portfolio Holder for Housing. As part of its development, it is also subject to scrutiny by tenant and leaseholder representatives.

11. Publicity Considerations

- 11.1 The Medium-Term Delivery Plan 2022-27 has been widely distributed which contains all the performance information for 2023/24 and targets for 2024/25. Performance information reflects the move to a set of new Tenant Satisfaction Measures and a regulatory regime.

12. Financial implications

- 12.1 The budget for the Housing Revenue Account is approved by Cabinet and Full Council each year. Individual contract awards for 2023/24 have been delegated by Cabinet to the Portfolio Holder for Housing. Sufficient budgetary provision has been made to fund work to ensure that homes remain decent safe and compliant.

13. Health, Wellbeing and Community Safety Implications

13.1 Improving and maintaining the Council's housing stock is thought to have broadly positive implications for communities across the Borough. Adhering to new Consumer Standards and ensuring properties are safe and compliant forms part of the new regulatory regime that will commence from April 2024.

14. Health and Safety Implications

14.1 It is a requirement of the quality element of the contract tender process that bidders demonstrate an excellent approach to the management of Health & Safety and understand the implication of both working in tenants' homes and conducting planned works in a safe manner.

14.2 Through the role of Contract Administrator Colchester Borough Homes will ensure Health and Safety and Construction, Design and Management Regulations and requirements are fully complied with throughout any programme of works in and around tenants homes.

15. Risk Management Implications

15.1 Failure to operate robust governance arrangements can potentially lead to poor management, performance, stewardship of public engagement and, ultimately, poor outcomes for citizens and service users. It increases the risk that the Councils and CBH's priorities will not be delivered. Reviewing the arrangements, governance and performance and identifying and addressing the key issues minimises these risks.

16. Environmental and Sustainability Implications

16.1 Ensuring properties remain desirable and in a safe condition has clear benefits for current and future tenants' health and wellbeing.

16.2 As part of the Housing Asset Management Strategy a Housing, Environmental and Sustainability Strategy has been produced. Using a specialist energy efficiency modelling database, we have looked at scenarios for delivering all our homes to EPC Band C by 2030. Funding has been secured from the Social Housing Decarbonisation Fund to ensure delivery of this target.

Appendices

- Appendix 1 - Medium Term Delivery Plan Q3 2023/24 Performance
- Appendix 2 – Medium Term Delivery Plan, Performance Indicators and targets 2024/25
- Appendix 3 – CBH Benchmarked Performance

Background Papers

[Social Housing Act](#)

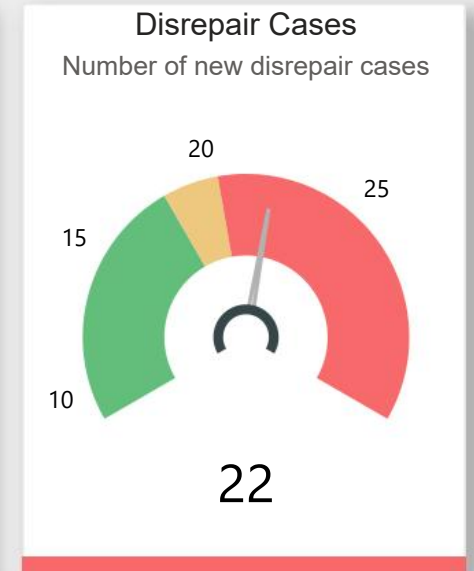
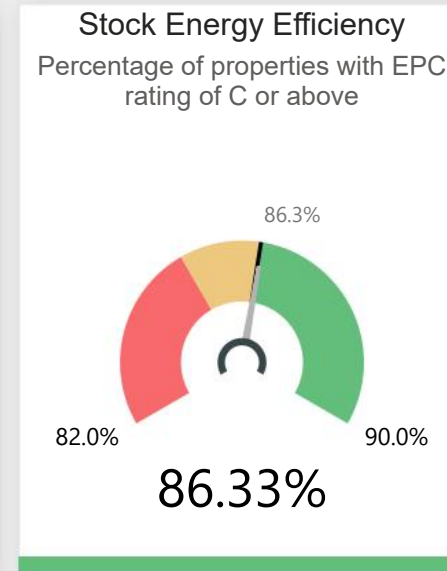
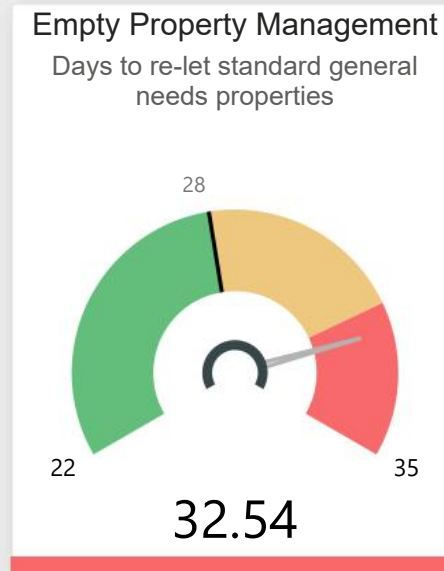
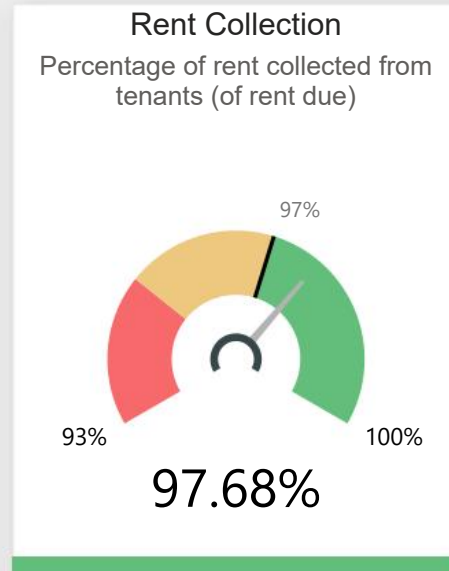
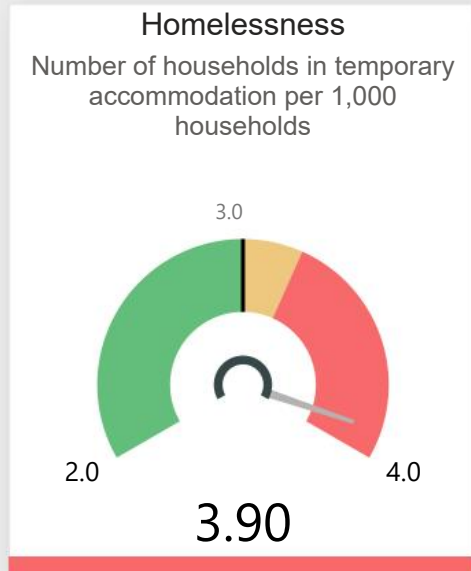
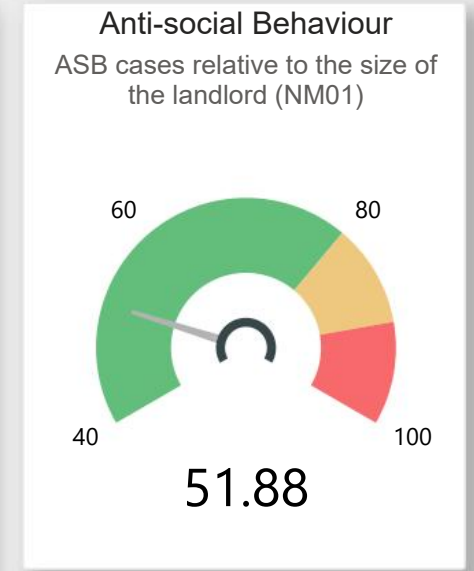
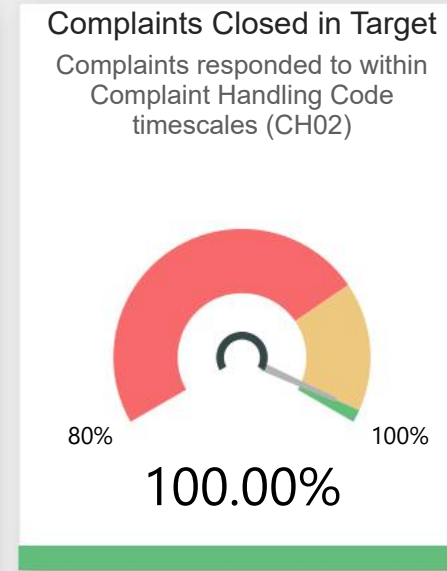
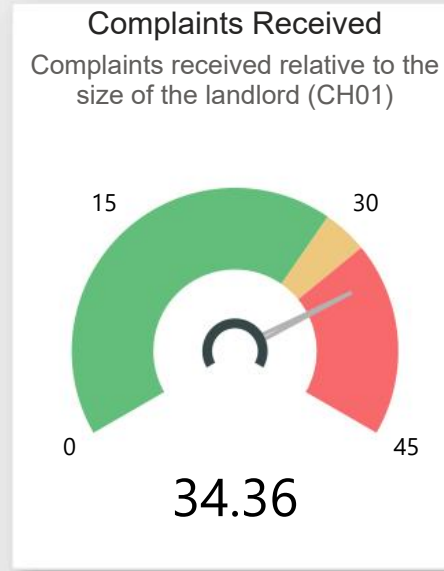
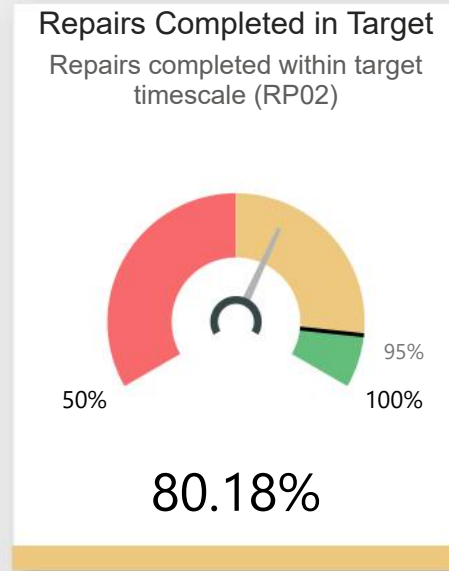
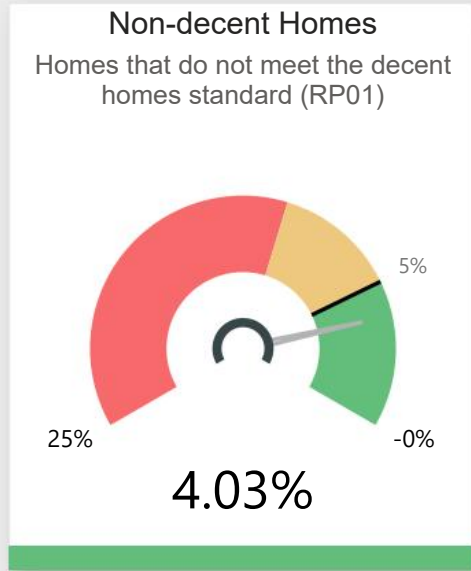
[Consumer Standards](#)

[Tenant Satisfaction Measures](#)

[Competency and Conduct Standard Consultation](#)

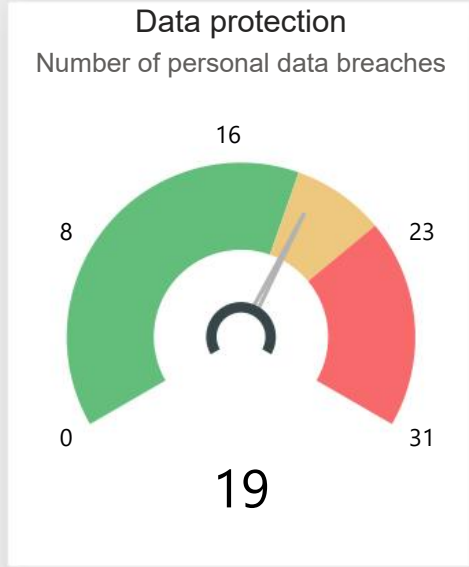
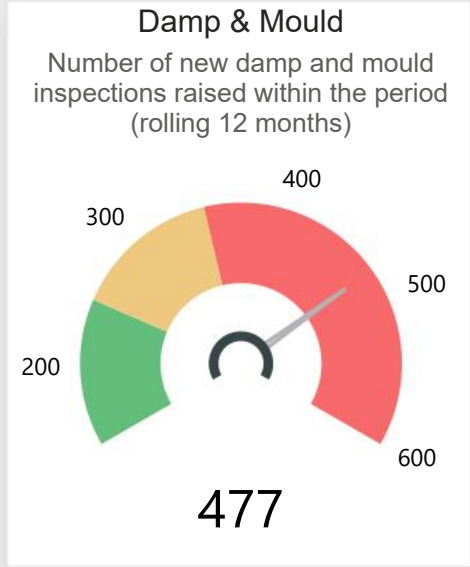
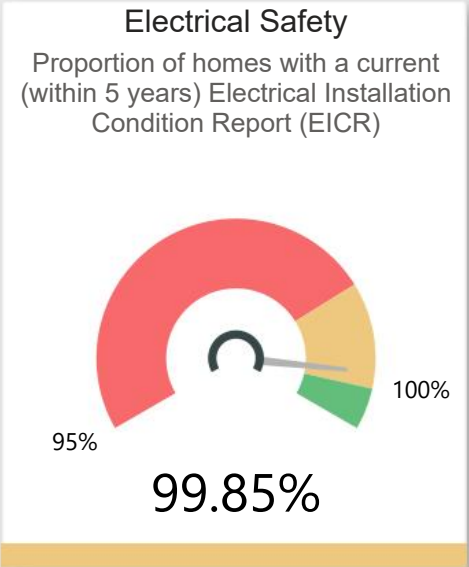
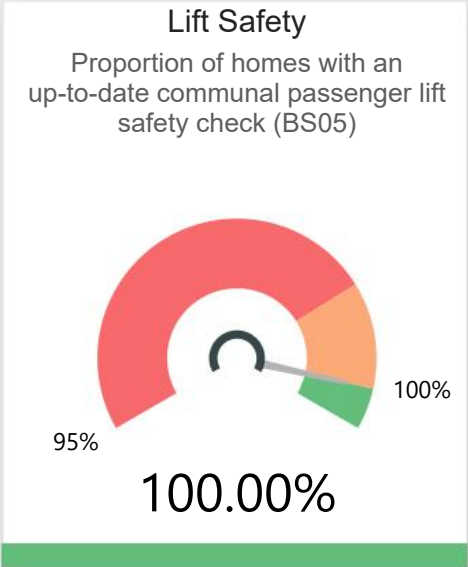
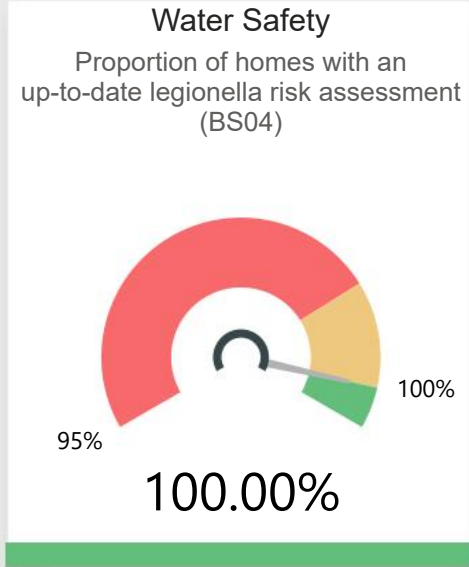
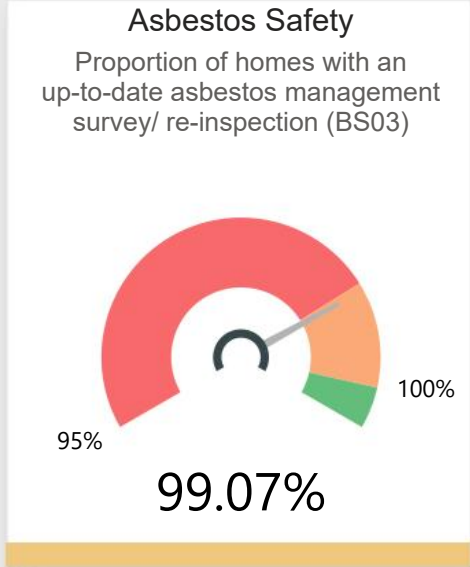
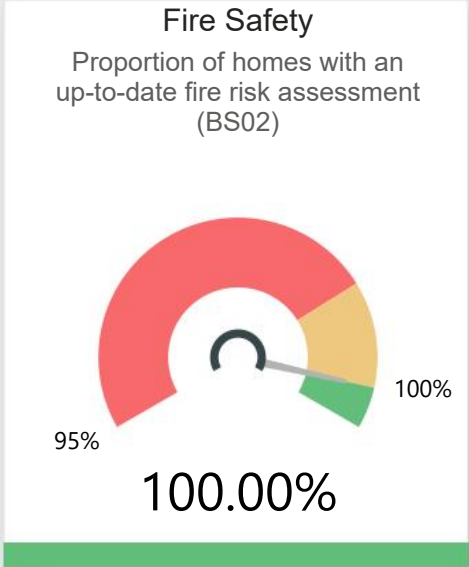
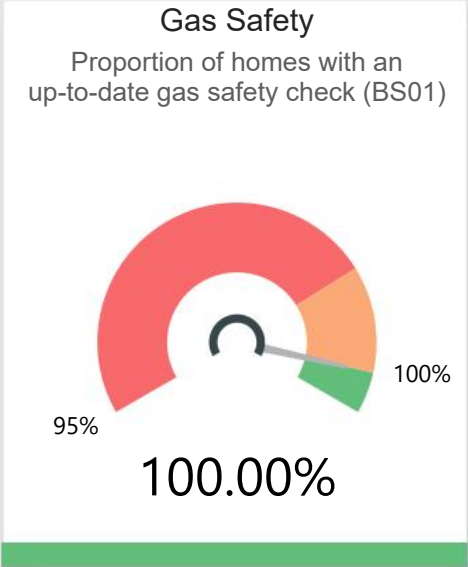
Management Performance Summary

Year to date results



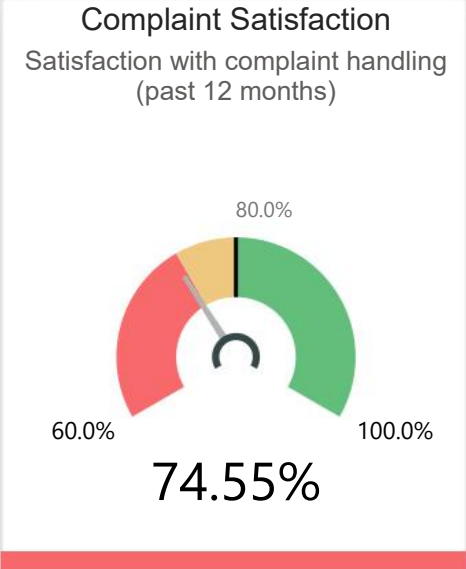
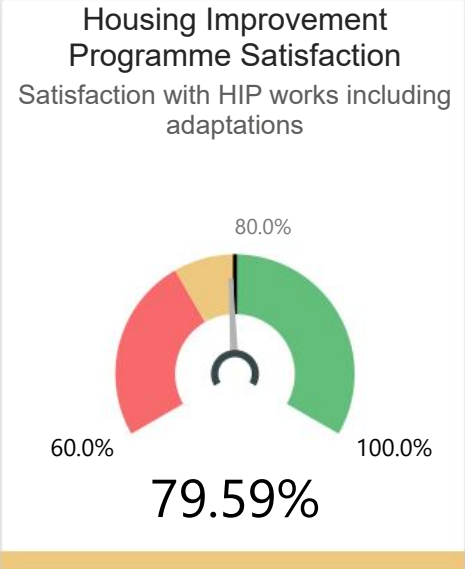
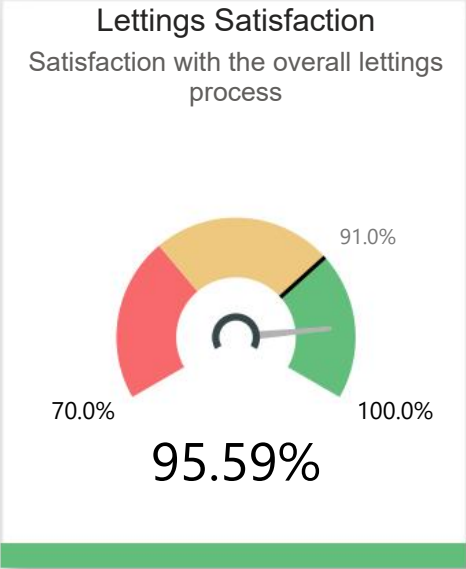
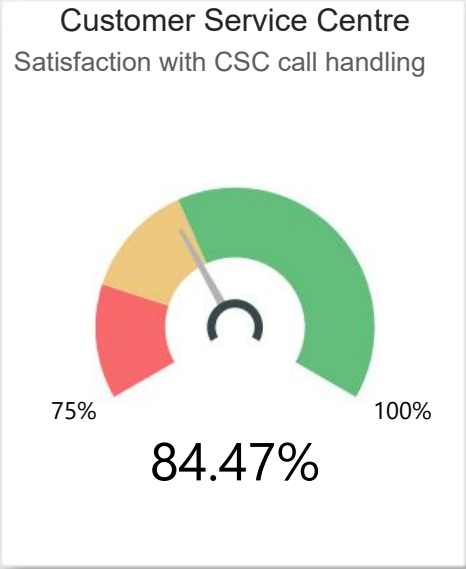
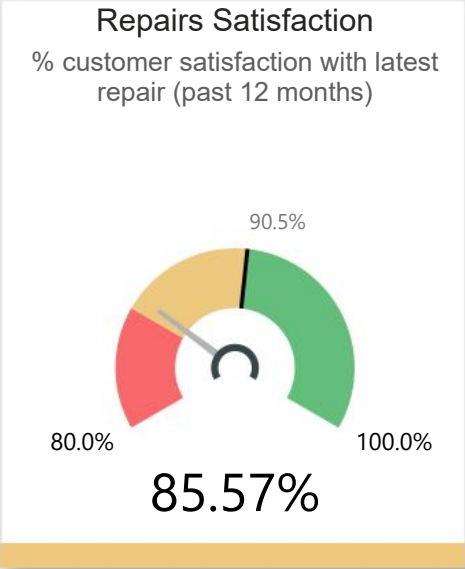
Compliance Summary

Year to date results



Satisfaction Summary

Year to date results



Highlight Summary

2023/24 (Year) + Q3 (Quarter) ▾

Housing Options & Homelessness

Priorities

Encouraging homeless prevention initiatives to prevent people from becoming homeless.

Encouraging private sector landlords to accommodate homeless applicants.

Reducing the number and period of time of households living in temporary accommodation by continuing to focus on improving our access to alternative accommodation and move-on accommodation.

Highlights & progress to support priorities

The number of homeless presentations increased significantly during October, but reduced during November and December.

The teams prevention and relief solutions remain strong at 61% of all assessments.

The total number of households in temporary accommodation at the end of the quarter was 328 households with 81 households placed in B&B accommodation.

The pressures from the closure of the bridging hotel has been the key factor of long stays for families in B&B

Substantive risks (if any) to delivering the priorities

The key objective of the team is to reduce the wait time for appointments and reduce the use of Bed and Breakfast accommodation.

The costs of B&B have increased budget pressures.

Repairs & Maintenance

Priorities

Delivering a good value service with high customer satisfaction.

Tackling the challenge of recruiting skilled staff, including by developing our in-house team to upskill them in all aspects of repairs and maintenance.

Highlights & progress to support priorities

4,697 repairs were completed in Q3 with additional works arising from a number of storms and floods.

Works completed within target has continued to improve in the period with our in house trade team achieving 89% of works complete within target time. Contractor performance continues to improve and now achieves 70% of works within target timescale.

Its pleasing to note the improvement in Customer satisfaction with the repairs service which increased to 90% in December. The cumulative year to date satisfaction has increased to 86%.

Substantive risks (if any) to delivering the priorities

The demand on the service remains high. Capacity within both our in house team and Contracted has been affected by staff shortages during the winter months.

Housing Asset Management

Priorities

Balancing the requirements of the new Decent Homes Standard, Building Safety Act and New Zero Carbon agenda in an affordable and sustainable way.

Focusing on essential works: kitchens, bathrooms, heating, windows, doors, roof replacements, etc. whilst developing and implementing programmes to ensure we meet future challenges.

Working with the Council to develop an action plan for the delivery of the targets detailed within the new asset management strategy.

Supporting the Council in ensuring the long-term sustainability of its 30-year Housing Revenue Account Business Plan.

Supporting the Council on its ambitions for the development of new homes.

Highlights & progress to support priorities

As of the end of December 2023, Asset Management achieved 75% of Capital Elements completed against the target of 85% by end of March 2024. In terms of energy efficiency, 86.3% of properties have achieved an EPC rating of C or above, aligning with the year-to-date target.

Monitoring against the Capital Elements target helps us ensure that the team continue to focus on relevant priorities, and targets set within the Asset Management Strategy.

The team has also commenced with forward planning for 2024/25 to consider the correct allocation of resources, pre-commencement surveys, and planned procurement activities for the delivery of the programme going forward.

Substantive risks (if any) to delivering the priorities

To meet the increased volume of work generated through the 2024/25 programme it will be necessary increase resources, and procurement activities. This is occurring during challenging times, and will require a great deal of planning, inputting and processing alongside robust project management. It will be necessary to review some current practices within the team to ensure that an efficient plan is produced and executed.

Sustainable Homes

Priorities

Focusing on properties where an improved energy performance rating is more challenging and requires a greater investment.

Highlights & progress to support priorities

The Housing stock is in a healthy position with 86.3% of properties with an EPC rating of C or above, surpassing the benchmark set by the National Federation of ALMOs Value for Money review, which reported an upper quartile result of 72.32% in December 2023.

From 2021 (commencement of monitoring), the average CO2 levels generated from heating our customers' homes has seen a notable reduction of 55kg per property/year. Additionally, the average CO2 level is 22kg lower than benchmarked averages (source: 'Parity Portfolio' energy modelling software).

Substantive risks (if any) to delivering the priorities

There is a requirement to establish and adopt a strategy for the 'harder to insulate' properties within the stock, especially where these will require a significant investment to achieve energy performance targets.

Housing Management

Priorities

Welfare reform

- Supporting tenants to sustain their tenancies and maintaining collection rates.

- Continuing to develop staff knowledge and skills.

- Working towards a better understanding of the support needs of our customers to help them sustain tenancies.

- Being proactive and positively responding to rent arrears lessens both the likelihood of escalation and in turn the severity potentially saving the tenancy and preventing homelessness.

Income collection

- Developing our rent collection processes and support available to tenants.

- Delivering effective tenancy management to reduce the money owed by former tenants.

Community safety

- Working with partners offering a range of

Highlights & progress to support priorities

We continue to face the challenges of rising rent arrears, legal actions and the significant financial (and related socio economic and emotional) issues presenting and continuing due to the cost-of-living crisis, increased levels of poverty and debt and higher rent and Council Tax charges.

Discretionary Housing Payment awards during the quarter of £56,128. have supported arrears recovery.

Eviction remains a last resort with only 5 evictions carried out this year to date.

We have commenced a Pension Credit (PC) Promotion Project and have now identified around 200 tenants who may be entitled to PC and other benefits such as Attendance Allowance and Housing Benefit. They will all be personally contacted during 2024.

Substantive risks (if any) to delivering the priorities

UC migration has recommenced albeit at a relatively slow speed, but UC cases will approach 2500 cases by the end of March 2024 and now outnumber HB cases. We estimate around 350 more cases during 23/24.

Letting Homes

Priorities

Starting, amending and ending tenancies more efficiently, minimising void times and rent lost through properties being empty.

Maximising the use of Council homes, for example targeting underoccupation by promoting mutual exchanges and encouraging tenants to downsize where appropriate.

Carrying out pre-termination inspections to minimise delays and reduce money owed by former tenants.

Highlights & progress to support priorities

Overall average re let times have reduced to 33 days following improved performance in December.

111 properties were let in Q3 with 38 properties remaining empty at the end of the period.

Pre termination inspections have commenced via the Housing management team in an effort to reduce clearance costs and former tenant arrears.

Substantive risks (if any) to delivering the priorities

The key contributing factors leading to delays with re let times are the poor condition that many properties are handed back in along with requirement for Major works to bring the property to the lettable standard.

Building Safety & Compliance

Priorities

We will continue to ensure that high-quality health and safety and risk management frameworks are in place that ensure we can programme essential health and safety checks in respect of all areas of property compliance.

We will put in place additional desktop and on-site checks/tests by an assurance specialist to ensure that contractors engaged on compliance works have completed their works correctly, and in accordance with relevant legislation.

We will ensure there are robust processes in place to ensure actions arising from the above additional checks are addressed in an appropriate and timely manner.

We will continue to monitor the impact of the Building Safety and Fire Safety Acts as they apply to the stock we manage and are planning to introduce additional work streams (e.g. planned maintenance of Fire Doors) to ensure our buildings remain safe.

We will continue to ensure we meet all regulatory

Highlights & progress to support priorities

The Building Safety Team has continued to ensure compliance for Asbestos, Gas, Electric, Fire, Legionella, and LOLER improves. A notable achievement is gas servicing at 100% compliance following a thorough data review.

Fire action plan - there has been progress in addressing overdue fire risk assessment actions, with the number decreasing from 1,281 to 920. This is as a result of the completion of 361 actions during the last quarter.

The water risk assessment project for sheltered and general need building locations has been completed. NEC has been updated (data elements), and actions from assessments have been recorded on the SharePoint action list.

Compliance system – A project manager has been assigned to procure a compliance system. The project plan details the aim to procure a compliance system by July 2024.

Managed by the Compliance Surveyor (Electrical and Lifts), a newly appointed electrical contractor

Substantive risks (if any) to delivering the priorities

Recruitment - Ensuring the positions of Building Safety Manager (GEL), and the Compliance Surveyor Gas, are filled is crucial due to the significant risks associated with maintaining compliance.

Customer

Priorities

We will continue to make improvements to how we:

- make our services accessible.
- communicate with customers.
- listen to customers consistently across our business.
- support a customer-focused culture.
- translate customer insight and feedback into priorities & service design.

We will focus on implementing the Social Housing Regulation Bill including in relation to:

- demonstrating best practice in customer engagement
- dealing with complaints promptly and fairly
- making improvements to our services in response to customer feedback
- ensuring customers are treated with respect.
- publicising satisfaction and other performance information.

Highlights & progress to support priorities

The joint Ombudsman Complaint Handling Code Consultation results are out in January for implementation April 2024. This could bring some significant changes for us.

The newly established Complaints Customer Focus Panel is up and running, here customers will be looking at topical issues and our performance to help us improve on delivery and service.

The Complaints Accreditation with Housemark has started, and is due to take approx. 2 months. Documentation has been submitted and stakeholder interviews are to take place by early February.

The Tenant Inspectors are midway through their 4th Inspection on the 'Lettings' process.

We are focusing efforts on Social Media content and usage, which has seen an increase in the past year with the investment made.

Substantive risks (if any) to delivering the priorities

The proposed changes to the Joint Housing Ombudsman Complaint Handling Code, may lead to changes in processing and increased volumes. If so this will take a strain on resources and may affect the 100% target of responding.

The Website is currently under resourced in order to develop it and/or keep it up to date.

Homes that do not meet the decent homes standard (RP01)



Show Months

Show Quarters

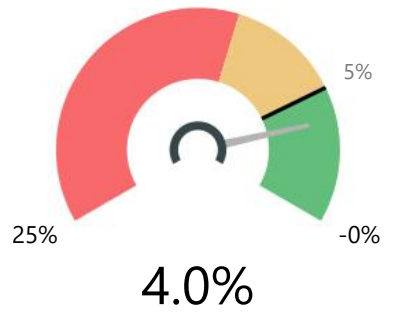
Hide description

5.5%
YTD Target

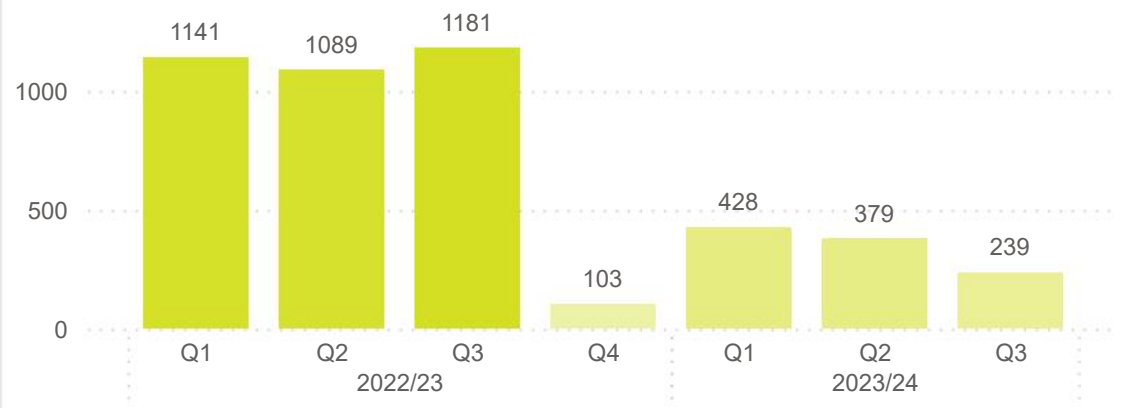
4.03%
Latest quarter

In target

Year-to-date



Number of non-decent properties



Commentary

As of now, we are slightly ahead of the year-to-date target, with just 4.03% of properties categorised as non-decent based on the age of elements. Although our current progress is positive at this point in the year, there are still some challenges to meet before the end of 2023/2024.

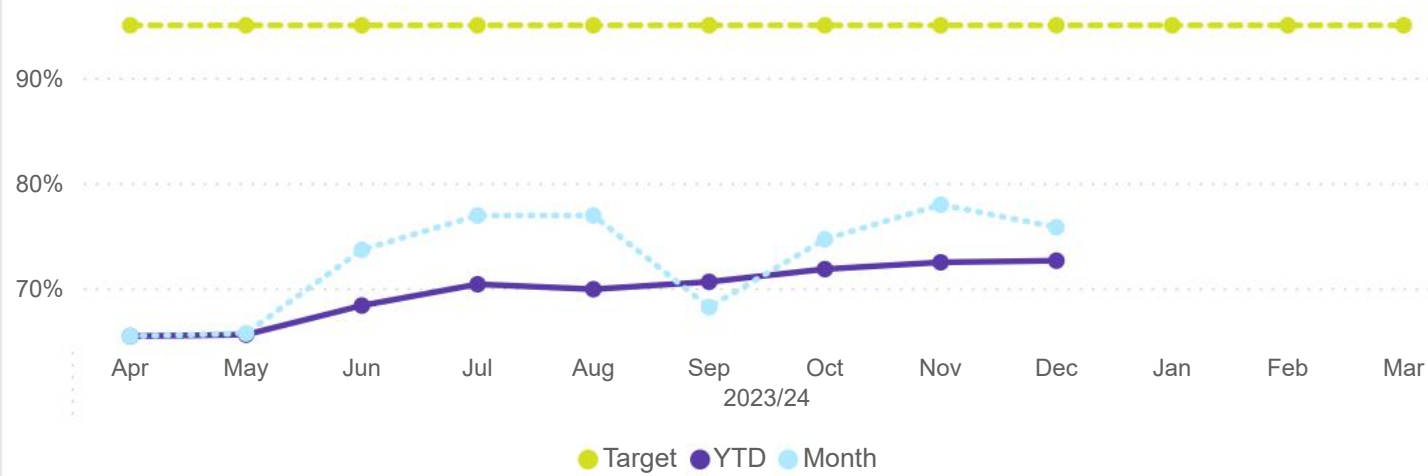
The Asset Management Team continue to prioritise works toward achieving the year end target, and we continue to monitor progress closely.

Risks

Several crucial procurement exercises must be finalised to ensure the completion of certain elements. Additionally, the lead-in period for specific components poses a challenge. The team is diligently addressing these challenges while simultaneously advancing essential works. While there might be some challenges to completing works within originally planned programmes, we continue exploring alternative options.

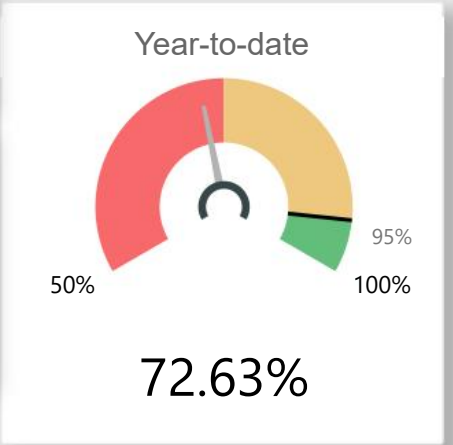
Repairs completed within target timescale (RP02)

Based on Current Policy

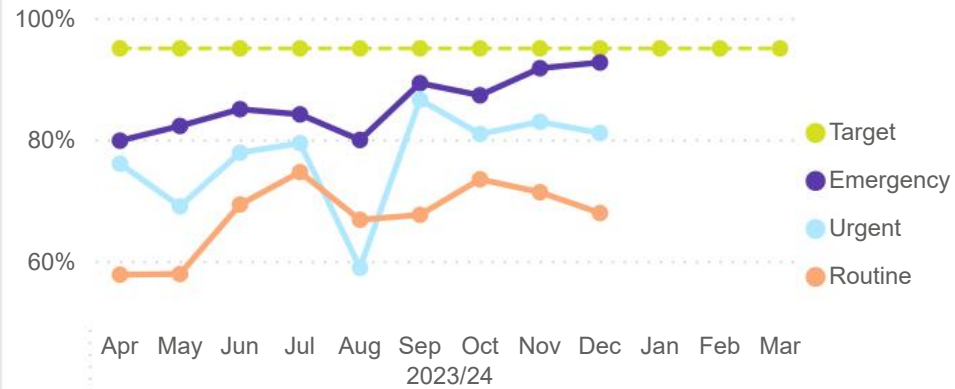


95.00%
YTD Target

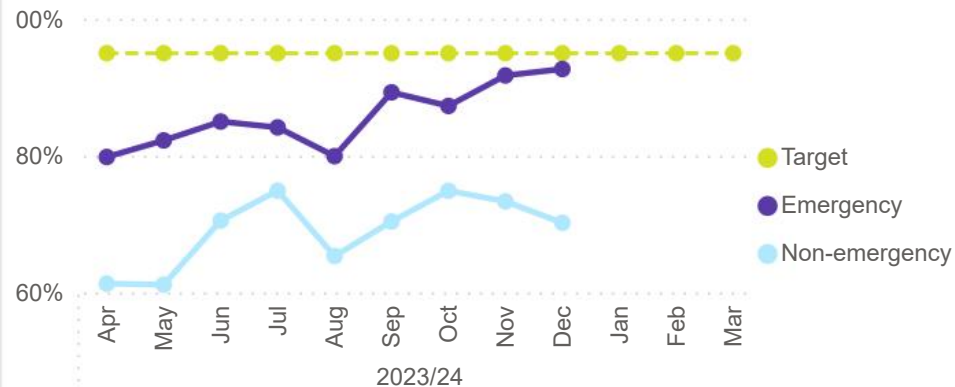
75.81%
Dec 2023



Repairs completed within target timescale by priority

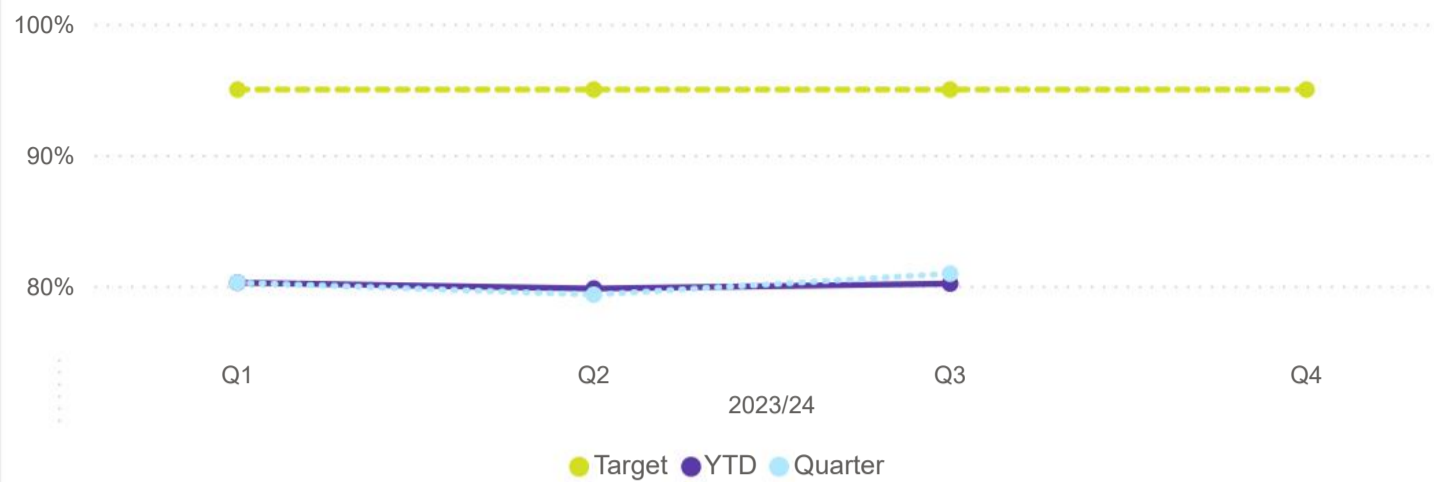


Repairs completed within target timescale by priority



Repairs completed within target timescale (RP02)

Based on Proposed Policy



Show Months

Show Quarters

Hide description

95.00%

YTD Target

80.95%

Latest quarter

Not in target

Year-to-date

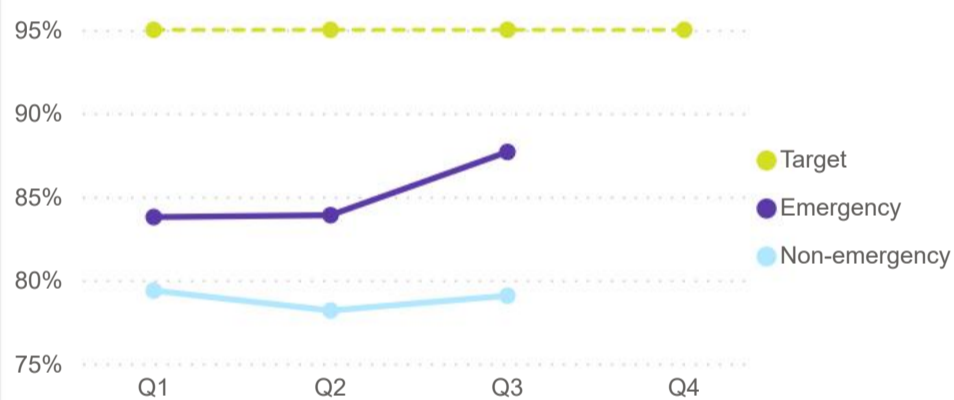


80.18%

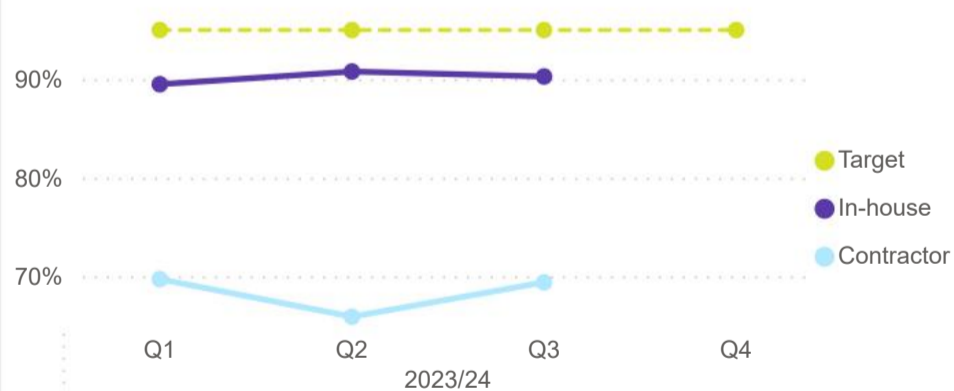
Repairs completed within target timescale by priority



Repairs completed within target timescale by priority

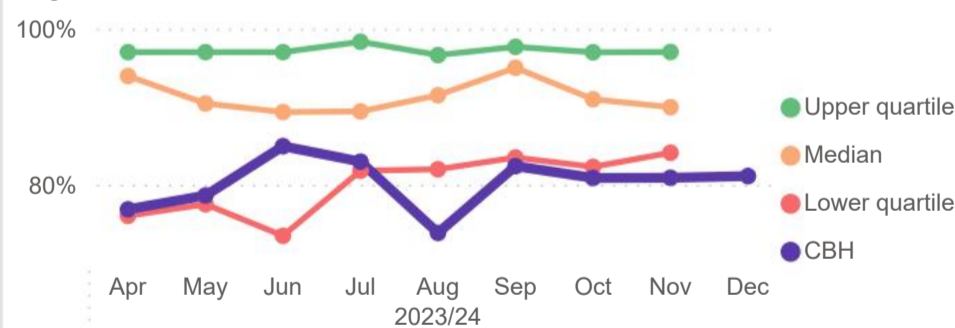


Repairs completed within target timescale by workforce



Repairs completed within target timescale

Housemark Monthly Pulse Benchmarking. Low-cost rental accommodation. English LA & ALMOs <10k units.



Commentary

Lower number of repairs raised during December of 1321. Team working hard to clear issued contractors works, however still high number of complex cases.

Repairs team are keeping on top and now a slight reduction in numbers.

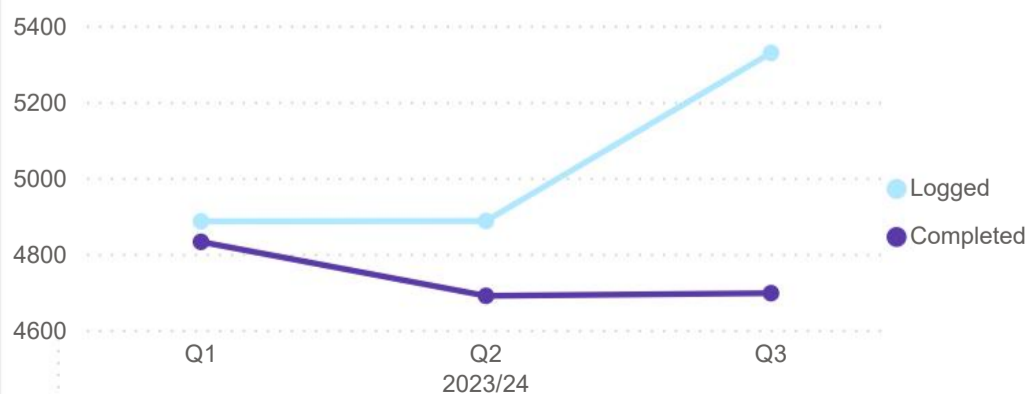
Risks

Plumbing sickness remains a focus, which is putting pressure on our Plumber contractor.

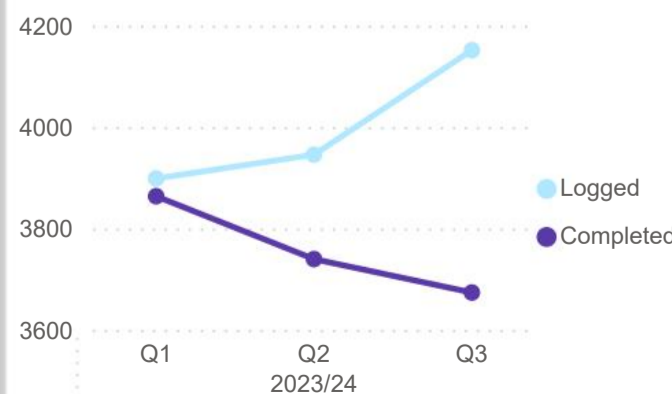
Windows repair contractors are receiving high number of failed double glazed units.

Housemark's latest cost benchmarking results have confirmed to landlords that expenditure on repairs is increasing. In an industry known for single digit operating margins, many maintenance

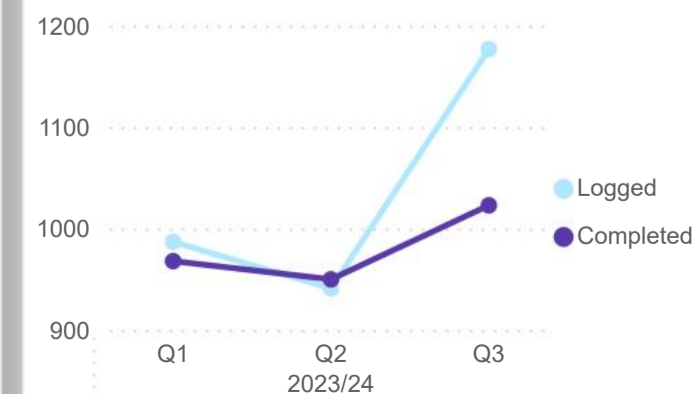
Repairs logged/completed



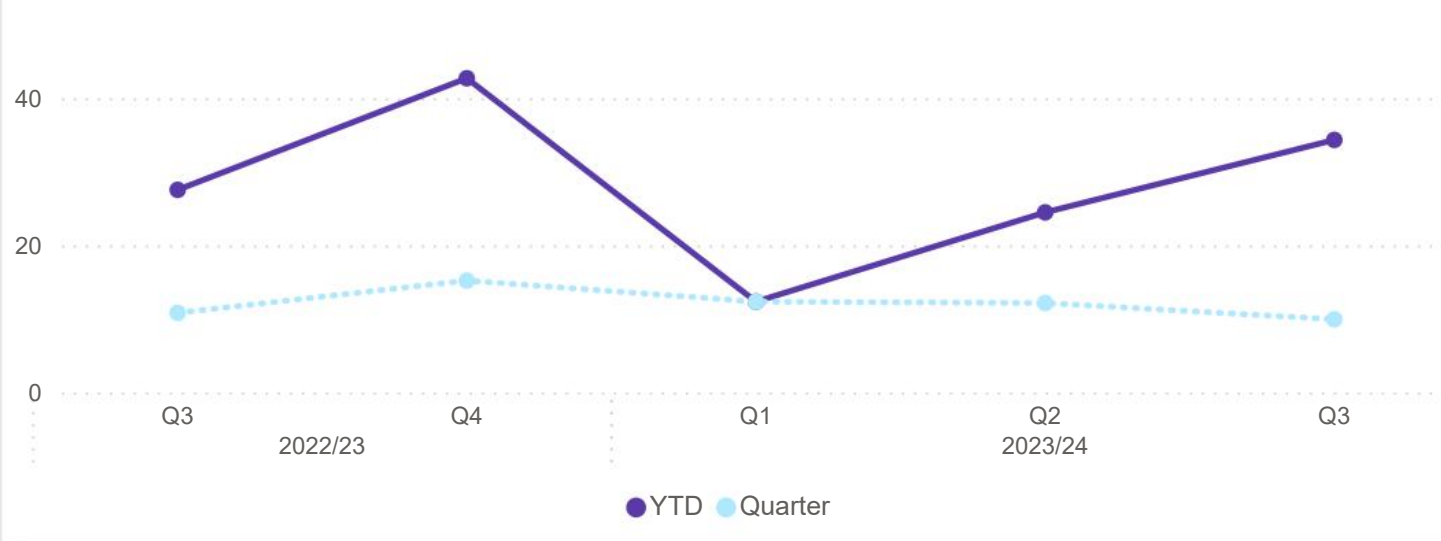
Non-emergency repairs logged/completed



Emergency repairs logged/completed



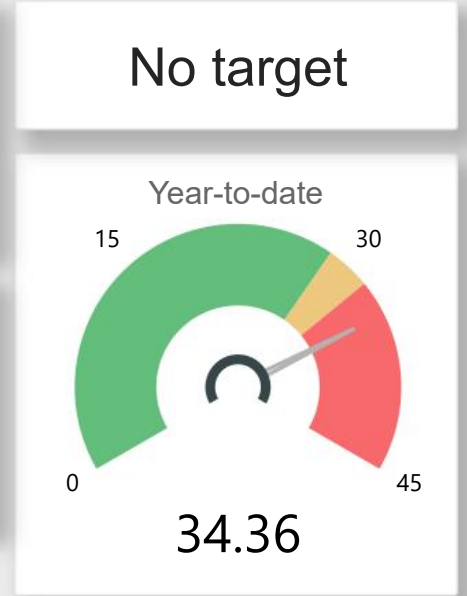
Complaints received relative to the size of the landlord (CH01)



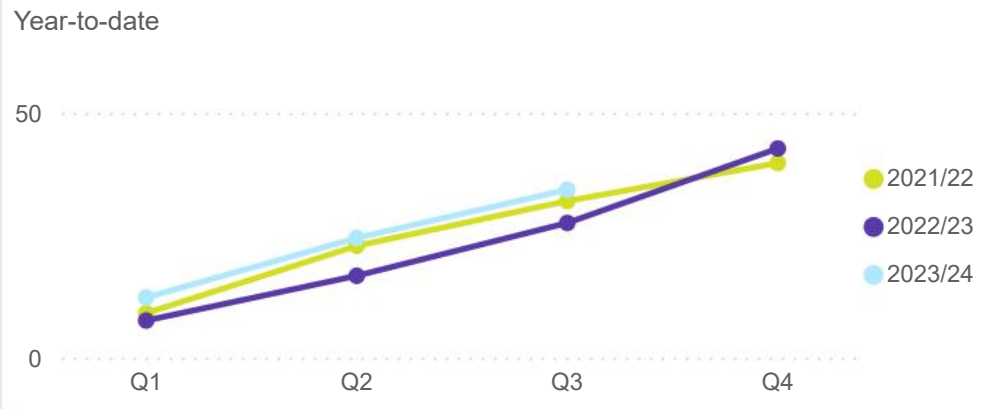
- Show Months
- Show Quarters
- Hide description

No Target

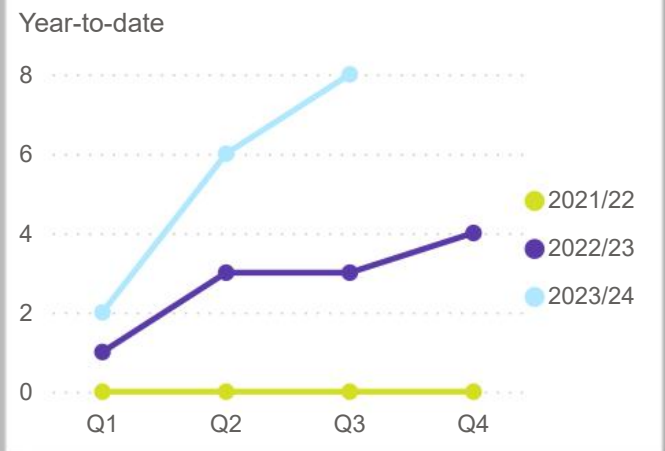
9.94
Latest quarter



Stage 1 & 2 complaints received relative to the size of the landlord



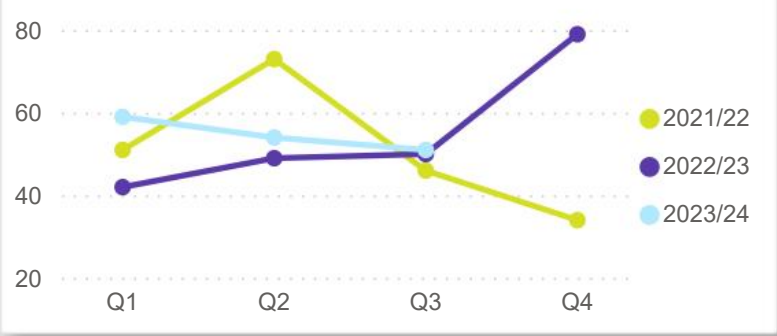
Number of Ombudsman determinations



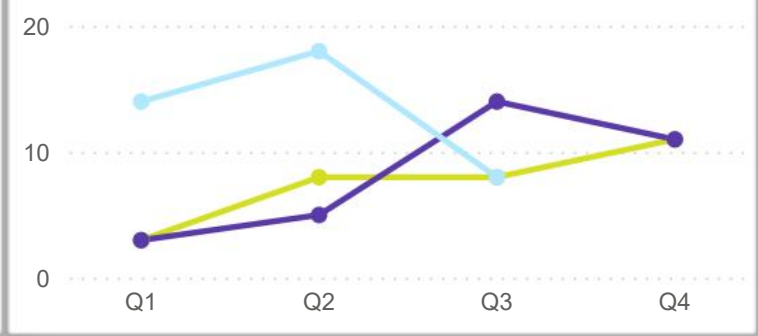
Commentary

Fewer complaints were received in December compared to November and October, this is a pattern consistent with previous years, and levels tend to track upwards from January. Complaints are becoming more complex, generating additional time and effort across all service areas.

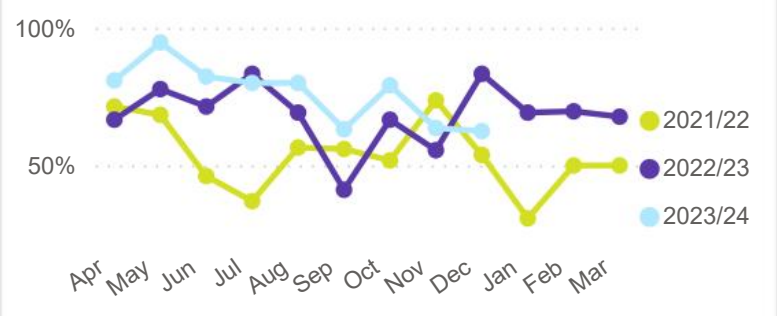
Stage 1 complaints received



Stage 2 complaints received



% stage 1 complaints upheld



% stage 2 complaints upheld



Risks

If the proposed changes to the complaints handling code come into effect, this could lead to an increase in the volume received, due to what may qualify as a complaint in the future.

Complaints responded to within Complaint Handling Code timescales (CH02)

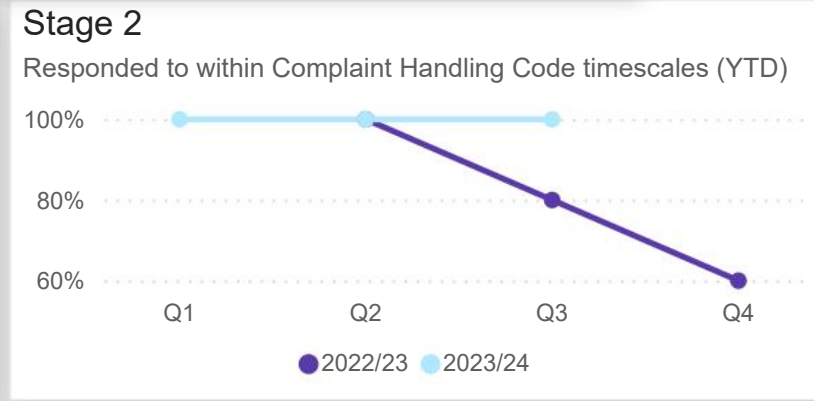


- Show Months
- Show Quarters
- Hide description

100.00%
YTD Target

100.00%
Latest quarter

In target



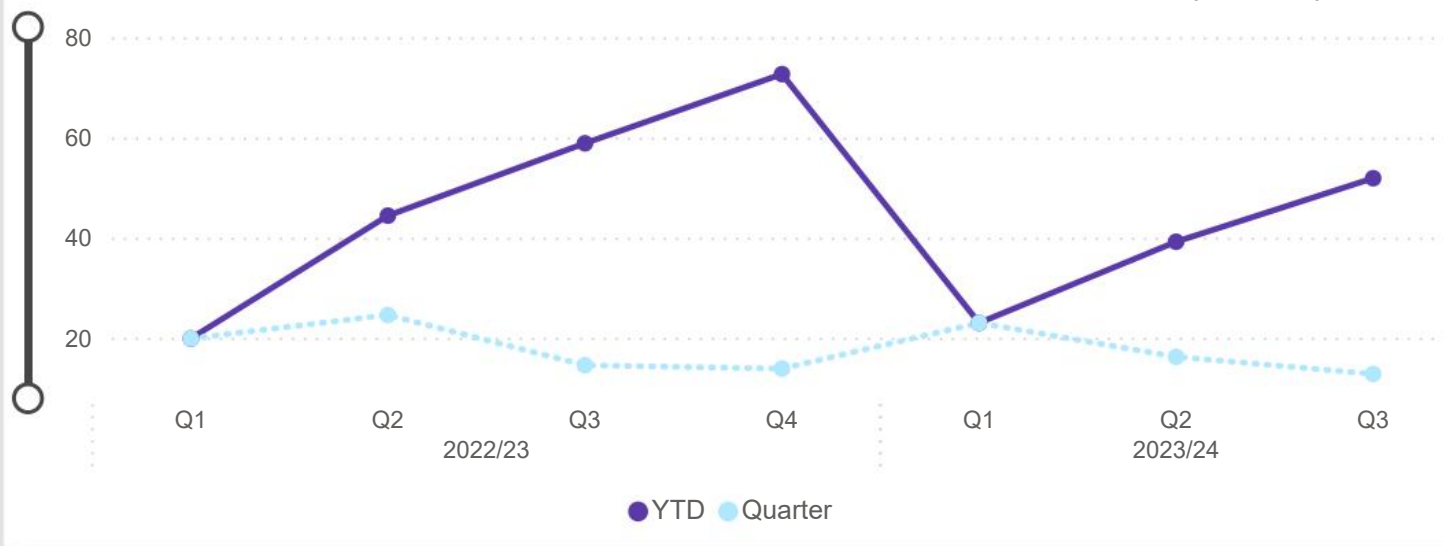
Commentary

We remain at 100% for responding to complaints within target timescales. This is due to the continued commitment of all service areas.

Risks

If the proposed changes to the complaints handling code come into effect, this could lead to changes in how we handle complaints and also an increase in volume. This will be a threat to the 100% timescale target.

Anti-social behaviour cases relative to the size of the landlord (NM01)

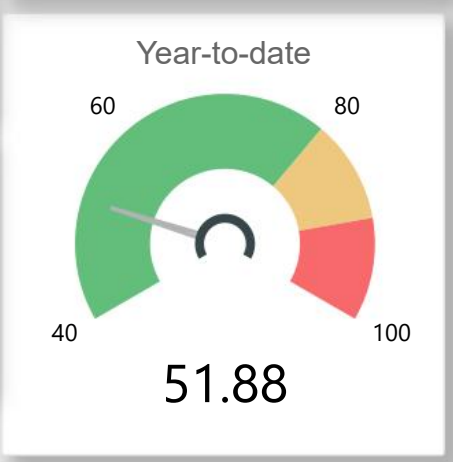


- Show Months
- Show Quarters
- Hide description

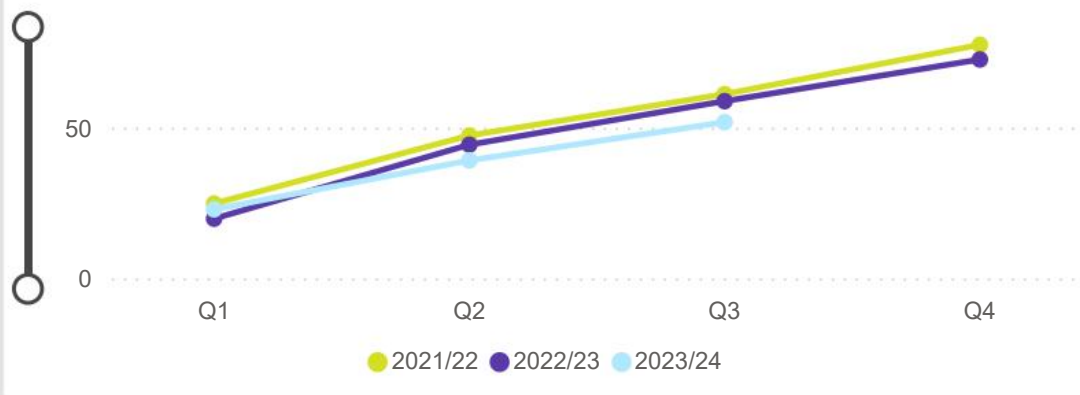
No Target

12.80
Latest quarter

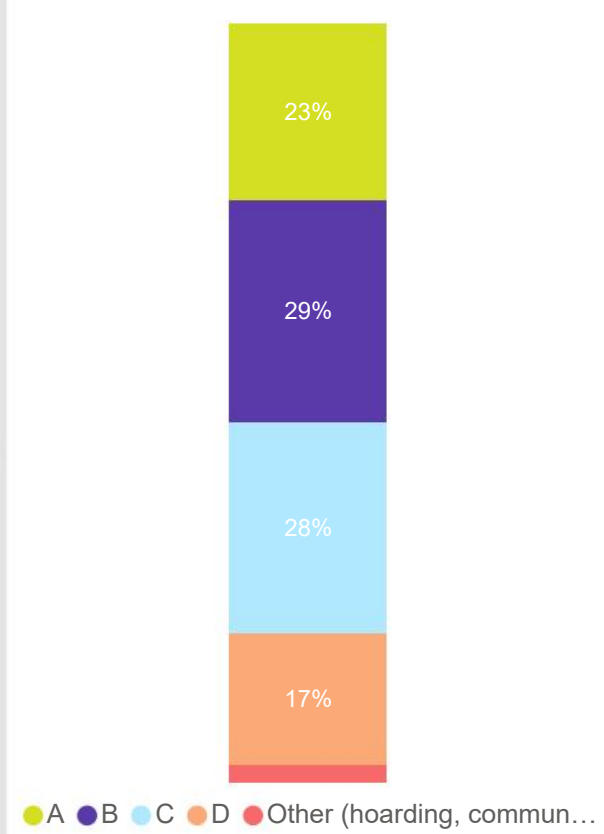
No target



Anti-social behaviour cases received relative to the size of the landlord



Cases received by category (YTD)



Commentary

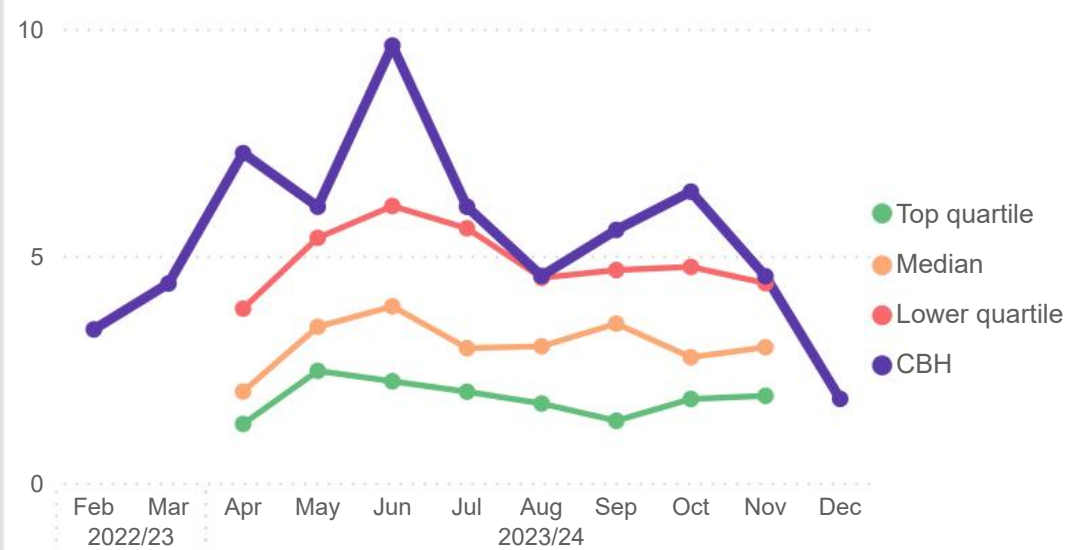
Risks

Anti-social behaviour cases involving hate incidents relative to the size of the landlord



New ASB cases reported in month per 1,000 properties

Housemark Monthly Pulse Benchmarking. Low-cost rental accommodation. English LA & ALMOs <10k units.



Category A (1 day service standard)

- Drug Dealing, assault & violence, hate crimes, domestic abuse, prostitution, & criminal acts.

Category B (1 day service standard)

- Threatening, aggressive or abusive behaviour. Intimidation, verbal abuse, frequent & serious disturbances.
- Serious incidents resulting in police attendance, vandalism & damage to property.
- Drug, solvent or alcohol abuse in communal areas. Harassment (course of conduct that is believed deliberate and continued).

Category C

- Excessive noise, family disputes that affect the wider community - more than one neighbour (excluding every-day living noise).
- Extreme or serious behaviour of children.

Category D Property Related Tenancy Breaches

- Nuisance related to Children (ball games, noise of playing, etc).
- Condition of garden/property

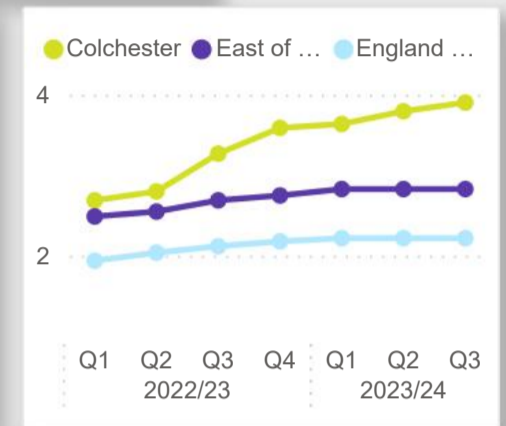
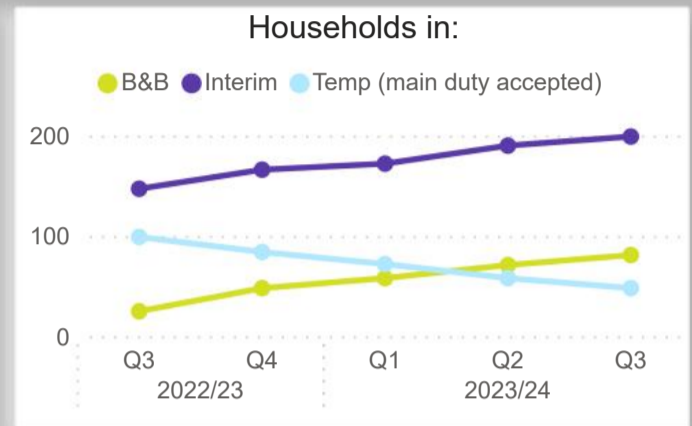
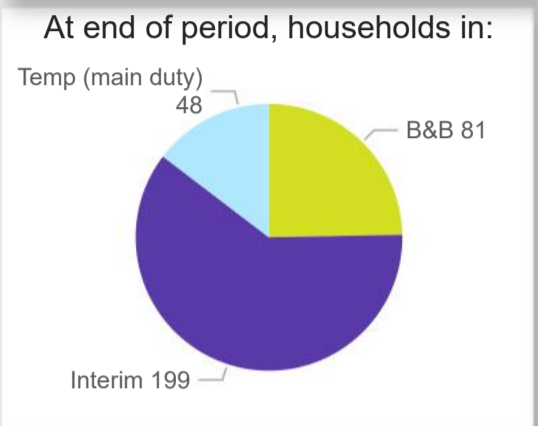
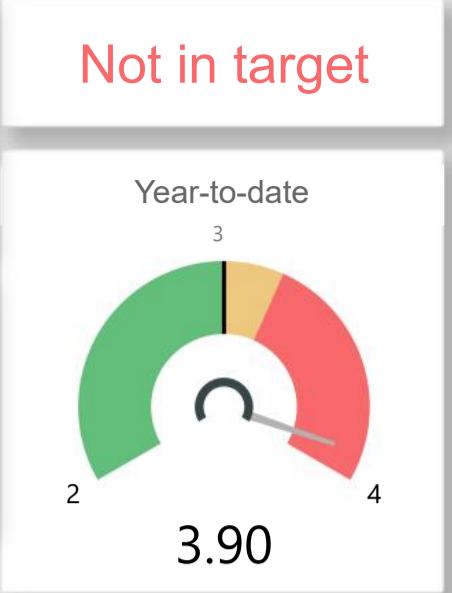
Number of households in temporary accommodation per 1,000 households



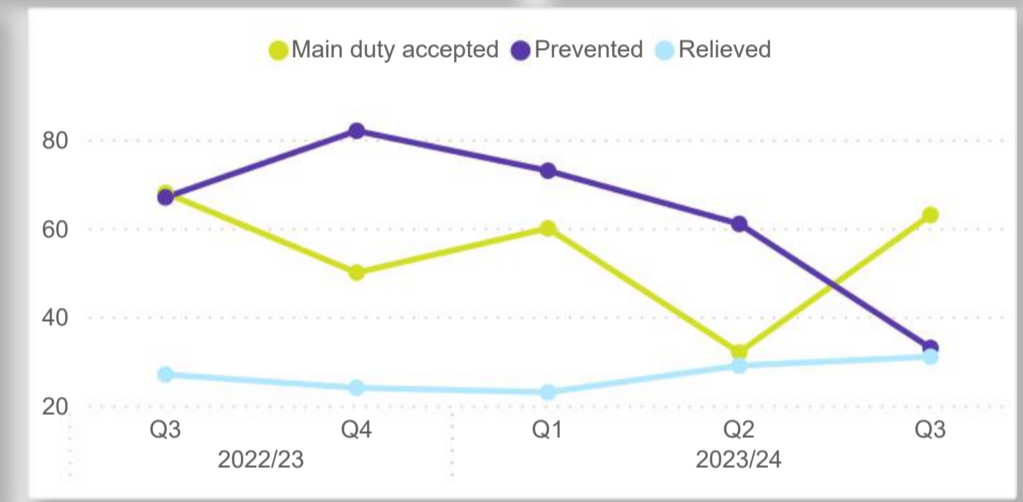
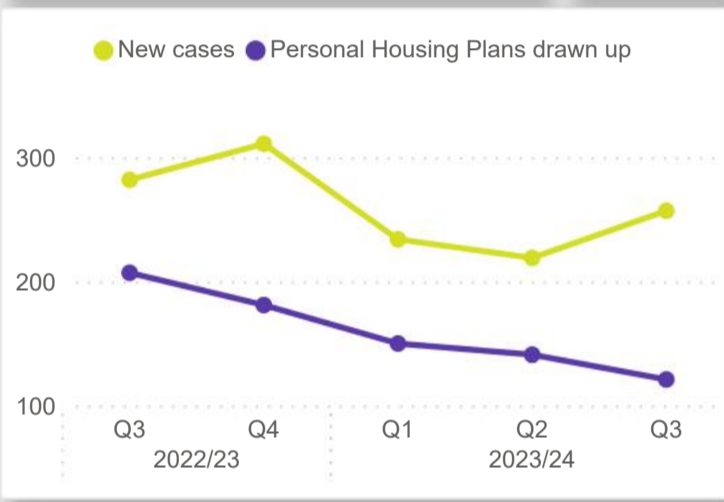
- Show Months
- Show Quarters
- Show description

3.00
YTD Target

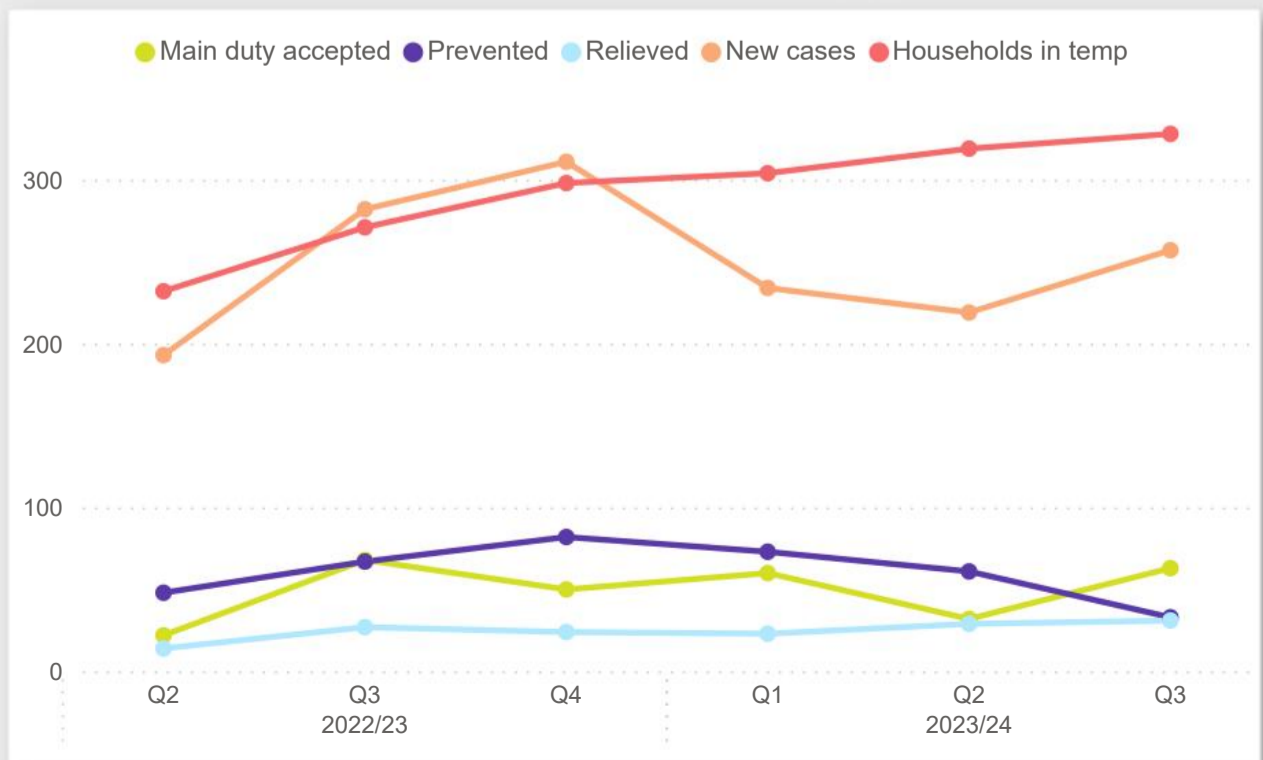
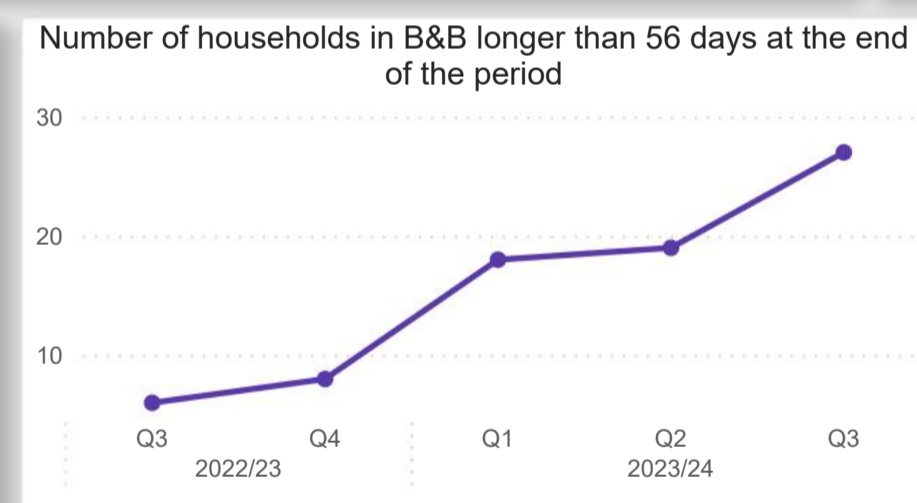
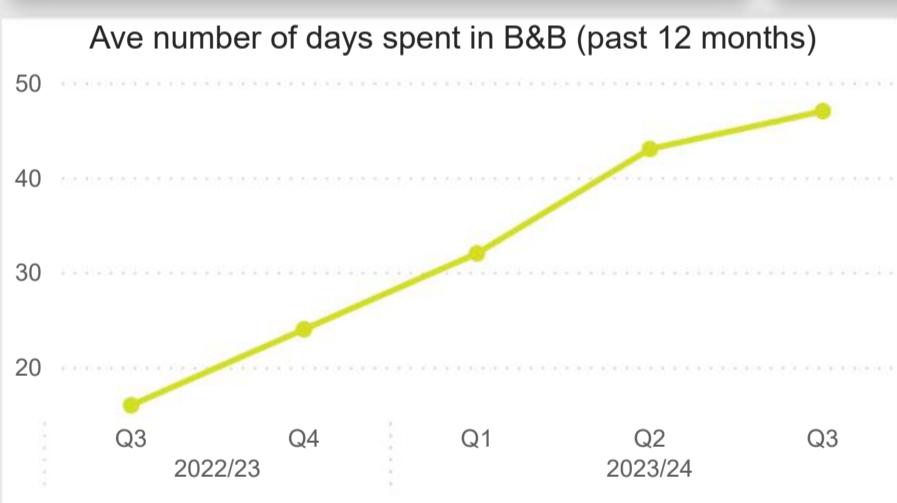
3.90
Latest quarter



Commentary



Risks



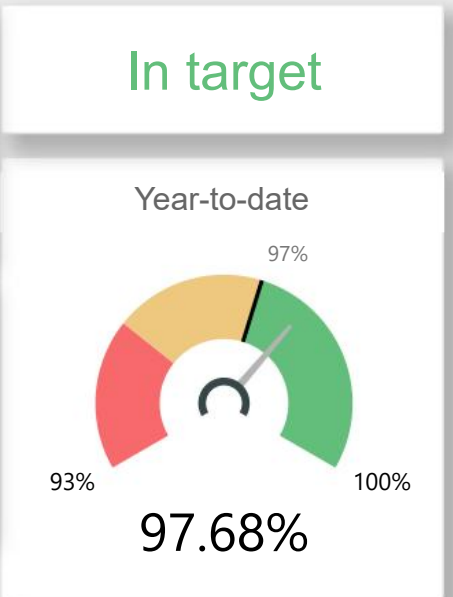
Percentage of rent collected from tenants (of rent due)



- Show Months
- Show Quarters
- Hide description

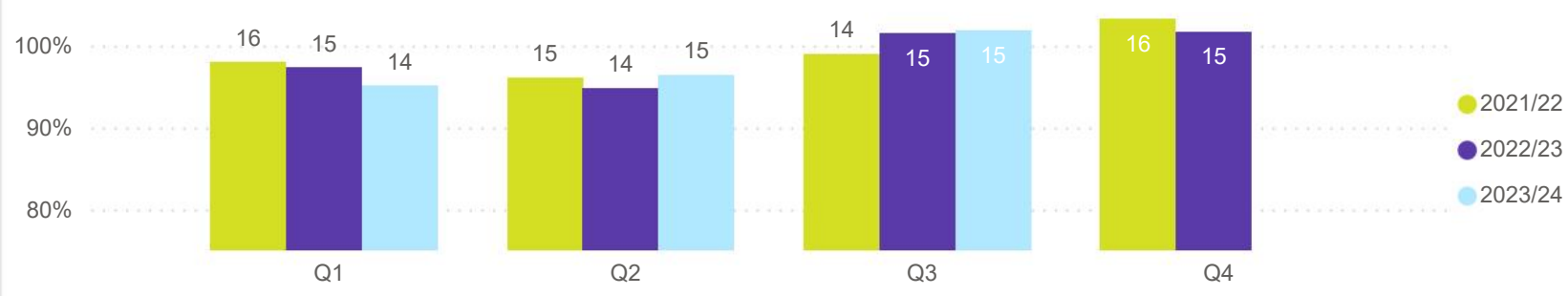
97.00%
YTD Target

101.88%
Latest quarter



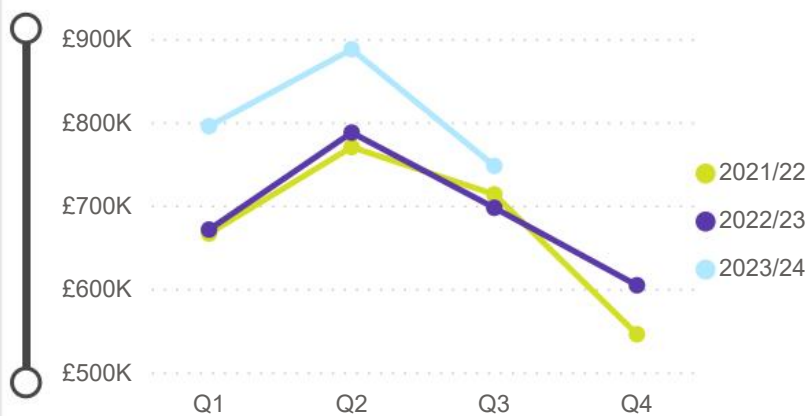
Rent collection

Data labels show number of DD collections that fall in the period

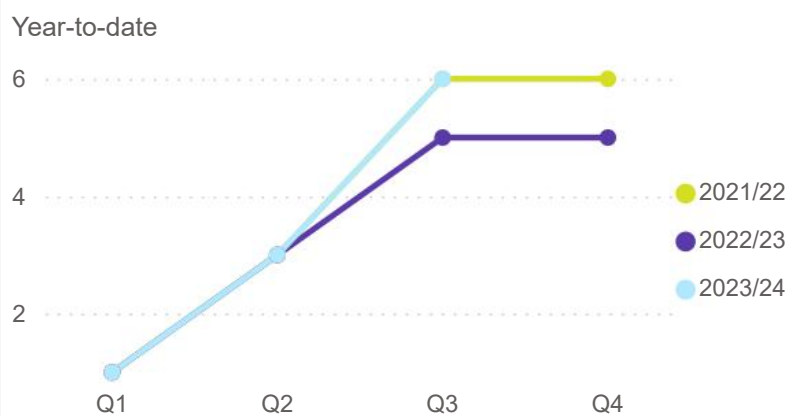


Commentary

Current tenant arrears

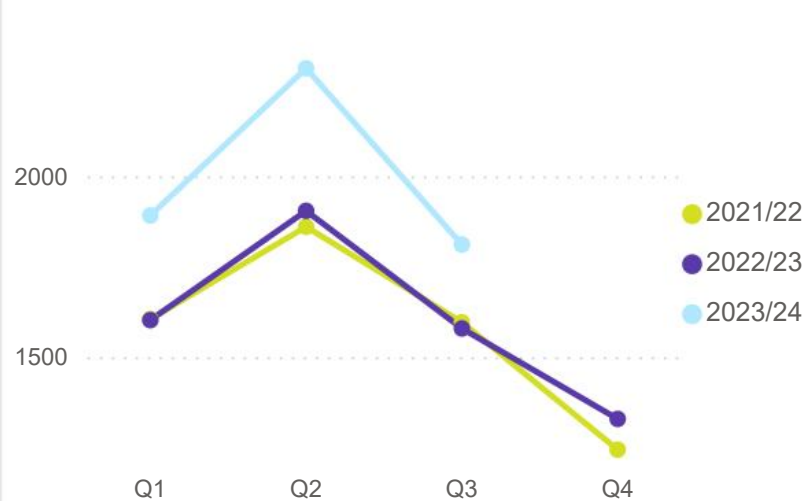


Cumulative number of evictions due to rent arrears

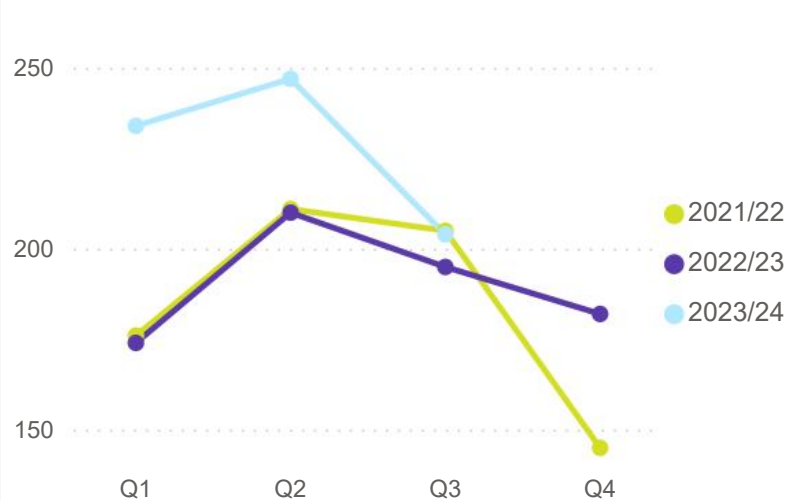


Risks

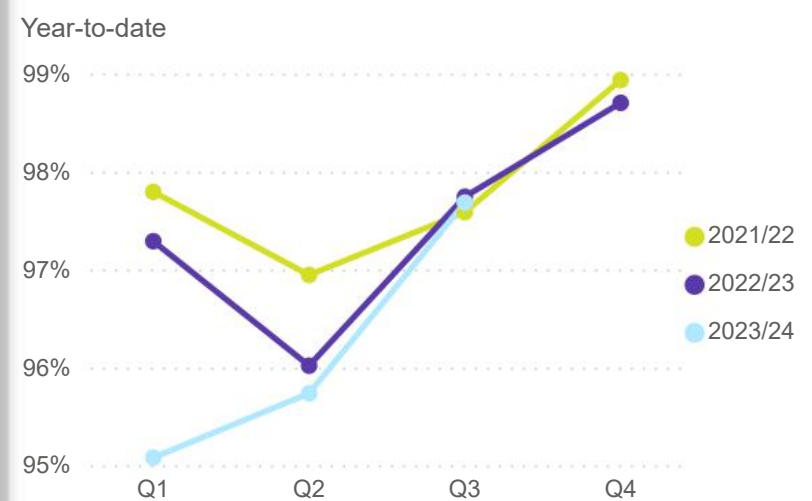
Number of households in arrears over £1



Number of households with arrears of £901+



Rent collection



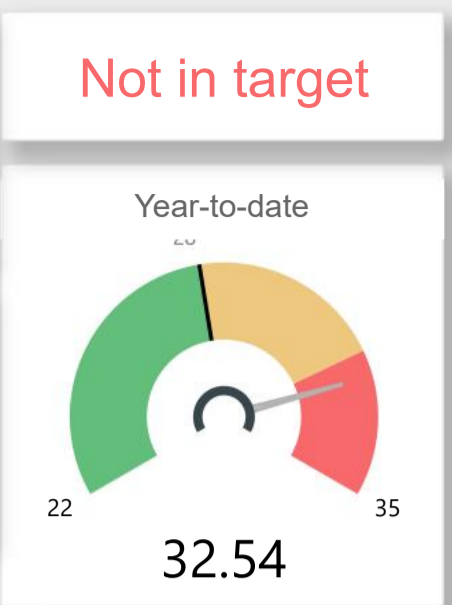
Days to re-let general needs properties



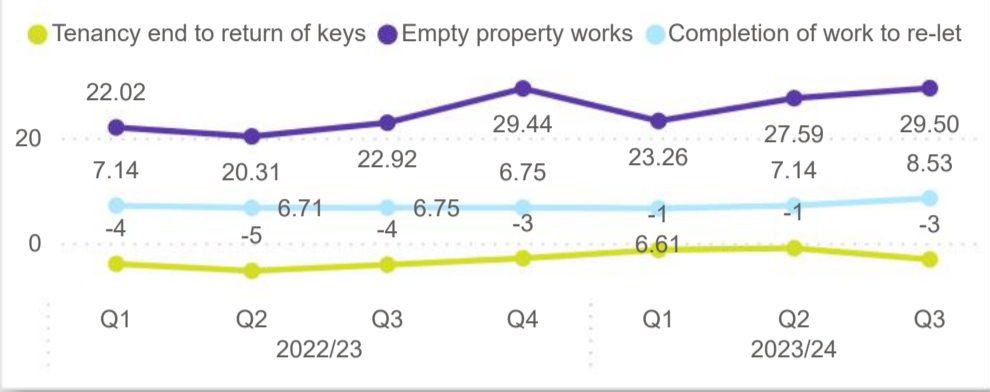
- Show Months
- Show Quarters
- Hide description

28.00
YTD Target

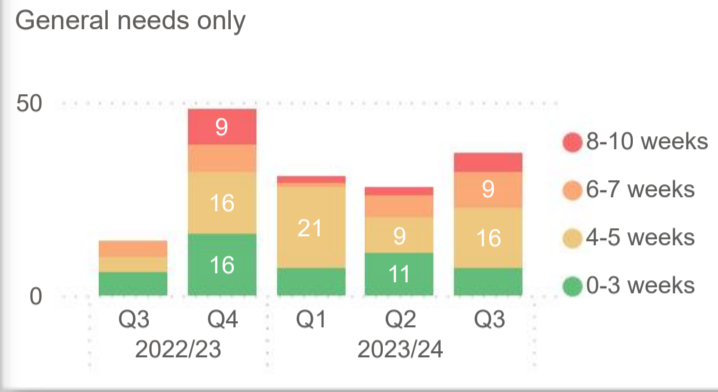
34.92
Latest quarter



General needs only



Time taken to turnaround empty properties



Commentary

Improved performance from void contractor and team in December with the voids works periods being turned around in 21.75 days.

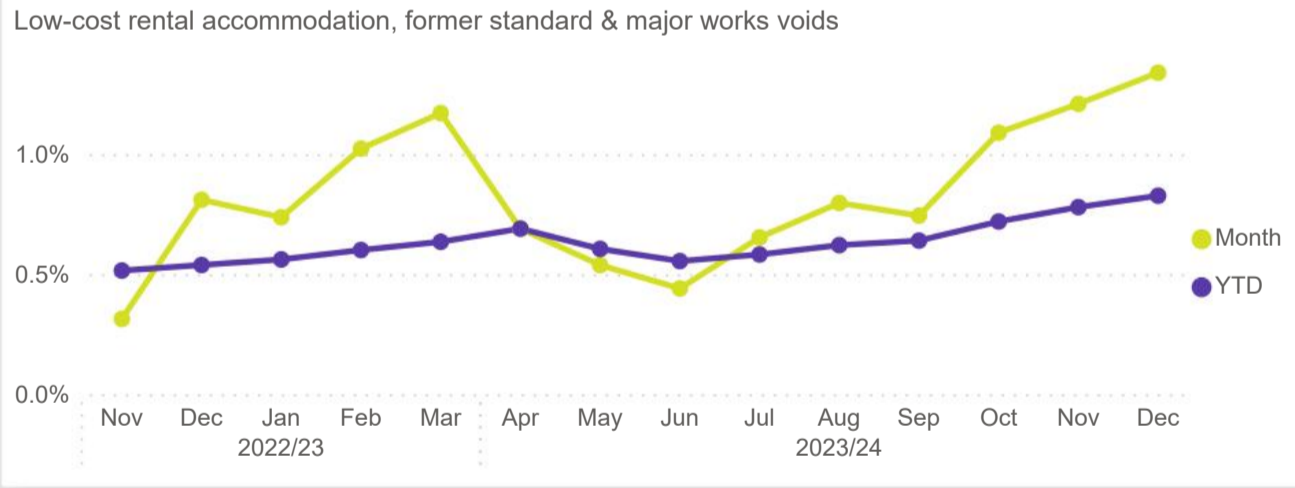
Risks

The level of clearance required and time taken continues to impact on performance.

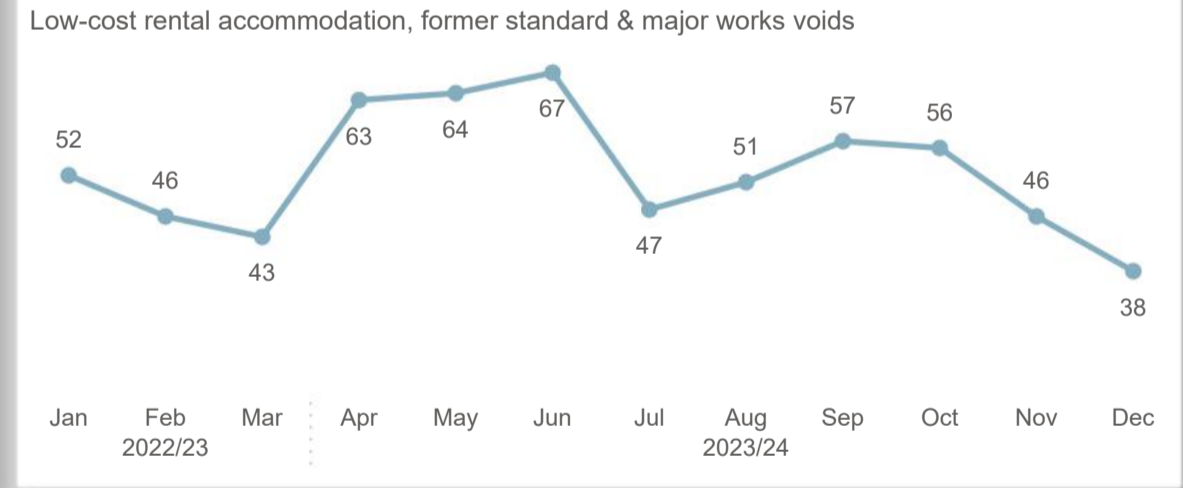
Low-cost rental accommodation



% rent lost through empty properties



Properties empty at end of period



Average re-let time in days (standard re-lets in month)



Percentage of properties with EPC rating of C or above



Show Months

Show Quarters

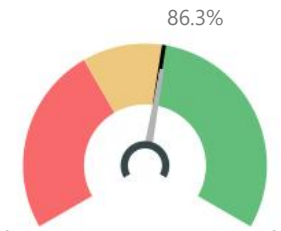
Hide description

86.30%
YTD Target

86.33%
Latest quarter

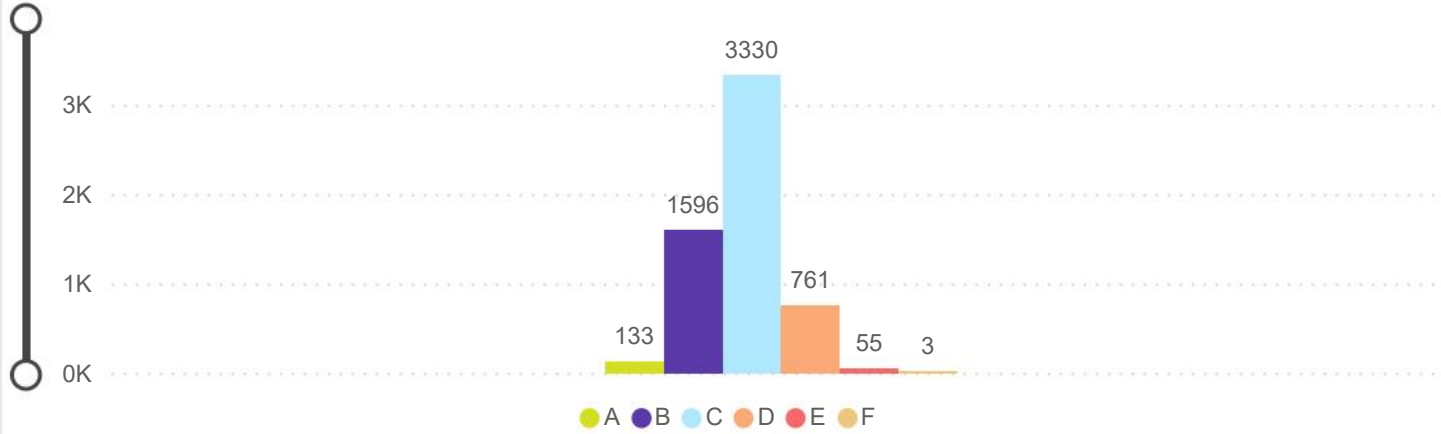
In target

Year-to-date



86.33%

Number of properties by EPC rating



Commentary

The Key Performance Indicator (KPI) data is sourced from the 'Parity Portfolio,' updated quarterly.

Currently, we are not excluding any properties where upgrading is not deemed cost-effective and affordable. There are presently 31 properties requiring more than £15k investment to achieve EPC C. If these were included in the KPI, the current performance would stand at 86.84%.

Ongoing energy enhancements in the broader stock are being realised through existing projects. The completion of works from the capital program from July to September 2023, has achieved a reduction of 3 tonnes in annual CO2 emissions across the stock. The number of

Risks

Addressing the demand for Retrofit works could present challenges for the supply chain and continues to be a point of concern. However, our confidence in this aspect has grown, thanks to favorable outcomes from recent procurement exercises. Currently, we are in the process of on-boarding several contractors to initiate work on the majority of our planned retrofit projects.

Number of new disrepair cases in the period

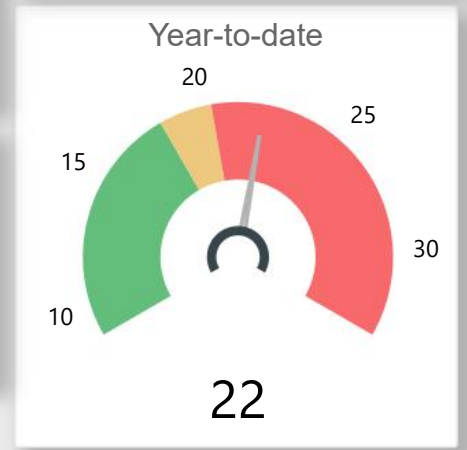


- Show Months
- Show Quarters
- Hide description

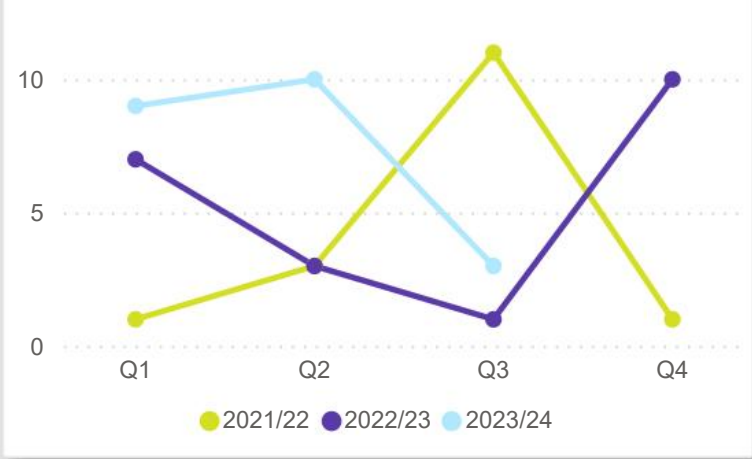
No Target

3
Latest quarter

No target



Number of new disrepair cases in the period



Commentary

The team are working through a robust process, and the new triage meetings on new disrepairs cases is helping legal to make a decision quickly to defend or settle the case. We received 3 new cases in December.

Risks

Record keeping and access to that information across CBH. Retention policy of documents held is being reviewed.

Proportion of homes for which all required gas safety checks have been carried out

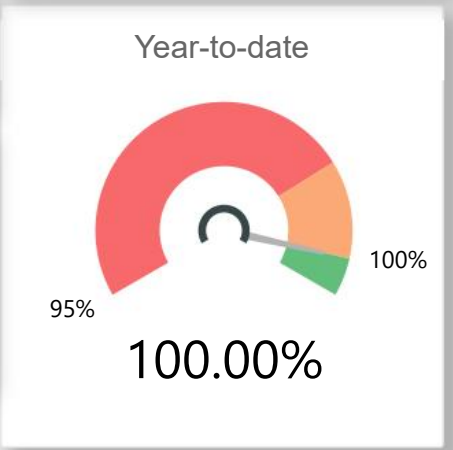


- Show Months
- Show Quarters
- Hide description

100.00%
YTD Target

100.00%
Latest quarter

In target



Commentary

MEARS successfully completed 227 gas services in December.

Compliance with Gas servicing stands at 100%.

Risks

Proportion of homes for which all required fire risk assessments have been carried out (BS02)

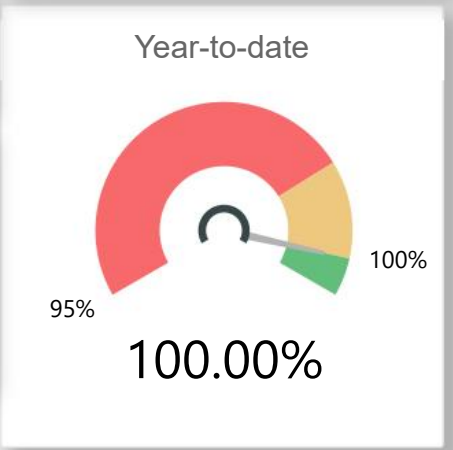


- Show Months
- Show Quarters
- Hide description

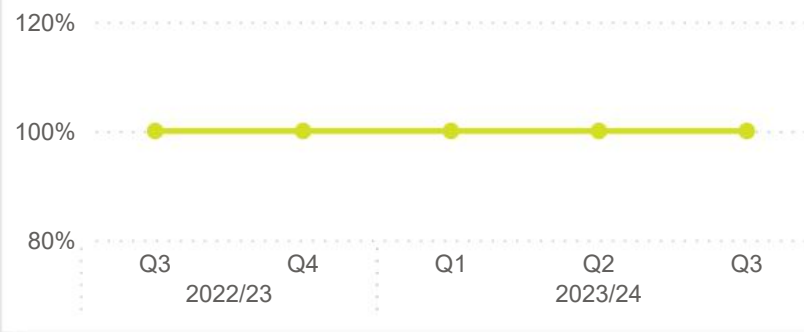
100.00%
YTD Target

100.00%
Latest quarter

In target



% sheltered schemes with an up-to-date fire risk assessment



Number of outstanding FRA actions



Commentary

We currently have a total of 470 general needs blocks with up-to-date Fire Risk Assessments (FRAs), which means we are maintaining a 100% compliance rate. Additionally, we have 18 FRAs for sheltered schemes, maintaining 100% compliance.

Outstanding FRA actions
The graph shows that we have 57 high-risk actions, with 44 overdue actions in progress.

We currently have 1100 actions with medium risk, and 177 of them are currently in progress.

We also have 827 low-risk actions, with 177 of them currently in progress.

Risks

Proportion of homes for which all required asbestos management surveys or re-inspections have been carried out (BS03)

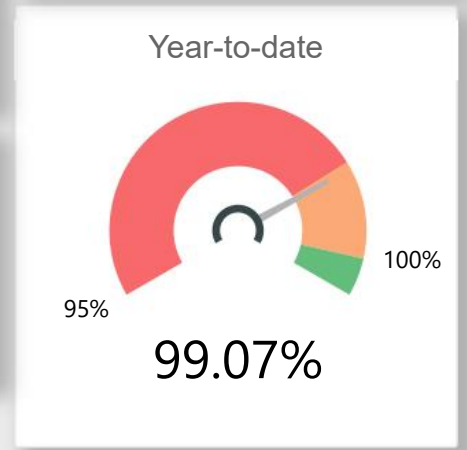


- Show Months
- Show Quarters
- Hide description

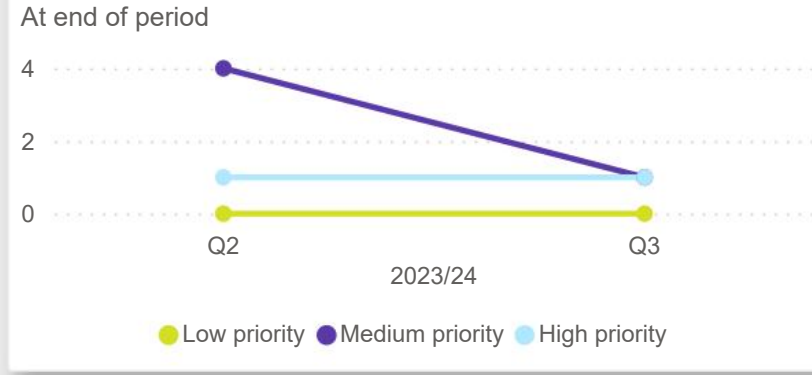
100.00%
YTD Target

99.40%
Latest quarter

Not in target



Number of outstanding asbestos actions



Commentary

Risks

Proportion of homes for which all required legionella risk assessments have been carried out (BS04)

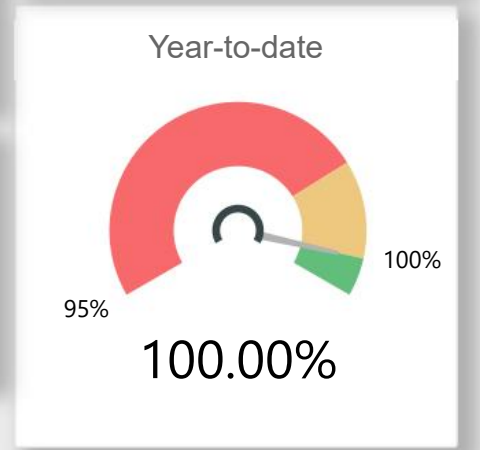


- Show Months
- Show Quarters
- Hide description

100.00%
YTD Target

100.00%
Latest quarter

In target



Commentary

Risks

Proportion of homes for which all required communal passenger lift safety checks have been carried out (BS05)



Show Months

Show Quarters

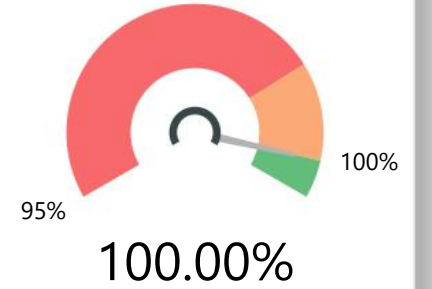
Hide description

100.00%
YTD Target

100.00%
Latest quarter

In target

Year-to-date

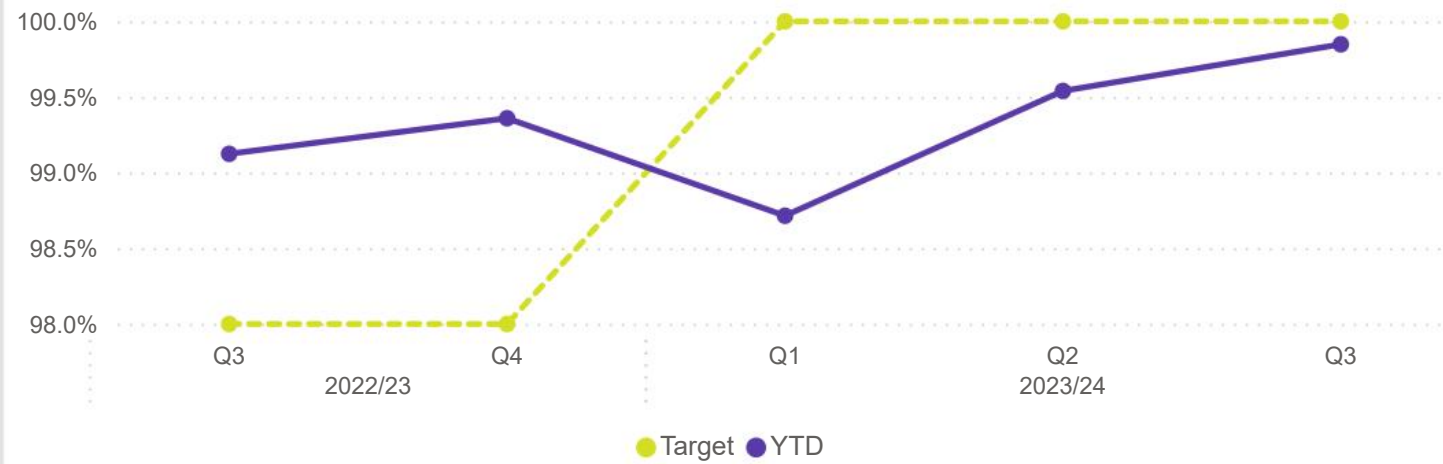


Commentary

At the end of November, we maintained 100% compliance. Current data details suggests we have 148 lifts with up-to-date service, broken down as follows:
 Communal Passenger Lifts: 15
 Stairlifts (less than 10 years old): 98
 Stairlifts (more than 10 years old): 35

Risks

% domestic properties with a current (within 5 years) Electrical Installation Condition Report (EICR)



Show Months

Show Quarters

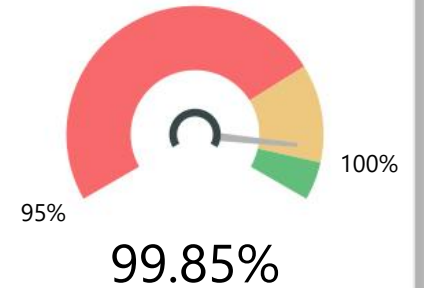
Hide description

100.00%
YTD Target

99.85%
Latest quarter

Not in target

Year-to-date



Commentary

As a result of a contract change, there are 13 EICR services were successfully completed during the month of December. However, it is important to note that we maintain a 99.8% compliance rate, with only nine properties lacking an up-to-date EICR. Four due to their inaccessibility and 5 currently booked in due to RTB and in progress.

A new programme has been implemented, this will see 100 properties have an EICR completed each month, this will ensure all properties will have a valid EICR test within a 5 year testing period.

A new project will begin to check we have the correct number of communal areas that need an EICR as well as

Risks

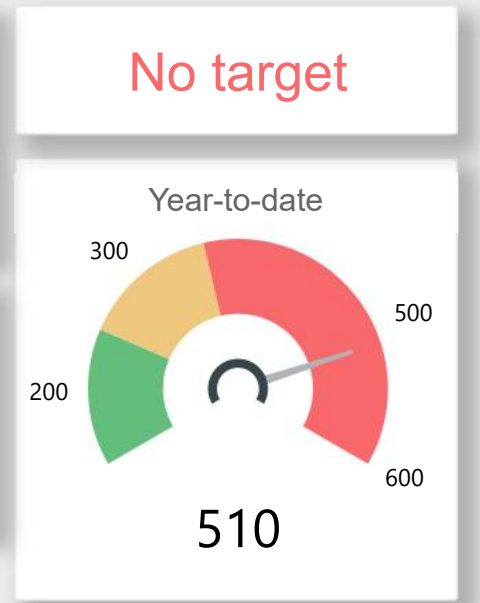
Number of new damp and mould inspections raised within the period (past 12 months)



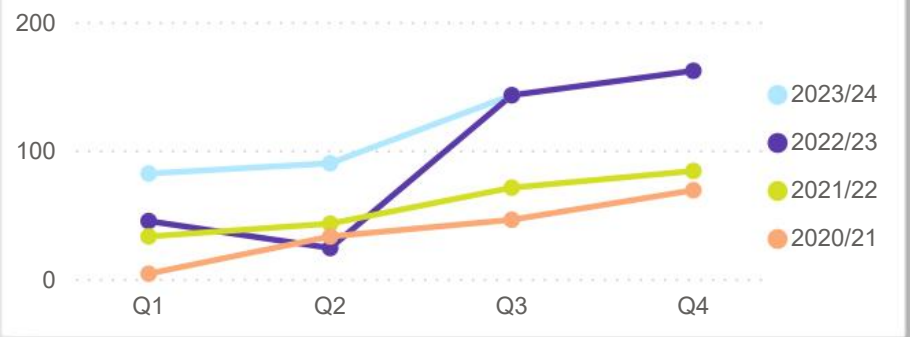
- Show Months
- Show Quarters
- Hide description

No Target

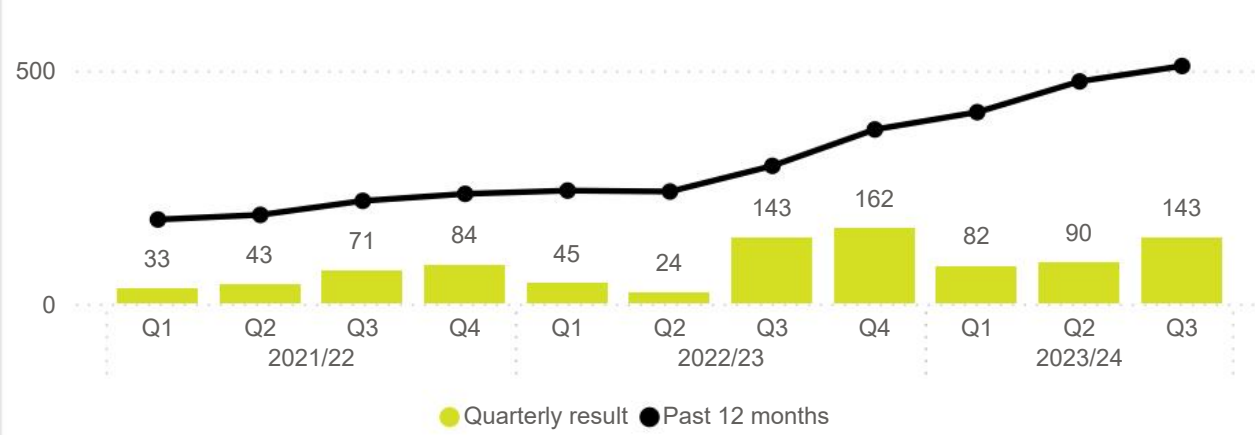
143
Latest quarter



Damp and mould inspections



Damp and mould inspections



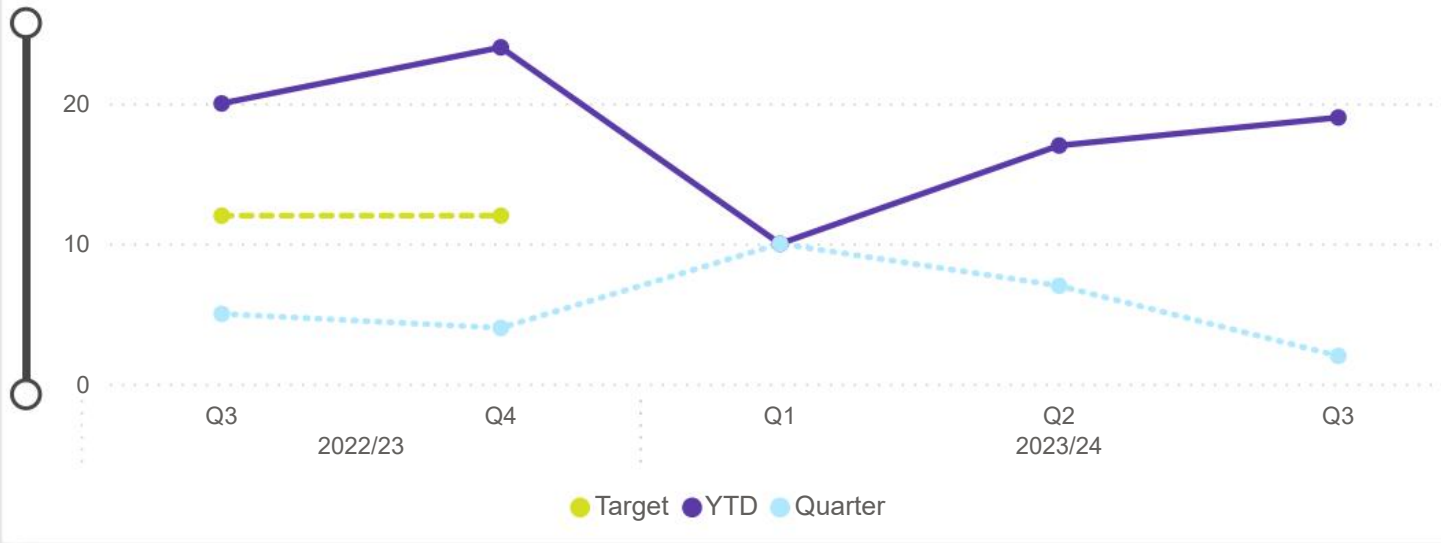
Commentary

Reported cases in December had buck trends on against the pervious year with 30 new cases against 63 in December last year. Having a dedicated resource working on these cases has assisted with getting out to the urgent and more complex cases.

Risks

Fuel Poverty, our resident not being able heat their homes adequately.
 Insulation of our homes, and budgets available.
 Support with education our residents.
 Home being over occupied.
 More tenants struggling to wash down mould.

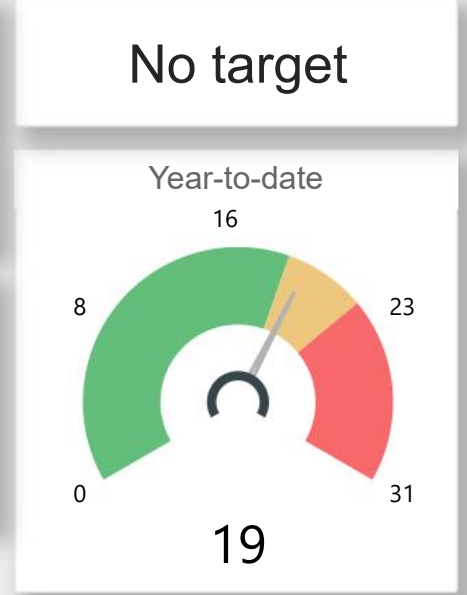
Number of personal data breaches



- Show Months
- Show Quarters
- Hide description

No Target

2 Latest quarter

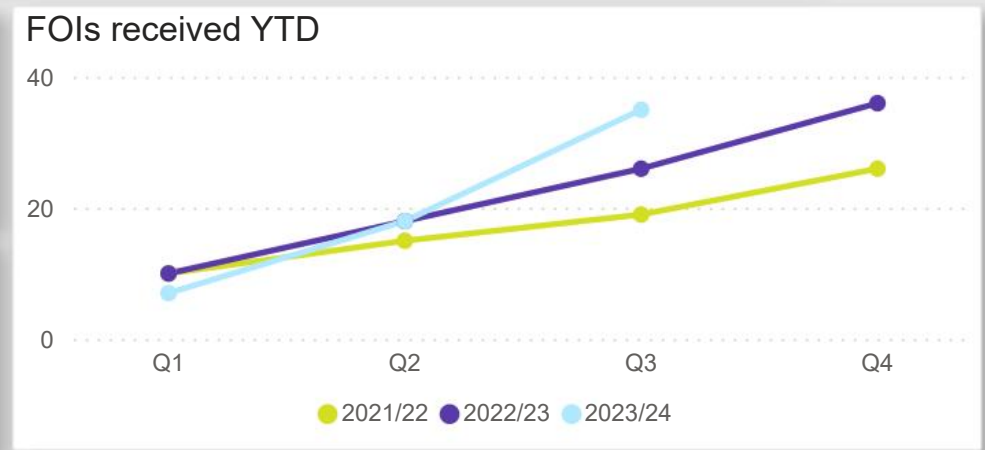


Number of customer interactions - YTD
Repairs, Homelessness, Homechoice, ASB, CSC

43,184

Data breaches as a % of interactions - YTD

0.07%

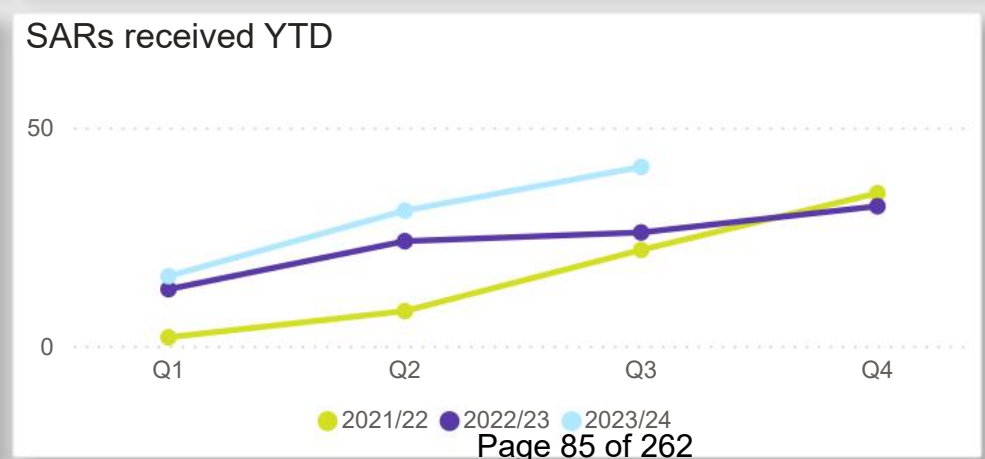
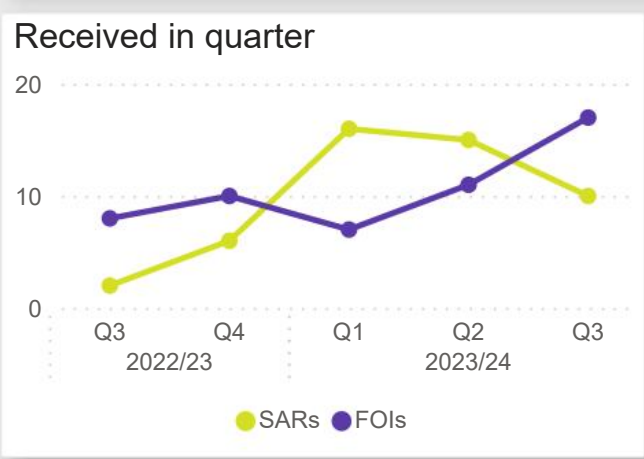


Commentary

The total number of Personal Data breaches for this period (Q3) was 2 (down from 7 in Q2). There were no data breaches reported in November or December which is very encouraging.

A new GDPR/ Data Protection Action Plan has been drafted following the completion of the GDPR Compliance audit which took place in October.

Angelique Ryan has replaced Matthew Armstrong as CBH's new SIRO (Senior Information Risk Owner).



Risks

The number of Freedom of Information Requests (FOIs) received increased from 11 (Q2) to 17 (Q3).

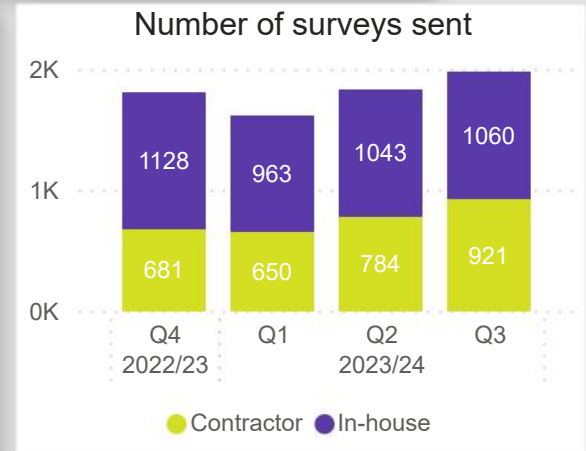
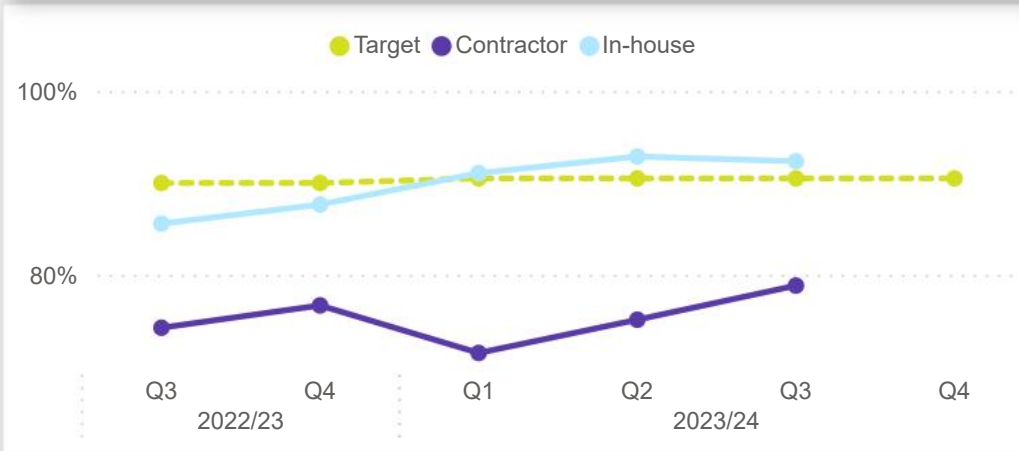
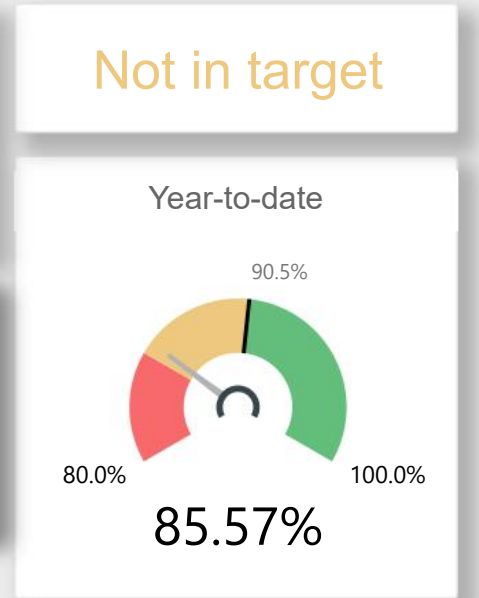
% customer satisfaction with latest repair (past 12 months)



- Show Months
- Show Quarters
- Show description

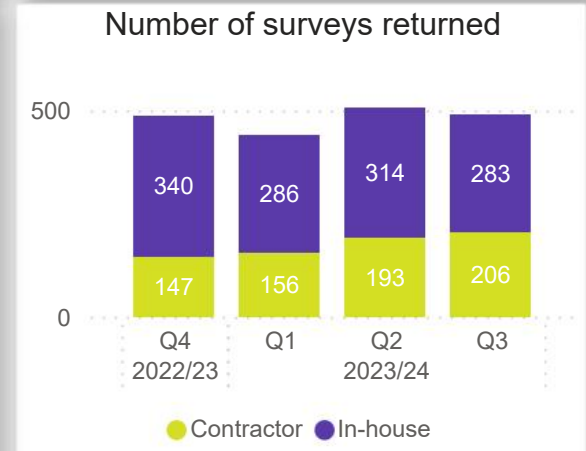
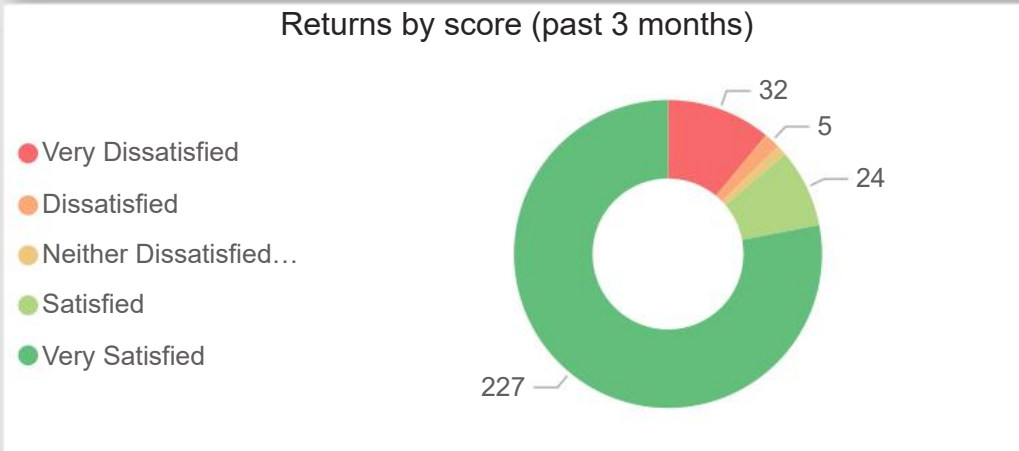
90.50%
YTD Target

87.03%
Latest quarter



Commentary

Our December performance overall was our best this year, just slightly under performance, with a marked improvement of our contractors especially with plastering works.



Risks

To keep our contractors performance high we had to use the resources of the repair co-ordinator to focus on appointed works and keeping the residents updated.

Satisfaction with CSC call handling

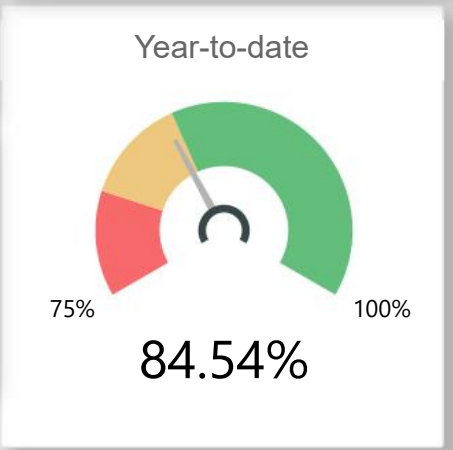


- Show Months
- Show Quarters
- Hide description

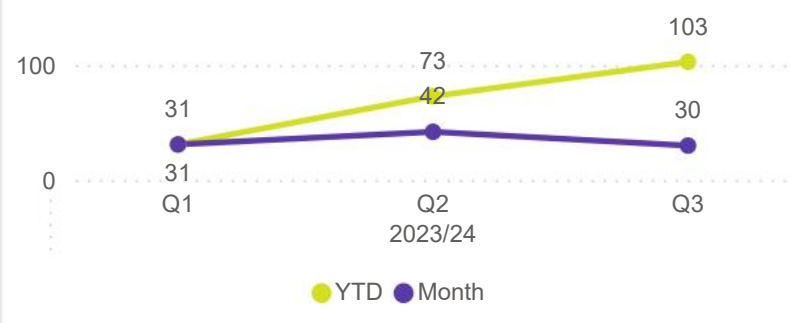
No Target

96.67%
Latest quarter

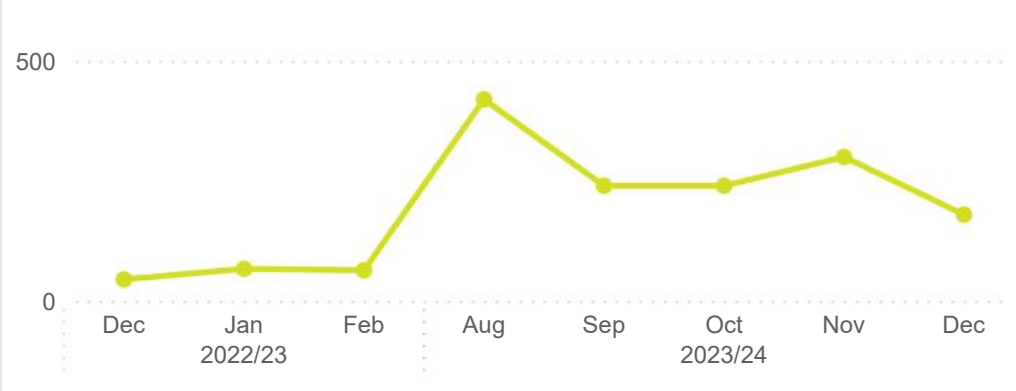
No target



Number of surveys completed



Average call wait time (seconds)



Commentary

Risks

Housemark has researched the link between digitalisation and performance. Their data shows identifiable patterns that link increased digitalisation with poorer satisfaction ratings. Landlords reporting increased digital contact between 2021/22 and 2022/23 recorded 33% longer call wait times and falls in satisfaction over the same period. Conversely, landlords that didn't increase digital contact over the period increased their satisfaction scores.

Satisfaction with the overall lettings process

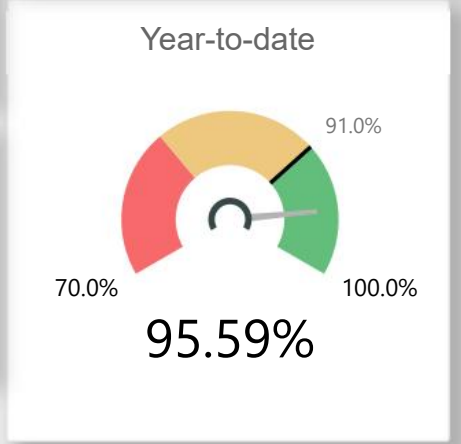


- Show Months
- Show Quarters
- Hide description

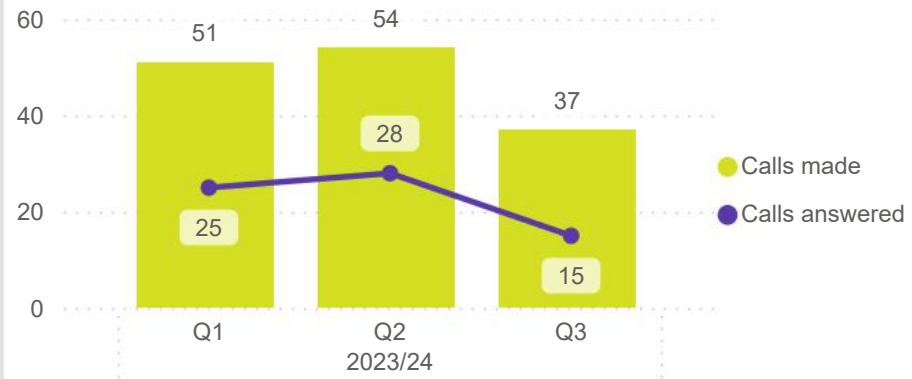
91.00%
YTD Target

100.00%
Latest quarter

In target



Number of phone calls made/answered



Commentary

Positive feedback from residents who recently move into their new homes, with performance being at 100%.

Risks

Voids standard - more media focus on carpet being left or home let with carpets.

Satisfaction with HIP works including adaptations

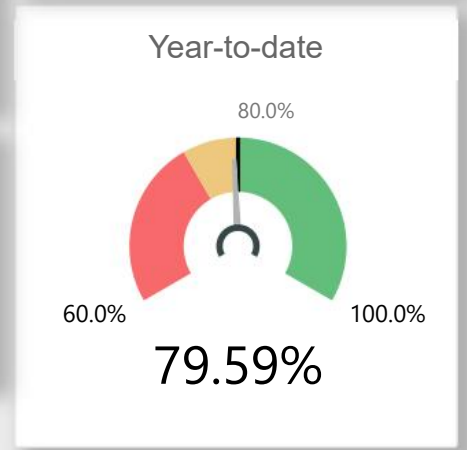


- Show Months
- Show Quarters
- Hide description

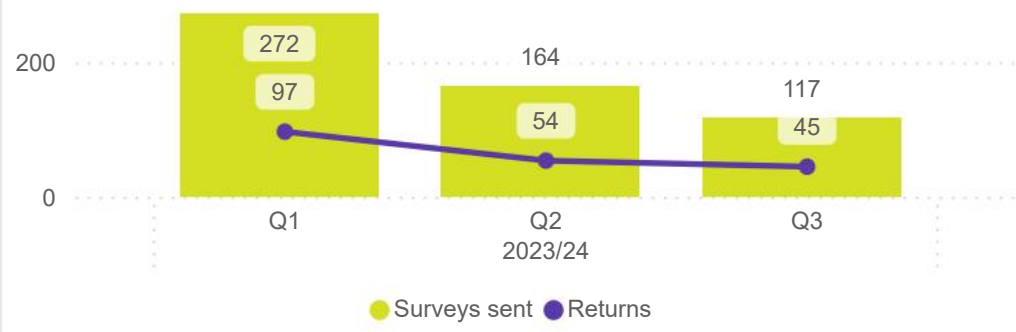
80.00%
YTD Target

86.67%
Latest quarter

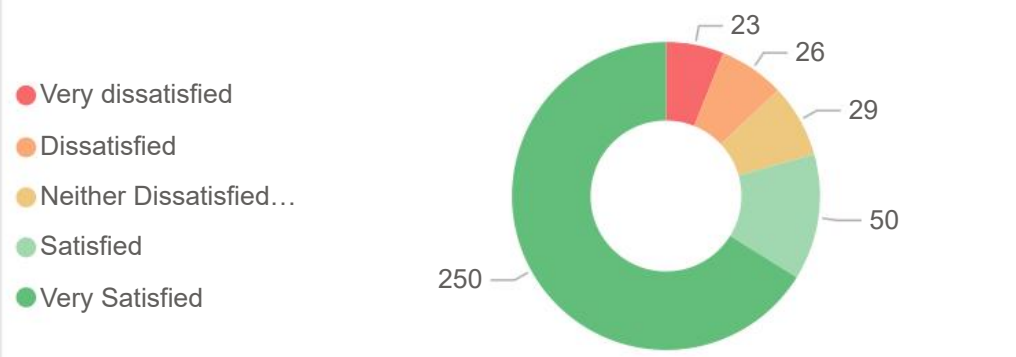
Not in target



Number of surveys sent/returned



Returns by score (past 3 months)



Commentary

Customer satisfaction has experienced a minor decrease, as indicated by the results of the December satisfaction survey, which achieved a response rate of 36%. The slight monthly decline is attributed to feedback from four dissatisfied customers. Investigations are currently underway to determine areas for service improvement based on this feedback.

The notable performance drop toward the start of the year can be primarily attributed to an error in the distribution of surveys. There was a misunderstanding regarding the status of certain works, leading to customers receiving surveys before the completion of HIP works.

Risks

Limited survey participation is evident, with only a 36% response rate in December. One customer expressing dissatisfaction, creates a 6.25% decrease in the monthly performance.

Satisfaction with ASB case handling (past 12 months)

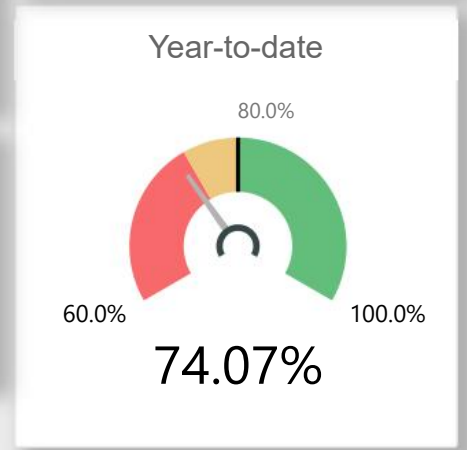


- Show Months
- Show Quarters
- Hide description

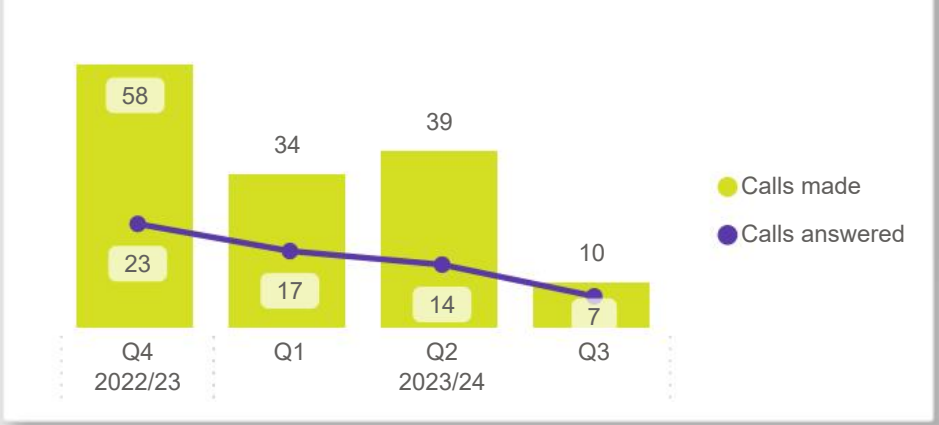
80.00%
YTD Target

57.14%
Latest quarter

Not in target



Number of phone calls made/answered

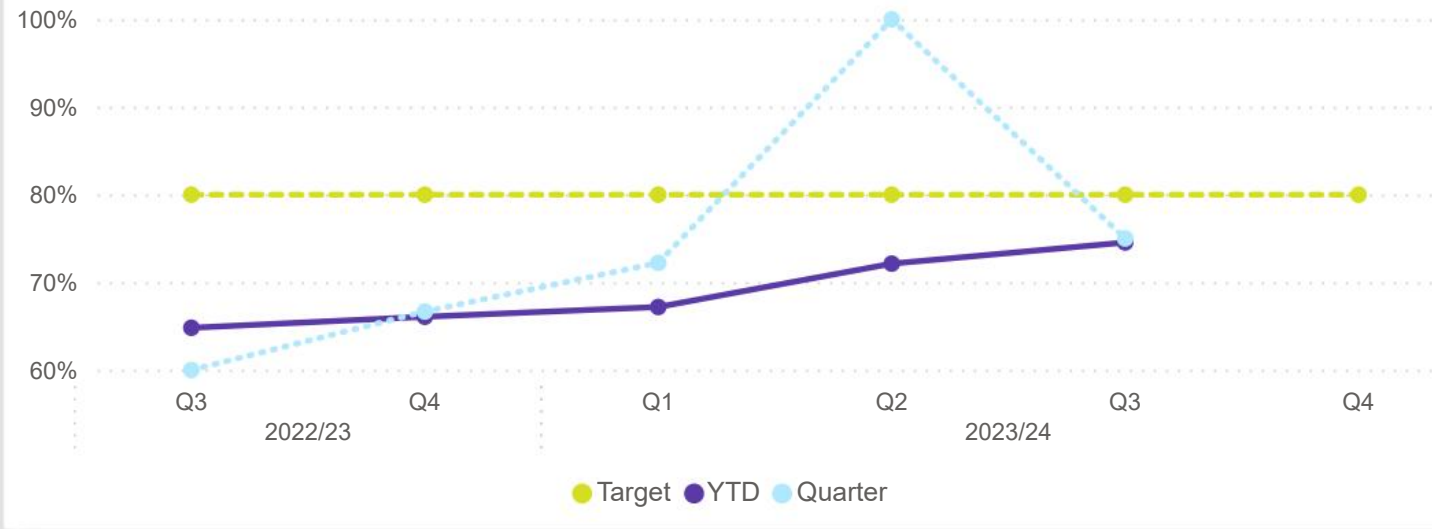


61
Number of returns
(past 12 months)

Commentary

Risks

Satisfaction with complaint handling (past 12 months)

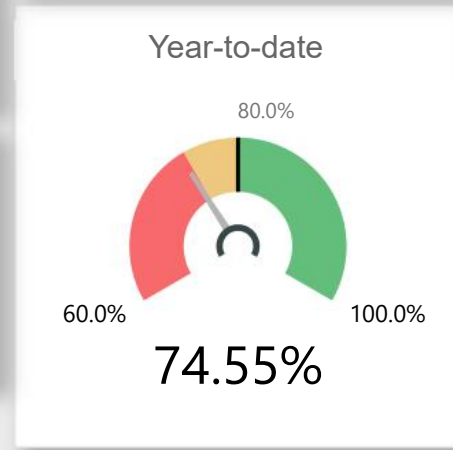


- Show Months
- Show Quarters
- Hide description

80.00%
YTD Target

75.00%
Latest quarter

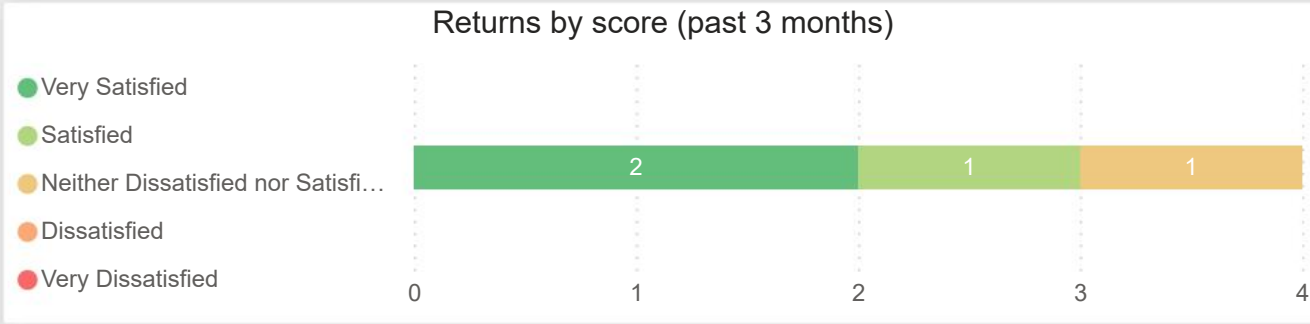
Not in target



Commentary

Volumes remain low, but we are still achieving above 80% fytd, with complaints satisfaction handling

38
Number of complaints closed (past 3 months)



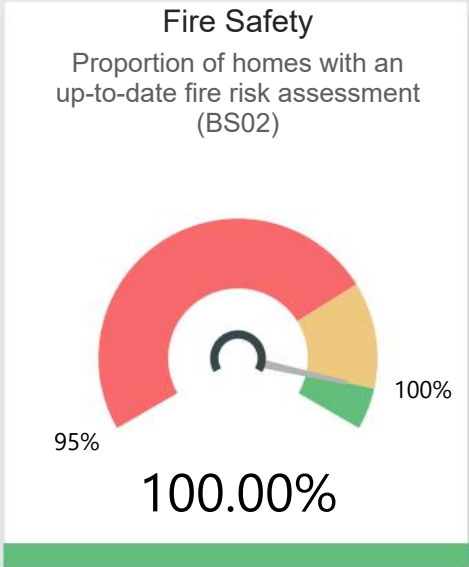
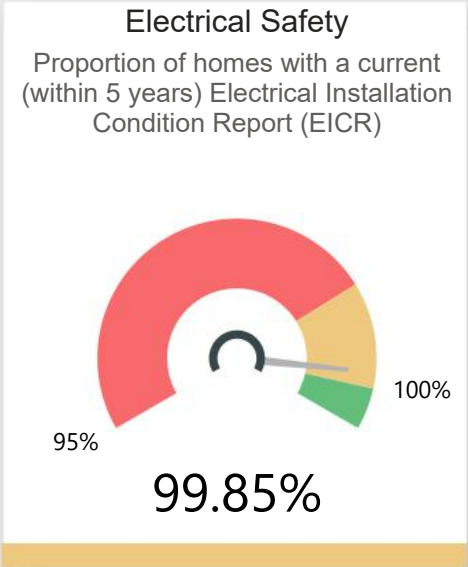
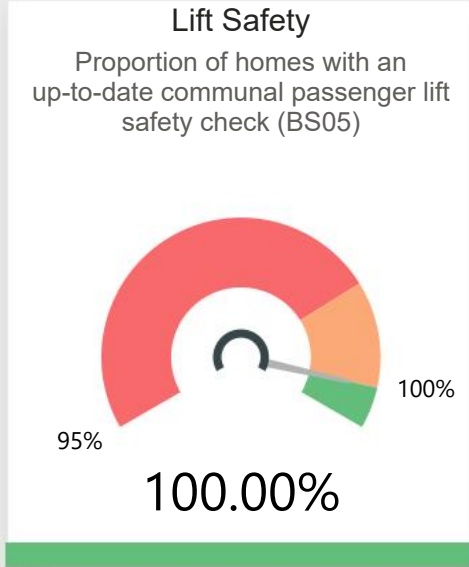
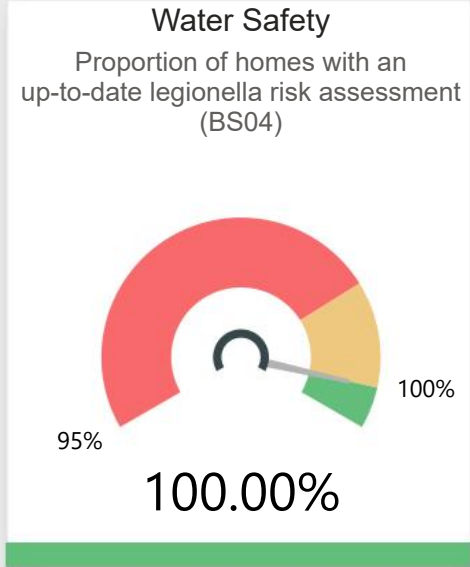
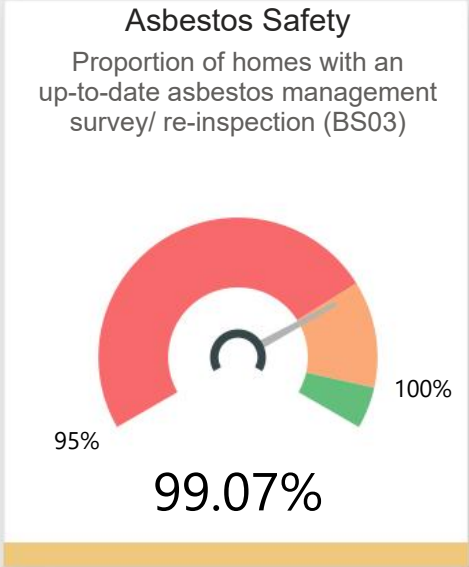
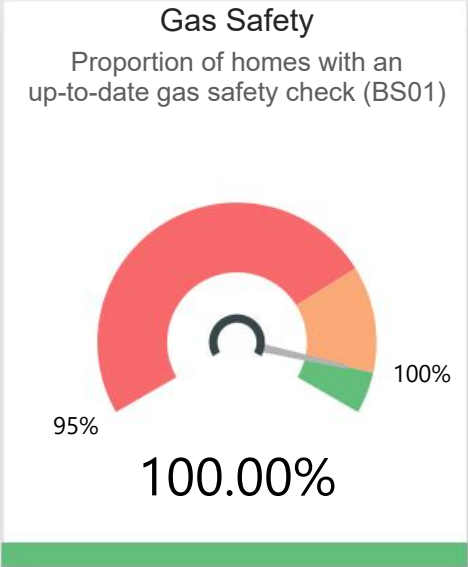
4
Number of returns (past 3 months)

Risks

It is a resource heavy process to collect the satisfaction volumes, and low returns may skew the figures

Building Safety

Year to date results





Medium Term Delivery Plan 2022-2027

February 2024

Contents

Delivering our services – Performance Plan 2022-27	3
Customers	3
Complaints	5
Repairs & maintenance	6
Housing options and homelessness	7
Housing asset management	8
Housing management	9
Letting homes	10
Compliance	11

CBH Performance Plan 2022-27

Customers

Our focus will be on delivering against the requirements of the Social Housing Act and the regulator’s Tenant Satisfaction Measures (TSMs), particularly in relation to:

Satisfaction with the responsive repairs service is a key driver for overall customer satisfaction, and we will be placing particular emphasis on improving our customers’ experience of the repairs service.

TSM Perception surveys will now be required by Regulation annually and will reflect our tenants view of service delivery.

Maintaining customer satisfaction will continue to be challenging given the operating environment and economic outlook. We will continue to make improvements to how we:

- make our services accessible
- communicate with customers
- listen to customers consistently across our business
- support a customer-focused culture
- translate customer insight and feedback into priorities & service design.

Satisfaction with latest repair %

We will monitor satisfaction at the point of service to ensure customers are satisfied with the service they have received, whether the repairs are carried out by our in-house team or by a subcontractor.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	92	90	90.5	90	90	90
Result	83.6	81.9	83.8 (Q3 YTD)			

Satisfaction with the City Councils Customer Service Centre call handling %

Monitoring is dependent on the City Councils telephony system. It helps us to ensure customers are satisfied with the service they have received. The feedback survey is limited by automation and number of customers electing to respond, but provides an indicator of satisfaction.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	N/A	N/A	Monitor only	Monitor only	Monitor only	Monitor only
Result	93	Not available	84.5 (Q3 YTD)			

Number of personal data breaches

We will monitor the number of personal data breaches reported, including those not reportable to the Information Commissioner's Office.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	N/A	12	Monitor only	Monitor only	Monitor only	Monitor only
Result	36	24	19 (Q3 YTD)			

We will continue to monitor; however, the following transactional surveys will be removed from the core MTDP report from April 2024:

- Satisfaction with new lets
- Satisfaction with Housing Investment Programme works
- Satisfaction with antisocial behaviour case handling
- Satisfaction with complaint handling

Complaints

The regulatory framework has been strengthened, with a strong emphasis on dealing with complaints promptly and fairly, ensuring customers are treated with respect and making improvements to our services in response to customer feedback.

Complaints per 1,000 properties

From April 2024 all landlords will be required to publish figures which show how many complaints they received relative to their size.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	N/A	N/A	Monitor only	Monitor only	Monitor only	Monitor only
Result	39	42.8	34.4 (Q3 YTD)			

Complaints responded to within Complaint Handling Code timescales %

We will monitor the percentage of complaints we respond to within the timescales set in our policy. Stage one complaints will be responded to in full within 10 working days; Stage two complaints within 20 working days.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	N/A	New	100	100	100	100
Result	61.2	64.1	100 (Q3 YTD)			

Repairs & maintenance

An efficient repairs and maintenance service is a high priority for residents. Our repairs service is delivered in partnership with contractors. We will aim to deliver a good value service with high customer satisfaction.

Trade supplies and labour continue to be unreliable, which has affected our ability to deliver repairs as effectively as we would wish to.

Challenges around recruitment of skilled staff throughout the sector remain. We are developing our in-house team to provide a wider set of skills and to improve the Customer experience

Repairs completed on time %

We will monitor the percentage of all responsive repairs which are completed within agreed timeframes (policy timescales and methodology are under review).

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	New	New	95	90	91	92
Result	New	81.5	80.2 (Q3 YTD)			

Disrepair claims

We will monitor the number of new disrepair cases in the period.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	N/A	New	Monitor only	Monitor only	Monitor only	Monitor only
Result	16	21	22 (Q3 YTD)			

Housing options and homelessness

We are experiencing rising demand for housing options and homelessness services both locally and nationally; the cost-of-living crisis is having an impact on the residents of Colchester and is increasing the number of people threatened with homelessness.

We will continue to explore homeless prevention initiatives to prevent people from becoming homeless and work to encourage private sector landlords to accommodate homeless applicants.

Our funding for the Housing Options service from the Department for Levelling Up Housing and Communities leads to focus on the prevention and relief of homelessness. Key priorities will be to reduce the number of households living in temporary accommodation, as well as the period of time spent in temporary accommodation, by focusing on access to alternative accommodation in the private rented sector.

Housing options and homelessness

We will monitor the number of households in temporary accommodation per 1,000 households (based on the latest available government estimates).

	2021/ 22	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27
Target	New	2.9	3	4	4	3
Households in temporary accommodation	2.8	3.6	3.9 (Q3 YTD)			

Housing asset management

Our challenge over the next few years will be to balance the requirements of the new Decent Homes Standard, the Building Safety Act, and the Net Zero Carbon agenda in order to respond to Government targets for climate change.

As well as continuing to focus on essential works (kitchens, bathrooms, heating, windows, doors, roof replacements, etc.) we will be working with the Council to deliver of the targets detailed within its asset management strategy whilst ensuring the long-term sustainability of its 30-year Housing Revenue Account Business Plan.

In line with the Net Zero Carbon agenda, the has set a target of 100% of stock with an Energy Performance Certificate (EPC) rating of C (where practical, cost-effective and affordable) or above by 2030.

Within the early years of the plan the focus will be on properties where an improved energy performance rating is more challenging and requires a greater investment, therefore, the progress against this KPI is reflected in the targets below.

We will also provide support to the Council on its ambitions for the development of new homes.

Homes that do not meet the Decent Homes standard %

We will monitor the percentage of homes which do not reach the Government's Decent Homes Standard.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	N/A	N/A	0 New target	0	0	0
Result	2.2	20.1	4.0 (Q3 YTD)			

Properties with EPC rating of C or above %

We will monitor the percentage of Council-owned housing stock with an Energy Performance Certificate rating of C or above.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	85	85.5	86.5	87.5	89	90.5
Result	84.55	85.9	86.3 (Q3 YTD)			

Housing management

The cost-of-living crisis continues to have an impact on our customers and the business, in particular the increase in Universal Credit claimants. Our focus will be on supporting tenants to sustain their tenancies and maintaining collection rates.

To do this we will continue to develop staff knowledge and skills, and we will work towards a better understanding of the support needs of our customers to help them sustain tenancies. Being proactive and positively responding to rent arrears lessens both the likelihood of escalation and in turn the severity potentially saving the tenancy and preventing homelessness.

To maximise income collection, we will develop our rent collection processes, and support available to tenants. Through effective tenancy management we aim to minimise the money owed by former tenants.

We will improve community safety by working with partners and offering a range of interventions to victims and perpetrators of antisocial behaviour. Ensuring that our estates and communal areas are clean and safe will continue to be a high priority.

Providing a valued services to our leaseholders and maintaining collection rates for leasehold service charges and capital repairs will continue to be an important focus.

Rent collection %

We will monitor the rent collected from current tenants as a percentage of the rent collectable plus any arrears at the start of the year.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	98	98	98	98	98	98
Result	98.9	98.7	97.7 (Q3 YTD)			

Antisocial behaviour cases per 1,000 properties

From April 2024 all landlords will be required to publish figures which show how many cases of antisocial behaviour they deal with relative to stock.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	N/A	New	Monitor only	Monitor only	Monitor only	Monitor only
Result	85.4	72.7	51.9 (Q3 YTD)			

Letting homes

We are keen to provide new tenants with a home that meets expectations with high levels of customer satisfaction.

We will start, amend and end tenancies efficiently, minimising void times and rent lost through properties being empty. A key priority will be maximising the use of Council homes, for example targeting under-occupation by promoting mutual exchanges and encouraging tenants to downsize where appropriate.

This is a new measure which has been introduced to benchmark with a wide range of organisations. We will continue to monitor our performance of each category of property and benchmark accordingly.

Average days to re-let LCRA properties

We will monitor the number of days taken to re-let vacant low-cost rental accommodation (general needs, sheltered, CCC-owned temporary accommodation), including any days spent on major works. This measure doesn't include new stock such as acquisitions or buy-backs.

The target is set at the median national (Housemark) benchmark position.

days	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	New	New	New	73	73	73
Result	37.2	41.8	59.1 (Q3 YTD)			

Compliance

Our Board oversees a robust risk management framework, and we will continue to ensure we meet all regulatory and legislative obligations, including the new ones arising from the Social Housing, Building Safety and Fire Safety Acts.

We will continue to ensure that high-quality health and safety and risk management frameworks are in place that ensure we can programme essential Health and Safety checks in respect of all areas of property compliance. We will put in place additional desktop and on-site checks/tests by an assurance specialist to ensure that contractors engaged on compliance works have completed their works correctly, and in accordance with relevant legislation.

In addition, we will ensure there are robust processes in place to ensure actions arising from these checks are addressed in an appropriate and timely manner.

We will continue to monitor the impact of new legislation applicable to the stock we manage and are planning to introduce additional workstreams (e.g. planned maintenance of Fire Doors) to ensure our buildings remain safe.

We will monitor a range of health and safety compliance measures within our domestic properties: General Needs, sheltered and temporary accommodation.

Boilers with a gas certificate %

We will monitor the percentage of domestic boilers with a valid gas certificate

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	N/A	New	100	100	100	100
Result	100	100	100 (Q3 YTD)			

Fire safety checks

We will monitor the percentage of homes for which all required fire risk assessments have been carried out.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	N/A	New	100	100	100	100
Result	100	100	100 (Q3 YTD)			

Properties with an asbestos survey %

We will monitor the percentage of domestic properties with a completed and up to date asbestos survey

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	N/A	New	100	100	100	100
Result	98.6	99.0	99.1 (Q3 YTD)			

Water safety checks

We will monitor the percentage of homes for which all required legionella risk assessments have been carried out.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	N/A	New	100	100	100	100
Result	100	100	100 (Q3 YTD)			

Lift safety checks

We will monitor the percentage of homes for which all required communal passenger lift safety checks have been carried out.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	N/A	New	100	100	100	100
Result	100	100	100 (Q3 YTD)			

Properties with an electrical certificate %

We will monitor the percentage of domestic boilers with a current (within 5 years) Electrical Installation Condition Report (EICR).

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	N/A	New	100	100	100	100
Result	97.2	99.4	99.9 (Q3 YTD)			

Damp and mould

Number of new damp and mould inspections raised within the period (rolling 12 months)

New monitoring will be required to be introduced to measure the time taken to attend to reports of damp and mould under the proposed Awaabs law. Once confirmed this will be incorporated on to the MTDP dashboard.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Target	N/A	New	Monitor only	Monitor only	Monitor only	Monitor only
Result	228	374	510 (Q3 YTD)			

Appendix 3

CBH Benchmarked Performance

KPI	Year	Month	CBH result	Quartile*	Quartile 3*	Median*	Quartile 1*
Homes with a valid gas safety certificate (%)	2023	December	100.00	1	99.72	99.92	100.00
Domestic properties with EICR certificates up to five years old (%)	2023	December	99.85	1	91.55	97.21	99.43
Responsive repairs completed per 1,000 properties	2023	December	222.07	3	191.67	231.62	278.38
Responsive repairs completed within target timescale (%)	2023	December	81.11	4	81.72	89.60	94.00
Satisfaction with repairs - transactional (%)	2023	December	90.28	2	78.00	88.13	95.00
'True' current tenant arrears (%)	2023	December	2.28	1	4.40	3.27	2.49
Dwellings vacant but available to let (%)	2023	December	0.49	2	1.23	0.54	0.26
Average re-let time in days (standard re-lets)	2023	December	27.00	1	73.57	45.94	29.75
New ASB cases reported per 1,000 properties	2023	December	1.90	3	1.20	1.94	3.33
Formal Stage 1 and Stage 2 complaints received per 1,000 properties	2023	December	1.18	4	1.65	3.04	5.24
Satisfaction with the overall service their landlord provides - perception (%)	2023	December	68.00	2	60.25	65.00	82.61
Working days lost to sickness absence (%)	2023	December	4.78	2	6.19	5.39	3.76
Voluntary staff turnover (%)	2023	December	0.85	3	1.06	0.70	0.34

*All local authorities and ALMOs benchmark data

Tenant Satisfaction Measure	
Satisfied with the overall service CBH provide local authorities)	68.4%
Satisfied with the repairs service over the last 12 months	68%
Satisfied with the time taken to complete my last repair	63%
Satisfied that my home is well maintained	66%
Satisfied that my home is safe	67%
Satisfied that CBH listens to views and acts on them	49%
Satisfied that I am kept informed about things that matter	56%
In agreement that CBH treats me fairly and with respect	67%
Satisfied with CBH's approach to handling complaints	33%
Satisfied that communal areas are clean and well maintained	58%
Satisfied that CBH makes a positive contribution to my neighbourhood	56%
Satisfied with CBH's approach to handling anti-social behaviour	54%
Decent Homes Compliance	97%
Gas safety checks	100%
Passenger lifts safety checks	100%
Asbestos management surveys	100%
Fire risk assessments	100%
Legionella risk assessments	100%

5 March 2024

Report of	The Section 151 Officer	Author	Chris Hartgrove (chris.hartgrove@colchester.gov.uk)
Title	Draft Statement of Accounts 2022/23		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 The Joint Finance Director (Section 151 Officer) is responsible for the preparation of the Council's annual Statement of Accounts. The Statements are prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ('the Code') and are based on International Financial Reporting Standards (IFRSs). The Statements are also required to give a "true and fair view" of the Council's financial position as of 31st March 2023, and the income and expenditure for the year then ended.
- 1.2 The Council is required to make the accounting records and related documents available for inspection each year in the exercise of the rights of interested persons under Section 26 of the Local Audit & Accountability Act 2014 and Section 15 of the Accounts & Audit Regulations 2015.
- 1.3 The inspection period for the financial year ending 31st March 2023 was due to commence on 1st June 2023 and run for a period of 30 working days from this date. However, it has not been possible for the Council to commence the inspection period as a shortfall in technical capacity within the Finance function has lengthened the Accounts preparation process and, in line with most councils nationally, Colchester City Council continues to experience major audit delays and the Statement of Accounts for 2020/21 and 2021/22 have not yet been finalised.
- 1.4 However, in the continued interests of transparency, as with the draft Statement of Accounts 2021/22, the Council published an uncertified draft Statement of Accounts 2022/23 on the Council website on 26th February 2024 (**Appendix A**), which the Committee are asked to note.
- 1.5 The audited Statement of Accounts for 2022/23 will be presented to the Committee at a future meeting (date to be determined). This will provide an opportunity for the Committee to further scrutinise, and approve, the Statements prior to the issue of the Committee Chair's signature.

2. Recommended Decision

- 2.1 To note the draft Statement of Accounts 2022/23 (**Appendix A**) prior to the completion of the external audit process.

3. Reason for Recommended Decision

- 3.1 To enable the robust scrutiny the Council's annual Statement of Accounts 2022/23 in the interests of transparency and in accordance with generally accepted good practice.

4. Alternative Options

4.1 None.

5. Equality, Diversity and Human Rights implications

5.1 None.

6. Standard References

6.1 The local government financial reporting and audit regime exists within in a tightly regulated framework. For the accounting period 2022/23, this includes the:

- Local Government Act 1972 (Section 151)
- Local Government Act 2003 (Section 21(2))
- Local Audit and Accountability Act 2014 (various); and
- Accounts & Audit Regulations 2015.

6.2 The Statement of Accounts has been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ('the Code').

6.3 There are several areas of risk embedded throughout the Statement of Accounts, which have been individually addressed and treated in accordance with guidance and professional judgement.

7. Environmental and Sustainability Implications

7.1 None.

8. Appendices

8.1 Colchester City Council's *draft* Statement of Accounts 2022/23 (published 26th February 2024) – **Appendix A**



Colchester
City Council

DRAFT

STATEMENT OF
ACCOUNTS

2022 | 2023

Contents

Narrative Statement	4
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS	18
Movement in Reserves Statement	19
Comprehensive Income and Expenditure Statement	21
Balance Sheet	22
Cash Flow Statement	23
NOTES TO THE CORE FINANCIAL STATEMENTS	24
1. Accounting Policies	24
2. Expenditure Funding Analysis	34
3. Accounting Standards that have been issued but have not yet been adopted	36
4. Critical judgements in applying accounting policies	37
6. Material items of income and expenditure	39
7. Prior period adjustments	39
8. Events after the Balance Sheet Date	39
9. Adjustments between accounting basis and funding basis under regulations	40
10. Transfers to/from Earmarked Reserves	42
11. Other Operating Income and Expenditure	43
12. Financing and Investment Income and Expenditure	43
13. Taxation and Non-Specific Grant Income	44
14. Property, Plant and Equipment	45
15. Investment Properties	49
16. Fair Value Measurement of Property Assets	50
17. Assets Held for Sale	53
18. Capital Expenditure and Capital Financing	53
19. Financial Instruments	54
20. Long Term Debtors	60
21. Investment in Subsidiaries	60
22. Inventories	60
23. Short-term Debtors	61
24. Cash and Cash Equivalents	61
25. Short-term Creditors	62
26. Provisions (Short and Long Term)	62
27. Usable Reserves	63
28. Unusable Reserves	63
29. Cash Flow Statement – Operating Activities	66
30. Cash Flow Statement – Investing Activities	67

31. Cash Flow Statement – Financing Activities	67
32. Members’ Allowances and Expenses	68
33. Officers Remuneration	68
34. Termination Benefits (Exit Packages)	71
35. External Audit Costs	72
36. Grant Income	73
37. Related Parties	75
38. Leases	76
39. Defined Benefit Pension Scheme	78
Housing Revenue Account	84
HRA Income and Expenditure Statement	84
MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT	85
NOTES TO THE HOUSING REVENUE ACCOUNT	86
H1. Dwellings Rents and Analysis of the Housing Stock	86
H2. Vacant Possession Value of the Housing Stock	87
H3. Non-Dwelling Rents	87
H4. Charges for Services and Facilities	87
H5. Major Repairs Reserve	87
H6. Pension Reserve	88
H7. HRA Capital Financing	88
H8. Interest Payable	89
H9. Depreciation charges	89
H10. Rent Arrears	89
H11. Revenue Balances	90
H12. Capital Expenditure Charged to Revenue	90
Collection Fund	91
Collection Fund Income and Expenditure Statement	Error! Bookmark not defined.
Notes to the Collection Fund Accounts	92
C1. General	92
C2. Income from Council Tax	92
C3. Income from Business Ratepayers	93
C4. Council Tax and NNDR Surplus/Deficit	93
C5. Debtors for Local Taxation	93
GROUP ACCOUNTS	94
Group Movement in Reserves Statement	95
Group Balance Sheet	98
Group Cash Flow Statement	99

Notes to the Group Financial Statements	100
G1. General	100
G2. Prior year adjustments	100
G3. Subsidiary Companies consolidated into the Group Accounts	100
G4. Consolidation of Operating Income and Expenditure	100
G6. Events after the Balance Sheet date	100
G7. Short-term Debtors	101
G8. Cash and Cash Equivalents	101
G9. Short-term Creditors	102
G10. Subsidiaries Reserves	102
G11. Cash Flow Statement Notes	103
G12. Officers' Remuneration	104
G13. Termination Benefits (Exit Packages)	107
G14. Defined Benefit Pension Scheme	107
GLOSSARY OF TERMS	110
INDEPENDENT AUDITOR'S REPORT	114

DRAFT

Narrative Statement

Introduction

The Statement of Accounts for Colchester City Council for the year ended 31 March 2023 has been prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (“the Code”) issued by the Chartered Institute of Public Finance and Accountancy. The Code is based on International Financial Reporting Standards, as adapted for the UK public sector under the oversight of the Financial Reporting Advisory Body (FRAB).

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

The Accounts and Audit Regulations 2015 came into force on 1 April 2015, setting out the detailed requirements in relation to the duties and rights specified in the Local Audit and Accountability Act 2014. These regulations introduce earlier deadlines for publication of the accounts. The deadline for completion of the accounts for 2022/23 is 31 May 2023 for the unaudited statement of accounts and 30 November 2023 for the audited statement of accounts which have to be approved by the Audit Committee.

However, the national backlog in audit work and local resource constraints have combined to delay the production of firstly the 2021/22 Statement of Accounts (published September 2023), which in turn has delayed the production of the of this – the 2022/23 – Statement of Accounts (published February 2024).

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

Introduction to Colchester

Colchester was awarded official city status as part of the Queen’s Platinum Jubilee celebrations on 23 November 2022. Colchester was long classified as a town until this. Colchester was one of only three to have submitted bids to become offers on five occasions city status has been available. The former Roman settlement was named one of eight towns to be made cities to mark the Queen’s Platinum Jubilee.

The City of Colchester covers an area of 324 square kilometres in Northeast Essex. It borders Suffolk in the north, along with three Essex districts – Tendring in the east, Braintree in the west and Maldon in the Southwest.

At its centre is the town of Colchester, surrounded by villages and smaller towns of distinct and complementary character. Some are in the Dedham Vale, a designated area of outstanding natural beauty.

The next largest towns are Wivenhoe, Tiptree and West Mersea. The island of Mersea is at the south of the City, and it forms the borough’s principal coastal area. The centre of Colchester, broadly defined by the area within the Roman city walls, is a focal point for the whole borough – containing one of the Eastern region’s busiest shopping destinations, as well as many major cultural experiences and leisure attractions.

Colchester is an increasingly popular place to live and work.

The City Council comprises 51 councillors in 17 wards and operates the Leader and Cabinet model. The Council is currently led by a Liberal Democrat administration, with the full political balance as follows; Conservative 19 councillors, Liberal Democrat 16 councillors, Labour 14 councillors, and Green Party 2 councillors.

Summary of Achievements

The Strategic Plan

The Strategic Plan 2020-23 (which encompasses the 2022/23 Statement of Accounts) sets out how the Council would address the key challenges facing the (then) Borough through five strategic priority themes:

- Tackling the climate challenge and leading sustainability.
- Creating safe, healthy, and active communities.
- Delivering homes for people who need them.
- Growing a fair economy so everyone benefits.
- Celebrating our heritage and culture.

The Plan outlined 15 priorities (3 under each strategic theme), considering the impact of the Covid-19 pandemic, and set out the key goals by which success would be measured, together with a clear set of commitments that would be delivered. These formed the basis for the Strategic Plan Action Plan.

The priorities with key highlights of progress and achievements are shown below.

1. Tackling the Climate Challenge and Leading Sustainability

Priority Description	Achievements
Respond to the Climate Emergency	The Council's carbon emissions have been reduced by 10.1% since 2019/20.
	The Council agreed to develop a 17.5 Hectare Solar Park and Microgrid at the Northern Gateway and has completed RIBA stage 1 and 2 feasibility/viability work, now proceeding onto the planning application stage.
Conserve and enhance biodiversity	The Colchester Woodland and Biodiversity Project planted trees in suitable areas and by focusing on the naturalisation of sites, enhanced the biodiversity further, reviewing the management regimes and continuing to communicate changes to our communities.
	'Open Up Our River': by clearing up and cutting back, improving access and walks along the River Colne, with ongoing scheduled maintenance work through Grounds Maintenance Contract.
	'Cherish Our Parks': to improve their condition, with yet more tree and wildflower planting and path improvements, with continued review of the Grounds Maintenance Contract incorporating additional wildflower planting where budget allows and dialogue with key stakeholders on planting approach alongside the continuation of wild verges in Wivenhoe.
Enable more opportunity for walking and cycling around Colchester	The infrastructure for sustainable travel has been boosted through Levelling Up Fund and Town Deal projects included a number of walking and cycling improvements such as the City Centre to Greenstead and University walking and cycling route Local Cycling Walking Infrastructure Plan (LCWIP) 4, alongside the Fixing the Link and Active Travel Fund 2 projects also progressing in support of the wider LCWIP programme with Essex County Council.

2. Creating Safe, Healthy and Active Communities

Priority Description	Achievements
Build on community strengths and assets	Embedding Communities Can with system partners and communities including training and awareness, learning from best practice, capacity building and outcomes focus, enabling an Asset Based Community Development Approach.
Tackle the causes of inequality and support our most vulnerable people	Prioritising support for those faced with terrible choices, between food or warmth or other essential needs, working with communities and through our community partners to build community wealth. This has included working with partners, strengthening the capacity of the Council's high performing welfare support team, and leveraging resources to provide targeted help for those in extreme difficulty, acknowledging rising demand for help and support for the most vulnerable.
	A Colchester Emergency Fund provided targeted help for those in extreme difficulty, whether with food or warmth or other essential needs, as a supplement to national schemes and other support, working through our community partners.
	A Crisis Reaction Service drew on and strengthened our high performing benefits team, acknowledging rising demand, continuing to connect residents to sources of support and to otherwise alleviate hardship, at pace, with partners. This enabled a Local Council Tax Support (LCTS) Fund to launch, enabling discretionary support, with remaining funding from the main scheme, of up to £100 to all Council Taxpayers in hardship, with minimal application process.
Provide opportunities for young people	Through Town Deal funding, commencing work to transform youth facilities in the City Centre (Townhouse youth centre), Stanway and Highwoods.
	Completion of Buffett Way Playground refurbishment (£30k), modernising this play space after years of deprivation, with 'Priority 1' play areas to invest an additional £150k playground funding made available to upgrade play areas that are in desperate need.

3. Delivering Homes for People who Need Them

Priority Description	Achievements
Increase the number, quality, and types of homes	The Strategic Plan target was to deliver 380 affordable homes (set pre Covid). By year end 2023 the number of homes delivered was 390 homes. During 2022-2023 a total of 172 homes were delivered including 100 with Registered Providers via S106 agreements, 42 via 100 Homes & Acquisitions, 20 Council new build and 10 First Homes (the government's new Home Ownership product).
Prevent households from experiencing homelessness	<p>During 2022-23, homelessness was prevented for 209 households and 77 households were assisted into accommodation under the relief duty. The Rough Sleeper Team provided support and assistance to 137 rough sleepers and accommodated 53, whilst 29 rough sleepers were reconnected.</p> <p>Help and support, with community and voluntary groups, to integrate Ukrainian and other refugees into our communities was also provided, increasing work with Refugee Action and Colchester Borough Homes to manage and minimise any homelessness issues; increasing rematching activities as original arrangements end.</p>
Create new communities and adopt a new Local Plan that delivers jobs, homes, and the infrastructure to meet the Borough's future needs.	A new Local Plan was adopted, which allocates sites for housing, employment, and associated infrastructure.

4. Growing a Fair Economy so Everyone Benefits

Priority Description	Achievements
<p>Enable Economic Recovery from Covid-19 ensuring all residents benefit from growth.</p>	<p>Support and grants have been provided to businesses to support them through the pandemic. As well as providing direct grants, we have worked with partners in North Essex Economic Board to jointly fund business support using Government funding, also providing specialist support to businesses including on cost reduction and decarbonising.</p>
<p>Work with partners to deliver a shared vision for a vibrant town.</p>	<p>Our bid for City Status was successful and we are engaging partners to agree how to capitalise on this.</p> <p>Work with Essex County Council and partners to develop a Masterplan for the Town Centre is well underway with strong engagement with partners and stakeholders. We are also working with the Business Improvement District to support businesses through their Leisure Recovery Strategy and on projects such as to install new gateway signage to promote use of local city centre retail.</p>
<p>Create an environment that attracts inward investment to Colchester and help businesses to flourish.</p>	<p>Government approved all our £18.2m Town Deal business cases and so projects are starting delivery work on improved public spaces, easier transport, better digital connection, and new community facilities.</p> <p>Our £20m bid to the Government's Levelling Up funding for the Town Centre was successful and so we are carrying out the necessary preparatory work.</p>

5. Celebrating our Heritage and Culture

Priority Description	Achievements
<p>Agree and implement a new Cultural Strategy that supports our cultural assets</p>	<p>The Shared Prosperity Fund will support three projects to be delivered by Creative Colchester; business support for the cultural sector and creative industries in Colchester; a new monthly cultural offer in the City Centre bridging the gap between the day and night economies and a project working with local schools to encourage young residents to pursue careers in our local cultural industries.</p>
	<p>Funding has been allocated across 29 projects under Year 2 of the Cultural and Creative Events Fund as per the recommendation in the Cultural Strategy to provide micro grants to arts, cultural and heritage activity.</p>
<p>Strengthen Colchester's tourism sector and welcome more visitors each year</p>	<p>To help build back awareness of and confidence in Colchester as a visitor destination with the group travel industry and mitigate costs and other issues which can deter groups from visiting, a coach and group tourism incentive scheme supported by a targeted promotional campaign including free bookable city centre coach parking (previously pay and display and not reservable), refreshment/shopping vouchers for drivers/couriers and a discount to the Castle was launched. In the first year of the scheme 50 groups registered bringing nearly 2,000 additional visitors to the city centre between May and Dec 2022.</p>
<p>Protect, enhance, and celebrate Colchester's unique heritage</p>	<p>Visitor numbers for 2022-23 at the Castle exceeded pre-pandemic levels with total admissions and school groups reaching 89,634 people – a figure only previously reached in the years immediately after the castle's redevelopment in 2014.</p>
	<p>The Castle welcomed the King and Consort as part of the celebration of city status.</p>

Key performance indicators for 2022/23

The Council has 16 key performance indicators that are reported to Cabinet twice a year. 2022/23 key performance indicator targets were approved by 9 March 2022 Cabinet. Actual performance in 2022/23 is shown below.

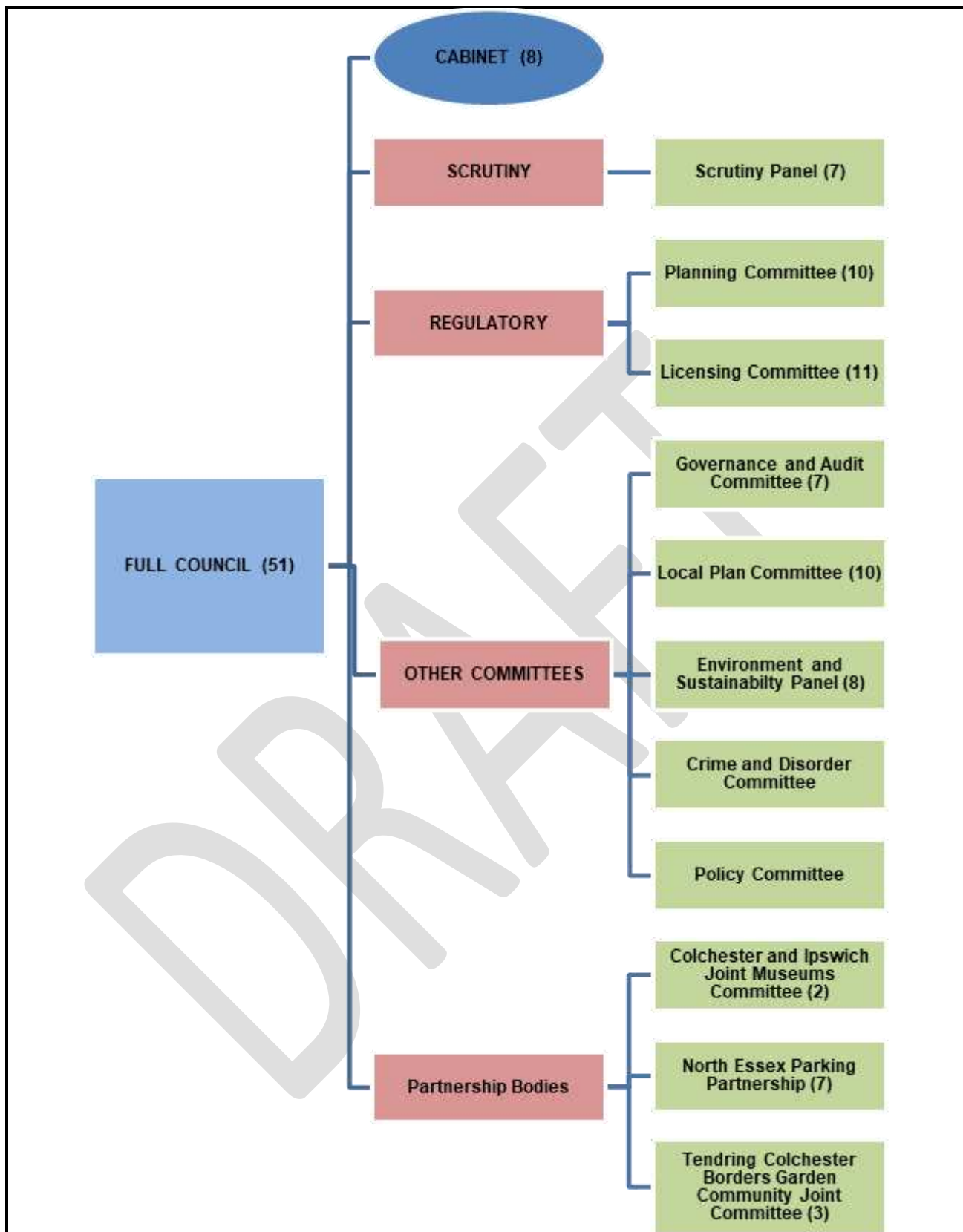
Service Area	Indicator	Red/Amber/Green (RAG) Status	
		2021/22	2022/23
Housing Benefits	Time to process new claims and changes (two indicators).	Green	Green
Housing	Net additional homes provided.	Green	Red
	Affordable homes delivered (gross).	Red	Green
	Homelessness cases prevented.	Green	Red Number of households in temporary accommodation per 1,000 households
	Rent collected.	Green	Green
	Average time to relet council homes.	Red	Green
Planning	Processing of major planning applications.	Green	Green
	Processing of minor planning applications.	Green	Green
	Processing of other planning applications.	Green	Green
Resources and Organisation	Council Tax collected.	Green	Green
	Business Rates collected.	Green	Green
	Sickness rate in working days.	Red	Red
Waste and Recycling	Residual Waste per household.	Red	Red
	Household waste reused, recycled, and composted.	Red	Red
	Number of weekly missed collections.	Green	Green

Governance

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

The key message from the Head of Internal Audit annual report for 2022/23 is that the Council's internal auditors TIAA are satisfied that Colchester City Council has reasonable and effective risk management control and governance processes in place. There has been a marked increase in the number of individual audits achieving a substantial assurance rating.

All the Councillors meet together as Full Council 9 times a year, in a public forum, to set the policy and budget framework within which the Council operates. Set out below is a diagram of the Decision-Making bodies for Colchester City Council that were in place during 2022/23.



The Cabinet

The Cabinet consists of the Leader of the Council and up to seven other Councillors. The main functions are as follows:-

- To propose the budget and policy framework for approval by the Council
- To carry out all of the Council's functions and take all decisions except:
 - (a) Those reserved to Council, the Local Plan Committee, the Planning Committee, and the Licensing Committee;
 - and
 - (b) Those delegated to the officers, providing those decisions are not in conflict with the approved budget policy framework.
- To refer matters including the review of strategies and policies to the Scrutiny Panel for consultation, investigation, and report.

Scrutiny Panel

This Committee is responsible for overview and scrutiny, which supports the work of the Cabinet and the Council as a whole.

Licensing Committee

The Licensing Committee has specific responsibility for considering all aspects of licence applications, variations, suspensions, and revocations across the spectrum of local authority licensing responsibilities except for all matters relating to taxi and private hire licensing which are dealt with by the Taxi and Private Hire Licensing Panel.

Planning Committee

The Planning Committee has specific responsibility for:

- Building Regulations and Safety of Buildings and Premises
- Conservation and Listed Buildings
- Tree Preservation and Planting; and
- Strategic Highway and Transportation issues.

Governance and Audit Committee

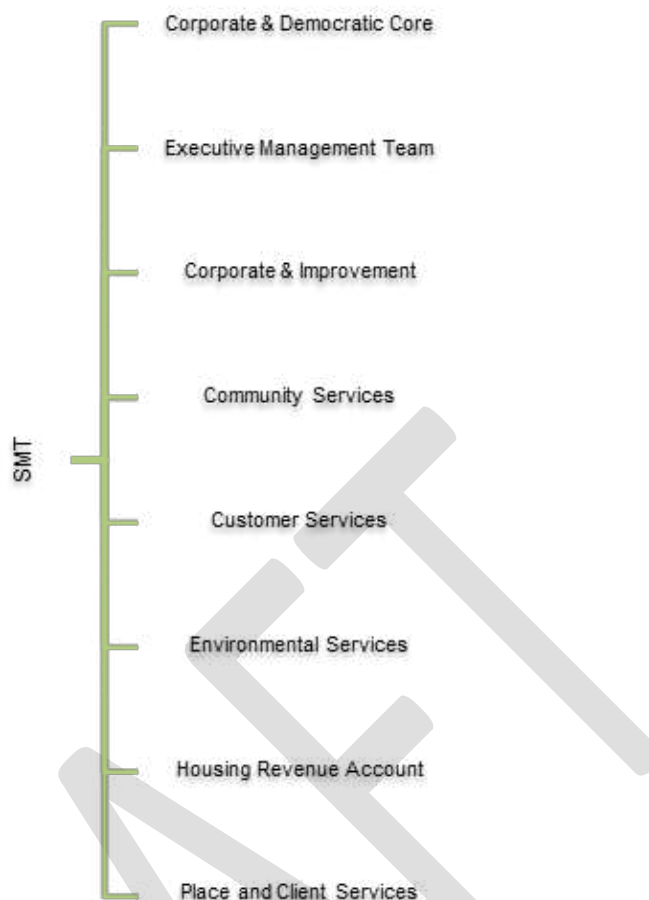
The Committee is made up of 7 Councillors and normally meets up to 8 times per year. Its function is to:-

- Consider and approves the Council's Statement of Accounts and review the Council's annual audit letter.
- Deal with the Council's governance, risk management and audit arrangements.
- Make recommendations to the Council on functions such as Elections and bye laws and determine Community Governance Reviews.

The Management Structure of the Council

Supporting the work of elected Members is the organisational structure of the Council headed by the Strategic Management Team (SMT). The senior management team consists of the Chief Executive, Deputy Chief Executive and Strategic Director of Policy and Place, and four Assistant Directors.

The Council appoints a Monitoring Officer and Chief Finance Officer, as required by law. These officers have responsibility to take action if the Council has, or is about to, break the law or if the Council is about to set an unbalanced budget. Areas of responsibility are shown in the following diagram:



Organisations consolidated within the group accounts

There have been no changes in the organisations consolidated in the group accounts.

There have been no changes in 2022/23 to the organisations consolidated in the Group Accounts.

The Group Accounts include Colchester Borough Homes (CBH). CBH was created in 2003 as an Arm's Length Management Organisation. It provides landlord services to the Council's housing tenants including:

- Tenancy management, housing support and older persons services
- Managing and maintaining the Council's housing stock
 - routine and emergency repairs
 - planned maintenance; and
 - major refurbishment and improvement programmes.
- Facilities management and the housing options service.

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

- Housing development through Colchester Amphora Housing Ltd
- Energy provision through Colchester Amphora Energy Ltd
- Events and Helpline through Colchester Amphora Trading Ltd

CCHL also manages some of the Council's Capital Programme.

Financial Performance Summary 2022/23

Revenue

General Fund

The table below reflects the Month 12 (year-end) Management Accounts for 2022/23.

General Fund Services 2022/23	Net Expenditure		Variance
	Budget	Outturn	
	£000's	£000's	£000's
Corporate & Democratic Core	(448)	(520)	(72)
Executive Management Team	827	731	(96)
Corporate & Improvement	6,788	6,995	207
Customer	3,938	3,889	(49)
Community	932	978	46
Environment	6,443	7,632	1,189
Place and Client	5,005	5,089	84
Financing & Recharges	1,302	261	(1,041)
Corporate and Technical	(2,830)	(3,261)	(431)
Totals	21,957	21,794	(163)

The Month 12 Accounts show that the General Fund budget was in surplus by £0.163 million at year end. This was an improvement from the forecast deficit of £0.434 million forecast at Quarter 3 (31st December 2022), although it recognised that there remained a number of potential changes to the forecast, which have materialised, such as additional ad-hoc Government grants of £0.261 million and a year-end review of corporate items carried forward from previous years.

The most significant variance related to the Environment service, falling short of budget by £1.189 million, although a significant overspend had been identified as early as Quarter 1 (30th June 2022), due to employee costs, including delivery of the Waste service, and challenging economic conditions such as inflationary pressures on fuel costs.

In contrast, there was a net gain on capital financing costs, with a net surplus of £1.076m on interest payable, interest earnings and Minimum Revenue Provision charges. Furthermore, a review of corporate item carry forwards from previous years delivered a saving of £0.532 million.

Housing Revenue Account

The table below summarises the outturn on the HRA for 2022/23 compared to 2021/22.

Description	2021/22 £000's	2022/23 £000's	Variance £000's
Total Income	(30,215)	(31,703)	(1,488)
Total Expenditure	32,444	44,150	11,706
Net Cost of Services (included in CIES)	2,229	12,447	10,218
Corporate expenses charged to HRA	399	471	72
Net Cost/(Income) of HRA Services (included in CIES)	2,628	12,918	10,290
Other accounting adjustments	362	2,060	1,698
(Surplus)/Deficit on HRA Services	2,990	14,978	11,988
Reconciling adjustments (including reversals)	(3,056)	(15,004)	(11,948)
(Increase) /Decrease in HRA Balance	(66)	(26)	40

The HRA Balance further increased by £0.026 million in the year (£0.066 million in 2021/22); this was despite some significant increases in Management and Repairs and Maintenance, which were up by £1.895 million this year (from £15.242 million in 2021/22, to £17.137 million in 2022/23).

In contrast, overall Income increased by £1.488 million (from £30.215 million in 2021/22, to £31.703 million in 2022/23), driven by additional income received from Dwelling Rents.

Capital charges for Depreciation and Amortisation increased in the year by £0.510 million (from £5.013 million in 2021/22, to £5.523 million in 2022/23). Revaluation Losses of £23.780 million (£16.112 million in 2021/22) were charged to the HRA, which outweighed Revaluation Gains of £2.729 million (£3.858 million in 2021/22) credited to the HRA (to reverse Revaluation Losses that had been charged in previous years). The Revaluation Losses and Impairment Charges made to the HRA do not impact on Rent levels as they are reversed out in the Movement in Reserves Statement.

A significant contribution of £4.409 million was made from the HRA to fund capital expenditure this year (compared to £5.247 million in 2021/22, which reduced due to the lower net operating expenditure surplus in 2022/23). The HRA Balance ended the year at £4.582 million (compared to £4.555 million in 2021/22).

Capital

The table below summarises the Capital Expenditure outturn for 2022/23.

Description	2021/22	2022/23
	£000's	£000's
General Fund	10,607	12,235
Housing Revenue Account (HRA)	25,607	29,657
Total Capital Programme	36,214	41,892

Expenditure on the General Fund Capital Programme increased by £1.628 million this year, although this was short of the overall budget provision of £73.466 million. There were two dominant areas of underspending on General Fund capital:

- New Council Housing Company Loans (£26.700 million) – the Programme originally included plans to advance loans of £26.7 million to Colchester Amphora Housing Ltd. However, no loans were subsequently advanced due to a change in delivery strategy and the Council's appetite for risk. The planned loans have now been removed from the Capital Programme; and
- Equity Investment in CCHL (£5.800 million) – as with loans to the Housing Company, there was no Equity Investment in Colchester Amphora Housing Ltd in 2022/23 and such planned capital investment has now been removed from the Capital Programme due to the change in delivery strategy.

There was a net increase of £4.050 million in expenditure on the HRA Capital Programme in the year compared to 2021/22. However, total expenditure – at £29.657 million – on the overall Capital Programme was £32.128 million lower than originally planned, with three notable areas of underspending/slippage; New Build, Sheltered Accommodation and the Stock Investment Programme as follows:

- New Build (£12.798 million) – there was an underspend of £12.798 million (against a total budget of £14.432 million). There were two schemes which did not go ahead; Mill Road due to the review of Amphora Homes, and the inability to reach a viable agreement on Arthur Street. Funding for both have been carried forward and re-purposed into new schemes, such as the purchase of the Military Road site. There were underspends as several schemes encountered planning issues and delays, with the funding carried forward for the planned delivery of the units from April 2024 onwards.
- Sheltered Accommodation (£9.038 million) – the underspend relates to a delay in the refurbishment of Elfreda House, and the unspent budget will be carried forward into 2023/24 to enable the continuation of the project.
- Stock Investment Programme (£7.859 million) – the single largest variance on the Stock Investment Programme relates to the timing of the supplementary projects budget of £4.1m, which is making funding available for Climate Emergency works, including the Social Housing Decarbonisation Fund project and Retrofit works to the housing stock Regeneration project (underspend £2.728 million). There were also underspends relating to building safety works, roofing works, windows & doors and planned and major adaptation works, all of which have been carried forward (£1.5m) to enable delivery in 2023/24.

Balance Sheet

Usable Reserves

The overall balance on Usable Reserves reduced from £48.903 million to £46.515 million over the year. The year end balance comprised the following:

- General Fund Balance - £2.175 million (£2.161 million 2021/22)
- Housing Revenue Account Balance - £4.582 million (£4.555 million 2021/22)
- Earmarked Reserves - £28.067 million (£32.943 million 2021/22); and
- Capital Reserves - £11.691 million (£9.244 million 2021/22)

The most notable movement on Usable Reserves in 2022/23 was the reduction in Earmarked Reserves from £32.943 million to £28.067 million. The dominant factor was the net usage of £3.544 million on the Business Rates, which predominantly reflected the application of Section 31 reserves (built up during the pandemic) to the Collection Fund as explained below.

Collection Fund

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

- Council Tax (2022/23 Deficit £2.419 million) – the Colchester share of the recorded (in-year) Deficit is £0.299 million. The overall Deficit reflected the distribution of a forecast surplus balance of £3.329 million in 2021/22, which was £1.832 million higher than the eventually reported surplus of £1.497 million.
- Business Rates (2022/23 Surplus £13.361 million) – the Colchester share of the recorded (in-year) Surplus is £5.344 million. For the second year running, an exceptionally large Surplus was recorded as Section 31 reserves built up during the pandemic were released to the Collection Fund; the balance on the Business Rates element of the Collection Fund is now back in Surplus for the first time since 2019/20.

The Collection Fund carried an overall Surplus as of 31st March 2023 of £0.262 million (Council Tax £0.922 million Deficit, Business Rates £1.184 million Surplus).

Strategic Risks

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

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

For more information about these accounts, please contact:

Philippa Dransfield, Finance Manager (Technical),
Colchester City Council, Rowan House, 33 Sheepen Road, Colchester CO3 3WG
E-mail: philippa.dransfield@colchester.gov.uk
Tel : 01206 506575

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Chief Financial Officer's Responsibilities

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

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

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

The Chief Financial Officer has also:

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

Chief Financial Officer's Certificate:

I certify that the accounts give a true and fair view of the financial position of the Council as at 31 March 2022 and its income and expenditure for the year then ended.

Andrew Small CPFA
Director (Shared) - Finance (Section 151 Officer)
XX Month 2024

The Council's Responsibilities

The Council must:

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

I confirm that these accounts were approved by the Governance Committee at the meeting held on the xx xxxx xxx

Councillor Chris Pearson
Chair of Governance and Audit Committee
Signed on behalf of Colchester Borough Council
XX Month 2024

Movement in Reserves Statement

	Revenue Reserves			Capital Reserves		Total Usable Reserves	Unusable Reserves	Total Council Reserves
	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied			
	£000	£000	£000	£000	£000			
Balance at 1 April 2022	(2,161)	(4,555)	(32,943)	(9,205)	(39)	(48,903)	(427,664)	(476,567)
(Surplus) /deficit on the provision of services (accounting basis)	4,633	15,029	-	-	-	19,662	-	19,662
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(186,207)	(186,207)
Total Comprehensive Income and Expenditure	4,633	15,029	-	-	-	19,662	(186,207)	(166,545)
Adjustments between accounting and funding basis under regulation - note 9	229	(15,056)	-	(2,467)	20	(17,274)	17,274	-
Net increase/decrease before transfers to Earmarked reserves	4,862	(27)	-	(2,467)	20	2,388	(168,933)	(166,545)
Transfers to/from Earmarked reserves - note 10	(4,876)	-	4,876	-	-	-	-	-
Increase/(Decrease) in Year	(14)	(27)	4,876	(2,467)	20	2,388	(168,933)	(166,545)
Balance at 31 March 2023	(2,175)	(4,582)	(28,067)	(11,672)	(19)	(46,515)	(596,597)	(643,112)

	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021	(2,030)	(4,489)	(36,276)	(6,307)	(6)	(49,108)	(340,517)	(389,625)
(Surplus)/deficit on the provision of services (accounting basis)	(1,337)	2,990	-	-	-	1,653	-	1,653
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(88,595)	(88,595)
Total Comprehensive Income and Expenditure	(1,337)	2,990	-	-	-	1,653	(88,595)	(86,942)
Adjustments between accounting and funding basis under regulation - note 8	4,487	(3,004)	-	(2,898)	(33)	(1,448)	1,448	-
Net increase/decrease before transfers to Earmarked reserves	3,150	(14)	-	(2,898)	(33)	205	(87,147)	(86,942)
Transfers to/from Earmarked reserves - note 10	(3,281)	(52)	3,333	-	-	-	-	-
Increase/(Decrease) in Year	(131)	(66)	3,333	(2,898)	(33)	205	(87,147)	(86,942)
Balance at 31 March 2022	(2,161)	(4,555)	(32,943)	(9,205)	(39)	(48,903)	(427,664)	(476,567)

Comprehensive Income and Expenditure Statement

	Notes	2022/23			2021/22		
		Expenditure £'000	Income £'000	Net £'000	Expenditure £'000	Income £'000	Net £'000
Corporate & Democratic Core		360	(1,411)	(1,051)	327	(473)	(146)
Executive Management Team		824	-	824	792	(8)	784
Corporate & Improvement		9,309	(2,523)	6,786	9,229	(1,817)	7,412
Communities		11,215	(7,273)	3,942	12,505	(7,790)	4,715
Customer		41,606	(37,653)	3,953	48,549	(44,812)	3,737
Environment		24,395	(12,192)	12,203	22,135	(11,842)	10,293
Housing Revenue Account		47,401	(34,432)	12,969	29,702	(30,176)	(474)
Place and Client Services		22,729	(13,317)	9,412	21,970	(12,287)	9,683
Non Distributed Costs		503	-	503	775	(451)	324
Cost of Services		158,342	(108,801)	49,541	145,984	(109,656)	36,328
Other Operating Income and Expenditure	11	5,606	(5,887)	(281)	2,606	(1,337)	1,269
Financing and Investment Income and Expenditure	12	9,101	(7,240)	1,861	7,298	(8,238)	(940)
Taxation and non-specific grant income and expenditure	13	-	(31,459)	(31,459)	1,327	(36,331)	(35,004)
(Surplus) or Deficit on Provision of Services		173,049	(153,387)	19,662	157,215	(155,562)	1,653
Surplus/Deficit on revaluation of non-current assets.				(59,305)			(54,980)
Remeasurement of the net defined Pension				(126,902)			(33,615)
Other Comprehensive Income and Expenditure				(186,207)			(88,595)
Total Comprehensive Income and Expenditure				(166,545)			(86,942)

Balance Sheet

	Notes	31-Mar-23 £000	31-Mar-22 £000
Property, Plant and Equipment	14	721,026	659,864
Heritage Assets		1,332	1,332
Investment Properties	15	48,083	46,210
Intangible Assets		-	2
Long Term Investments		6	6
Long Term Debtors	20	7,312	7,021
Investment in subsidiaries		1,580	1,580
LONG TERM ASSETS		779,339	716,015
Assets Held for Sale	17	560	-
Inventories	22	221	198
Short Term Debtors	23	14,462	17,925
Short Term Investments		-	-
Short Term Loans		29	45
Cash and Cash Equivalents	24	36,851	80,512
CURRENT ASSETS		52,123	98,680
Short Term Creditors	25	(33,090)	(58,400)
Short Term Borrowing	19	(16,764)	(26,745)
Provisions	26	(2,423)	(2,126)
Revenue grants receipts in advance	36	(6,140)	(4,893)
CURRENT LIABILITIES		(58,417)	(92,164)
Long Term Creditors		(19)	(54)
Provisions	26	(107)	(113)
Long Term Borrowing	19	(141,094)	(141,094)
Pension Liabilities	39	34,523	(83,789)
Capital grants receipts in advance	36	(23,235)	(20,915)
Total Non-Current Liabilities		(129,932)	(245,965)
Total Net Assets		643,113	476,566
Usable Reserves		(46,515)	(48,902)
Unusable Reserves	27	(596,598)	(427,665)
Total Reserves		(643,113)	(476,567)

Cash Flow Statement

	2022/23 £000	2021/22 £000
Net surplus or (deficit) on provision of services	(19,661)	(1,653)
Adjustments to net surplus or deficit on provision of services for non-cash movements	30,986	29,644
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(1,950)	(5,746)
Net cash flows from Operating Activities	9,375	22,245
Investing Activities	(49,400)	(9,800)
Financing Activities	(3,637)	10,733
Net Increase or (decrease) in cash and cash equivalents	(43,662)	23,178
Cash and cash equivalents at the beginning of the reporting period	80,512	57,334
Cash and cash equivalents at the end of the reporting period	36,851	80,512

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Accounting Policies

AP 1 - General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts in accordance with proper accounting practices by the Accounts and Audit Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code of Practice) and the Service Reporting Code of Practice 2022/23, supported by International Financial Reporting Standards (IFRS).

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

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

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

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

AP 2 - Changes to Accounting Policies

There have been no changes to the Council's existing accounting policies in the 2022/23 financial year.

AP 3 - Accruals of Income and Expenditure

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

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

AP 4 – Overheads and Support Services

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

AP 5 - Charges to Revenue for Non-Current Assets

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

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

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

AP 6 - Revenue Expenditure Funded from Capital under Statute

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

AP 7 - Minimum Revenue Provision

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

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

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

AP 8 – Council Tax and Business Rates

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

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

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

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

AP 9 – Employee Benefits

Benefits Payable during Employment

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

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

Termination Benefits

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

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

Post-Employment Benefits

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

The liabilities of the pension fund attributable to the Council are included on the Council's Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by the employees, based on actuarial assumptions about mortality rates, employee turnover rates and projected earnings of current employees, etc. Liabilities are discounted to their value at current prices, using a discount rate determined by the actuary that is based on the indicative rate on high quality corporate bonds. The discount rate is the annualised yield based on the year point on Merrill Lynch AA rated corporate bond yield curve reflecting the actuary's estimate of the duration of the pension fund.

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

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

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

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

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

AP 10 – Financial Instruments

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

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

Financial Assets

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

- Loans and Receivables – initially recognised at Fair Value and subsequently measured at amortised cost. The amount reported in the Balance Sheet is the outstanding principal receivable plus any accrued interest;
- Fair Value through Profit and Loss – recognised and reported at Fair Value, with any movements being taken to 'Financing and Investment Income'; and
- Fair Value through Other Comprehensive Income – recognised and reported at Fair Value with any movements being taken to 'Other Comprehensive Income'.

Financial Liabilities

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

Impairment of Financial Assets

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

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

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

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

AP 11 - Government Grants and Contributions

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

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

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

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

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

AP 12 – Property, Plant and Equipment Recognition

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

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated as follows:

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

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

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

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

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

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

Disposals

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

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

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

AP 13 – Heritage Assets

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

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

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

AP 14 – Investment Properties

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

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

Investment properties are not depreciated.

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

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

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

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

AP 15 – Assets Held for Sale

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

Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line of the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus/Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

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

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

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

AP 16 – Fair Value Measurement

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

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

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

AP 17 - Cash and Cash Equivalents

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

AP 18 – Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

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

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

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

AP 19 - Reserves

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

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

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

AP 20 – Leases

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.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Finance Leases – The Council as Lessee

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

Finance lease payments are apportioned between:

- a charge for the acquisition of the interest in the Property, Plant or Equipment which is applied to write down the lease liability, and
- a finance charge which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation, revaluation and impairment losses are substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Finance Leases – The Council as Lessor

Where the Council grants a finance lease over a property, or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

At the start 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. The written-off value is not considered to be a charge against Council Tax, and as such is appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

A gain on disposal, representing the Council's net investment in the lease, is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement, matched by a long-term debtor asset in the Balance Sheet. The gain 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.

Finance lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property which is applied to write down the lease debtor including any premiums received, and
- finance income which is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. 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 Usable Capital Receipts Reserve.

AP 21 – Contingent Liabilities

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

AP 22 - Interests in Companies

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

Group Accounts are currently prepared to include the accounts of the wholly owned subsidiaries of the Council - Colchester Borough Homes Limited and Colchester Commercial Holdings Limited. Where material the Group Accounts for future years are expected to also include the accounts of the Council's proportionate share of North Essex Garden Communities Limited.

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

AP 23 – Joint Operations

Jointly controlled operations are arrangements whereby the parties that have joint control of the arrangement have the rights to the assets and obligations for the liabilities relating to the arrangement. The Council currently operates a joint operation in terms of its parking service (NEPP North Essex Parking Partnership)

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

AP 24 - Value Added Tax (VAT)

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

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

DRAFT

2. Expenditure Funding Analysis

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

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

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

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

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

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

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

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

2022/23	Net Expenditure chargeable to GF and HRA Balances £000	Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000	Net Expenditure in the CIES £000
Corporate and Democratic Core	(1,051)	-	-	-	-	(1,051)
Executive Management Team	731	-	93	-	93	824
Corporate and Improvement	5,838	77	871	-	948	6,786
Communities	2,217	626	1,099	-	1,725	3,942
Customer	3,090	-	863	-	863	3,953
Environment	8,025	2,087	2,091	-	4,178	12,203
Housing Revenue Account	(8,815)	21,741	43	-	21,784	12,969
Place and Client	6,036	2,192	1,184	-	3,376	9,412
Non-Distributed Costs	144	104	313	(58)	359	503
Net Cost of Services	16,215	26,827	6,557	(58)	33,326	49,541
Other operating income and expenditure	2,187	(2,468)	-	-	(2,468)	(281)
Financing and Investment income and expenditure	9,071	(9,449)	2,238	-	(7,211)	1,860
Taxation and non-specific grant income	(22,639)	(3,783)	-	(5,037)	(8,820)	(31,459)
(Surplus)/Deficit on Provision of Services	4,834	11,127	8,795	(5,095)	14,827	19,661

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

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

	2022/23 £000	2021/22 £000
Employee related expenditure	39,565	37,369
Other services expenses	80,185	83,439
Support Services Recharge	3,558	3,236
Depreciation, amortisation and impairment	32,301	23,302
Interest Payments	5,565	5,168
Precepts and levies	2,187	2,100
Payments to Housing Capital Receipts Pool	-	507
Pension Fund expenditure	2,238	2,230
Increase in bad debt provisions	170	-
Losses on the disposal of assets	3,419	3,346
Expenditure in relation to investment properties	1,128	32
Changes in the fair value of investment properties	-	-
Revaluation losses on write down of assets held for sale	-	-
Total Expenditure	170,316	160,729
Fees, charges and other service income	(59,184)	(68,691)
Interest and investment Income	(2,143)	(532)
Other investment income	-	(172)
Decrease in bad debt provisions	(391)	(76)
Income from council tax and non-domestic rates	(17,736)	(14,524)
Government grants and contributions	(60,607)	(62,110)
Gains on the disposal of assets	(5,746)	(5,166)
Income in relation to investment properties	(2,833)	(2,471)
Changes in the fair value of investment properties	(1,874)	(5,334)
Capital receipts not linked to disposals	(141)	-
Total Income	(150,654)	(159,076)
(Surplus)/Deficit on the Provision of Services	19,661	1,653

3. Accounting Standards that have been issued but have not yet been adopted

The standards introduced by the 2022/23 Code where disclosures are required in the 2022/23 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

1. IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).
2. Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material

- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances. None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements.
3. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

4. Critical judgements in applying accounting policies

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

Classification of leases

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

Classification of investment properties

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

Valuation of Property, Plant and Equipment

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

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

Heritage Assets

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

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

Composition of Group Accounts

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

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

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

Depreciation of Property, Plant and Equipment Assets

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

Revaluation of Property, Plant and Equipment Assets

The Council's Property, Plant and Equipment assets are revalued on a periodic basis and reviewed annually for indications of impairment. Advice on revaluation is provided by the Council's external property valuers in line with the CIPFA Code of Practice and the relevant RICS guidance. If actual results differ, the value of the Property, Plant and Equipment assets on the Council's Balance Sheet as at 31 March 2023 will be under or overstated. The financial impact will be adjusted in the following financial year.

A valuation exercise on the properties and land owned by Colchester City Council was carried out with a valuation date of 31 March 2022. This valuation was undertaken by an external Valuer, NPS Property Consultants Ltd, a firm of Chartered Surveyors. The valuation was prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards. In preparing the valuation, the Valuer has declared a 'material valuation uncertainty' in the valuation report.

Net Pension Liability

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

The effect on the net pension liability of changes in individual assumptions can be measured. For example a 0.1% increase in the discount rate assumption would lead to a decrease of £6 million in the net pension liability from £338 million to £332 million. See Note 39 which includes details of the sensitivity analyses on the present value of the defined benefit pension obligation.

Debt impairment

The Council has included a provision of £8.6 million for the impairment of doubtful debts as at 31 March 2023 in its accounts. Based on current collection rates the provision is deemed sufficient to cover all liabilities that may arise in the future. However, it is not certain that this provision will continue to be sufficient. If debtor collection rates were to deteriorate, further consideration would be given to reviewing the criteria for calculating the provision with a view to increasing the provision held by the Council.

Provision for Business Rates Appeals

The Council has made a provision for a reduction in business rate income due to appeals against the rateable values set by the Valuation office agency (VOA). Where appeals are against the 2010 valuation list, the estimate is based on information from the VOA on historic appeals in the past. The provision for appeals raised as part of the 2017 valuation is based on a percentage of the year end Business Rates rateable value. The percentage is based on the change in the National Business Rates Multiplier for the year adjusted for local factors. The total provision as at the 31 March 2023 was £6.057 million (of which £2.423 million is Colchester City Council).

Provision for the impairment of Financial Instruments

At 31 March 2023, the Council held on its Balance Sheet a balance for its short and long term financial instruments. A review of these balances suggests that on occasion a bad debt provision is required. Where possible the assessment takes into account the impact of the current economic climate where applicable.

Fair value measurements

When the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using appropriate valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model).

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. These judgements typically include considerations such as uncertainty and risk. Changes in the assumptions used could affect the fair value of the Council's assets and liabilities.

Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value. External valuers who are members of the Royal Institution of Chartered Surveyors were employed to value the Council's Investment Properties, Surplus Assets and Assets Held for Sale. External treasury advisors were employed to value the Council's Financial Instruments (financial assets and liabilities).

Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is set out in Note 15 for Investment Properties, Surplus Assets and Assets Held for Sale, and Note 18 for Financial Instruments.

The Council uses a combination of valuation techniques to measure the fair value such as the discounted cash flow (DCF) model, Market valuation method and the Net Present Value approach.

The significant unobservable inputs used in the fair value measurement include factors such as management assumptions regarding rent yield levels and other factors. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets and liabilities.

6. Material items of income and expenditure

Material items of income and expenditure not specifically detailed on the face of the Comprehensive Income and Expenditure Statement and not specifically disclosed within other notes are as follows:

General Fund

The Council during the year revalued a sample of Land and Buildings Assets and Surplus Assets during the year and at the year end. These revaluations were performed by the Council's external valuers. The overall impact of these revaluations was £22.9m.

Housing Revenue Account

The Council's housing stock, garages and other HRA properties were revalued as at 31 March 2023 by the Council's external valuers on a book valuation basis using the 'Stock Valuation for Resource Accounting' guidance produced by the MHCLG. The overall net impact was an increase of £22.2m

In 2022/23 the Council incurred expenditure of £20.9m on its housing stock, which related to the replacement of existing components of buildings in order to maintain the stock at the Decent Home Standard prescribed by the Government. Under the Code of Practice, the original cost of the components of £0.6m has been derecognised in the 2022/23 accounts. The remaining balance of the expenditure has been treated as a revaluation loss, which has been taken to the Housing Revenue Account Income and Expenditure Statement. This expenditure has then been transferred to the Capital Adjustment Account via Movement in Reserves Statement, in accordance with statutory regulations.

7. Prior period adjustments

There are no prior period adjustments in 2022/23

8. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance (and Section 151 Officer) on **xxxx**. Events taking place after this date are not reflected in the financial statements or notes.

9. Adjustments between accounting basis and funding basis under regulations

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

General Fund Balance

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

Housing Revenue Account Balance

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

Capital Receipts Reserve

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

Major Repairs Reserve

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

Capital Grants Unapplied Account

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

	General Fund Balance	Housing Revenue Account	Capital Receipts reserve	Major Repairs Reserve	Capital grants unapplied	Movement in Usable Reserves ³	Movement in Unusable Reserves	Total Reserves Movement
	£000	£000	£000	£000	£000	£000	£000	£000
For the year 2022-23								
Adjustments primarily involving the Capital Adjustment Account								
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</i>								
Charges for depreciation and impairment of non-current assets	(6,491)	(5,523)	-	-	-	(12,014)	12,014	-
Revaluation gains/(losses) on Property, Plant and Equipment	1,661	(21,051)	-	-	-	(19,390)	19,390	-
Movements in value of Investment Properties	1,874	-	-	-	-	1,874	(1,874)	-
Amortisation of Intangible Assets	(2)	-	-	-	-	(2)	2	-
Capital Grants and contributions applied	3,510	-	-	-	20	3,530	(3,530)	-
Capital Grants through CIES	3,783	-	-	-	-	-	-	-
Revenue Expenditure Financed from Capital under Statute	(3,763)	-	-	-	-	(3,763)	3,763	-
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(92)	(3,328)	-	-	-	(3,420)	3,420	-
Amounts additions not adding value to non-current assets written of to the Comprehensive Income and Expenditure Statement	-	(690)	-	-	-	(690)	690	-
Capital expenditure financed from Revenue Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement	-	4,409	-	-	-	4,409	(4,409)	-
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</i>								
Statutory provision for the repayment of debt	3,166	-	-	-	-	3,166	(3,166)	-
Adjustments involving the Capital Receipts Reserve								
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	99	5,647	(5,746)	-	-	-	-	-
Transfer of capital receipts not linked to to sales of non-current assets	141	-	(141)	-	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	3,420	-	-	3,420	(3,420)	-
Adjustments involving the Deferred Capital Receipts Reserve								
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-	-	-
Transfer to the Capital receipts Reserve upon receipt of cash	-	-	-	-	-	-	-	-
Adjustments involving the Major Repairs Reserve								
Reversal of Major Repairs Allowance credited to the HRA	-	5,523	-	(5,523)	-	-	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	5,523	-	5,523	(5,523)	-
Adjustments involving the Financial Instrument Fund Adjustment Account								
Unrealised Fair Value gains/losses on financial Instruments	58	-	-	-	-	58	(58)	-
Adjustments involving the Pensions Reserve								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(13,444)	(72)	-	-	-	(13,516)	13,516	-
Employers pension contributions and direct payments to pensioners payable in the year	4,692	29	-	-	-	4,721	(4,721)	-
Adjustments primarily involving the Collection Fund Adjustment Account								
Amount by which council tax and non-domestic rating income credited or debited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	5,037	-	-	-	-	5,037	(5,037)	-
Total Adjustments for 2022-23	229	(15,056)	(2,467)	-	20	(21,057)	21,057	-

10. Transfers to/from Earmarked Reserves

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

	Balance at 31- Mar-21	Transfers out	Transfers in	Balance at 31- Mar-22	Transfers out	Transfers in	Balance at 31- Mar-23
	£000	£000	£000	£000	£000	£000	£000
Reserve to Support Future Year's Budget	(8,895)	4,285	(4,019)	(8,629)	4,705	(2,158)	(6,082)
Pension Fund Deficit Reserve	(1,344)	-	(935)	(2,279)	-	(935)	(3,214)
Revenue Grants Unapplied Reserve	(3,173)	-	(1,696)	(4,869)	1,402	(279)	(3,746)
Repairs and Renewals Reserve	(2,845)	-	(333)	(3,178)	347	(691)	(3,522)
Business Rates Reserve	(15,875)	6,821	(864)	(9,918)	5,480	(1,936)	(6,374)
Decriminalisation Parking Reserve	(1,087)	751	-	(336)	618	(121)	161
Revolving Investment Fund Reserve	(1,596)	-	(460)	(2,056)	-	(30)	(2,086)
Capital Expenditure Reserve	(437)	170	(249)	(516)	310	(150)	(356)
Insurance Reserve	(652)	-	(87)	(739)	94	(110)	(755)
Strat Plan Delivery Reserve	-	-	-	-	-	(1,520)	(1,520)
Gosbecks Reserve	(136)	20	-	(116)	26	(3)	(93)
Other Reserves	(235)	(1)	(71)	(307)	3	(176)	(480)
Total	(36,275)	12,046	(8,714)	(32,943)	12,985	(8,109)	(28,067)

The **Reserve to Support Future Year's Budget** is maintained to provide funding for agreed items of expenditure which will occur in a future year, as well as funding allocated to support future years cost pressures.

The **Pension Fund Deficit Reserve** has been created to earmark the lump sum payment in as part of the pension triennial valuation.

The **Repairs and Renewals Fund** is maintained for the replacement of plant and equipment, and the maintenance of premises. Annual contributions are based upon the estimated renewal or repair cost, spread over the anticipated life of the asset.

The **Insurance Reserve** is kept to cover the potential risk of fire and damage to Council houses and other selected properties, as well as certain other risks. The Insurance Fund has been allocated between the provision and reserve elements.

The **Capital Expenditure Reserve** is maintained to provide finance for future capital schemes.

The **Revolving Investment Fund Reserve** has been created to support the delivery of income-producing development schemes and regeneration/economic growth projects. The three main sources of funding into the RIF are existing capital programme allocations, capital receipts and revenue funding. Revenue funding will be held in this reserve until it is required for future capital schemes or revenue expenditure as necessary.

The **Revenue Grants Unapplied Reserve** is maintained to hold the revenue grants income that have no conditions attached and are yet to be applied by the Council.

The **Business Rates Reserve** is maintained to cover the risks and volatility resulting from the Local Business Rates Retention scheme.

The **Gosbecks Reserve** is maintained to provide for the development of the Archaeological Park. The main source of funding was the 'dowry' agreed on the transfer of the land.

The **Decriminalisation Parking Reserve** is maintained to retain the surplus from the on-street parking account to be used to cover future shortfalls or support future transportation expenditure in accordance with the Decriminalisation of Parking agreement.

Other Reserves include:

- Support to spending on the Mercury Theatre building.
- Support to future Section 106 monitoring activity.
- Funding for the repair, maintenance and continuing development of ancient and historical monuments.

11. Other Operating Income and Expenditure

	2022/23			2021/22		
	Gross Exp	Gross Inc	Net (Inc) / Exp	Gross Exp	Gross Inc	Net (Inc) / Exp
	£000	£000	£000	£000	£000	£000
Parish Council Precepts	2,187	-	2,187	2,100	-	2,100
Payments to the Government Capital Receipts Pool	-	-	-	506	-	506
(Gains)/ Losses on the disposal of assets	3,419	(5,746)	(2,327)	-	(1,337)	(1,337)
Capital Receipts not linked to disposals.	-	(141)	(141)	-	-	-
	5,606	(5,887)	(281)	2,606	(1,337)	1,269

12. Financing and Investment Income and Expenditure

	2022/23			2021/22		
	Gross Exp	Gross Inc	Net (Inc) / Exp	Gross Exp	Gross Inc	Net (Inc) / Exp
	£000	£000	£000	£000	£000	£000
Interest payable and similar expenses	5,565	-	5,565	5,168	-	5,168
Interest receivable and similar income	-	(2,142)	(2,142)	-	(532)	(532)
Net interest on the defined liability	2,115	-	2,115	2,116	-	2,116
Net movement in bad debt provision	170	(390)	(221)	-	-	-
Pension Fund Administration Expenses	123	-	123	114	-	114
Income and expenditure in relation to investment properties	1,128	(2,833)	(1,705)	55	(2,200)	(2,145)
Changes in fair value of investment properties	-	(1,874)	(1,874)	-	(5,334)	(5,334)
Impairment losses	-	-	-	(155)	-	(155)
Other investment income	-	-	-	-	(172)	(172)
	9,101	(7,240)	1,861	7,298	(8,238)	(940)

13. Taxation and Non-Specific Grant Income

	2022/23			2021/22		
	Gross Exp £000	Gross Inc £000	Net (Inc) / Exp £000	Gross Exp £000	Gross Inc £000	Net (Inc) / Exp £000
Council Tax Income	-	(15,601)	(15,601)	-	(14,995)	(14,995)
Non-Domestic Rates	-	(2,135)	(2,135)	1,327	-	1,327
Non-ringfenced Government grants	-	(8,420)	(8,420)	-	(15,195)	(15,195)
Capital grants and contributions	-	(3,783)	(3,783)	-	(6,141)	(6,141)
VAT Refund	-	(1,520)	(1,520)	-	-	-
	-	(31,459)	(31,459)	1,327	(36,331)	(35,004)

DRAFT

14. Property, Plant and Equipment

2022/23	Council Dwellings	Other Land and Buildings	Vehicle, Plant and Equipment	Infra-Structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Gross Carrying Amount (Cost/Valuation)								
At 1 April 2022	422,969	182,490	21,790	15,442	399	26,519	17,390	686,999
Additions	22,623	3,625	1,292	263	-	-	10,127	37,930
Acc. Depreciation and Impairment written out to Gross Carrying Amount	(5,660)	(9,833)	-	-	-	-	-	(15,493)
Revaluations to Revaluation Reserve	34,160	14,240	-	-	-	10,905	-	59,305
Revaluations to (Surplus)/Deficit	(20,993)	1,604	-	-	-	-	-	(19,389)
Derecognition – disposals	(4,037)	(93)	-	-	-	-	-	(4,130)
Derecognition - other	-	-	-	-	-	-	-	-
Reclassified from/(to) Assets held for Sale	-	(560)	-	-	-	-	-	(560)
Reclassified within PPE categories	4,988	(386)	-	(167)	-	(579)	(3,856)	-
At 31 March 2023	454,050	191,087	23,082	15,538	399	36,845	23,661	744,662

Accumulated Depreciation and Impairment								
At 1 April 2022	(773)	(8,572)	(13,848)	(3,940)	-	-	-	(27,133)
Depreciation charge	(4,907)	(4,386)	(1,998)	(724)	-	-	-	(12,015)
Acc. Depreciation and Impairment written out to Gross Carrying Amount	4,900	9,833	-	-	-	-	-	14,733
Acc. Impairment written out to GCA	760	-	-	-	-	-	-	760
Impairment losses to Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses to (Surplus)/Deficit	-	-	-	-	-	-	-	-
Derecognition – disposals	-	-	-	-	-	-	-	-
Derecognition – other	20	1	-	-	-	-	-	21
Reclassified within PPE categories	-	-	-	-	-	-	-	-
At 31 March 2023	-	(3,124)	(15,846)	(4,664)	-	-	-	(23,634)
Net Book Value:								
At 31 March 2023	454,050	187,963	7,236	10,874	399	36,845	23,661	721,028
At 31 March 2022	422,196	173,918	7,942	11,502	399	26,519	17,390	659,866

2021/22	Council Dwellings	Other Land and Buildings	Vehicle, Plant and Equipment	Infra-Structure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated
	£000	£000	£000	£000	£000	£000	£000	£000
Gross Carrying Amount (Cost/Valuation)								
At 1 April 2021	387,140	162,395	22,501	15,437	399	23,757	9,115	620,744
Additions	20,925	4,187	705	11	-	-	9,929	35,757
Acc. Depreciation and Impairment written out to Gross Carrying Amount	(4,681)	(2,976)	-	-	-	(1)	-	(7,658)
Revaluations to Revaluation Reserve	34,424	18,618	-	-	-	1,938	-	54,980
Revaluations to (Surplus)/Deficit	(12,272)	2,174	-	-	-	150	-	(9,948)
Derecognition – disposals	(3,228)	(2,899)	(410)	-	-	-	-	(6,537)
Derecognition - other	(483)	(492)	(1,516)	(6)	-	-	-	(2,497)
Reclassified from/(to) Assets held for Sale	-	1,483	-	-	-	675	-	2,158
Reclassified within PPE categories	1,144	-	510	-	-	-	(1,654)	-
At 31 March 2022	422,969	182,490	21,790	15,442	399	26,519	17,390	686,999

Accumulated Depreciation and Impairment								
At 1 April 2021	(990)	(7,922)	(13,632)	(3,223)	-	(1)	-	(25,768)
Depreciation charge	(4,483)	(4,044)	(2,062)	(723)	-	-	-	(11,312)
Acc. Depreciation and Impairment written out to Gross Carrying Amount	4,464	2,891	-	-	-	1	-	7,356
Acc. Impairment written out to GCA	217	85	-	-	-	-	-	302
Impairment losses to Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses to (Surplus)/Deficit	-	-	-	-	-	-	-	-
Derecognition – disposals	19	-	330	-	-	-	-	349
Derecognition – other	-	418	1,516	6	-	-	-	1,940
Reclassified within PPE categories	-	-	-	-	-	-	-	-
At 31 March 2022	(773)	(8,572)	(13,848)	(3,940)	-	-	-	(27,133)
Net Book Value:								
At 31 March 2022	422,196	173,918	7,942	11,502	399	26,519	17,390	659,866
At 31 March 2021	386,150	154,473	8,869	12,214	399	23,756	9,115	594,976

Revaluations

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

The revaluations performed in 2022/23 were:

- A sample of General Fund properties as at 1 December 2022.
- Council dwellings and Homeless properties to their fair value as at 31 March 2023.
- A sample of Council properties within the year-end portfolio review performed as at 31 March 2023.
- Ad-hoc revaluations of other assets throughout the 2022/23 financial year.

The following statement shows the effective dates of the revaluations for the Property, Plant and Equipment assets that are revalued in the Council's rolling programme of the revaluations. The basis for the valuations is set out in the accounting policies detailed above.

15. Investment Properties

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

	2022/23 £000	2021/22 £000
Rental income from investment property	(3,048)	(2,200)
Direct operating expenses arising from investment property	1,109	55
Net (gains)/losses from fair value adjustments	(1,874)	(5,335)
Total	(3,813)	(7,480)

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

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

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

The following table summarises the movement in the fair value of investment properties during the year in the Balance Sheet:

	2022/23 £000	2021/22 £000
Balance at start of the year	46,210	40,811
Additions	-	64
Net gains/(losses) from fair value adjustments	1,874	5,335
Balance at end of the year	48,084	46,210

16. Fair Value Measurement of Property Assets

Fair Value Hierarchy

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

Recurring fair value measurements:	31-Mar-23			31-Mar-22		
	Other significant observable Inputs (Level 2) £000	Significant unobservable Inputs (Level 3) £000	Total Fair Value as at 31-Mar-23 £000	Other significant observable Inputs (Level 2) £000	Significant unobservable Inputs (Level 3) £000	Total Fair Value as at 31-Mar-22 £000
Surplus Assets						
Commercial development sites	-	35,983	35,983	-	25,657	25,657
Residential development sites	-	650	650	-	650	650
Other	-	212	212	-	212	212
Total (Note 14)	-	36,845	36,845	-	26,519	26,519
Investment Properties					Restated	
Commercial units	-	26,368	26,368	-	25,940	25,940
Retail units	2,968	6,033	9,001	3,013	6,446	9,459
Car parks	71	2,419	2,490	63	2,155	2,218
Residential development sites	68	467	535	72	412	484
Offices	7,277	-	7,277	7,244	-	7,244
Other	2,313	98	2,411	828	37	865
Total (Note 15)	12,697	35,385	48,082	11,220	34,990	46,210
Assets Held for sale						
Residential development sites	560	-	560	-	-	-
	13,257	72,230	85,487	11,220	61,509	72,729

The Council does not hold any property assets that have quoted prices in active markets for identical assets, and as such no assets have been categorised as Level 1 assets. No transfers have been made between Level 1 and 2 during the 2022/23 financial year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values

The Council's Surplus Assets and Investment Properties are valued by the Council's external valuers in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors, and the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

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

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

Level 2 Valuations

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

Level 3 Valuations

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

Highest and Best Use

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

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

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

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

	Commercial Units	Retail Units	Car parks	Residential Development sites	Other	Total
Investment Properties	£000	£000	£000	£000	£000	£000
Balance as at 1 April 2021	21,664	7,365	1,835	289	38	31,191
Transfers into level 3	-	-	-	-	-	-
Transfers out of level 3	-	-	-	-	-	-
Total gains or (losses) for the period included in the surplus/deficit on the provision of services	4,276	(919)	320	123	(1)	3,799
Balance as at 31 March 2022	25,940	6,446	2,155	412	37	34,990
Transfers into level 3	-	-	-	-	-	-
Transfers out of level 3	-	-	-	-	-	-
Total gains or (losses) for the period included in the surplus/deficit on the provision of services	428	(413)	264	55	61	395
Balance as at 31 March 2023	26,368	6,033	2,419	467	98	35,385

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

17. Assets Held for Sale

	2022/23 £000	2021/22 Restated £000
Carrying Amount 1 April	-	2,158
Assets newly classified as Assets Held for Sale	560	-
Asset disposals		-
Assets reclassified		(2,158)
Total Assets Held for Sale	560	-

18. Capital Expenditure and Capital Financing

Movements in Capital Financing Requirement in the year

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

	2022/23 £000	2021/22 £000
Opening Capital Financing Requirement 1 April	199,487	187,284
<i>Capital Investment</i>		
Property, Plant and Equipment	37,930	32,858
Investment Properties	-	64
Heritage Assets	-	10
Intangible assets	-	-
Revenue Expenditure Funded from Capital under Statute (REFCUS)	3,763	2,381
Long Term Debtors	200	900
<i>Sources of finance</i>		
Capital receipts	(3,420)	(1,743)
Government grants and other contributions	(3,804)	(6,109)
Grants and contributions towards REFCUS	(3,510)	(1,122)
HRA Major Repairs Reserve	(5,523)	(5,013)
Sums set aside from revenue and reserves	(4,720)	(5,536)
Repayment of loan	-	(2,178)
Minimum Revenue provision	(2,634)	(2,309)
Closing Capital Financing Requirement 31 March	217,769	199,487

Capital Commitments

At 31 March 2023, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2023/24 and future years budgeted to cost £13.0m. Similar commitments at 31 March 2022 were £13.4m.

The major commitments are:

- Elfreda House – £4.3m
- Decent Homes - refurbishment of dwellings– £2.7m
- Decent Homes - kitchens – £2.2m
- St Nicholas Square – £1.4m
- Townhouse and Improved Youth Provision – £1.2m
- Decent Homes - windows – £0.6m

19. Financial Instruments

Categories of Financial Instruments

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

The cash and cash equivalents balance of £36.851m at 31 March 2023 (£50.812m at 31 March 2022) includes bank overdraft balances. These bank overdrafts are an integral part of the Council's day to day cash management and they are not used for borrowing purposes. The bank overdraft balances totalled £2.796m at 31 March 2023 (£(30.981) million at 31 March 2022).

Items of Income, Expense, Gains and Losses

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

	2022/23			2021/22		
	Liabilities measured at amortised cost £000	Assets measured at amortised cost £000	£000	Liabilities measured at amortised cost £000	Assets measured at amortised cost £000	£000
Interest expense	5,565	-	5,565	5,168	-	5,168
Total expense in Surplus/Deficit on Provision of Services	5,565	-	5,565	5,168	-	5,168
Interest income	-	(1,924)	(1,924)	-	(532)	(532)
Other investment income - dividends	-	-	-	-	(172)	(172)
Total income in Surplus/Deficit on Provision of Services	-	(1,924)	(1,924)	-	(704)	(704)
Net (gain)/loss for the year	5,565	(1,924)	3,641	1,717	(704)	1,013

Fair Value of Financial Assets and Liabilities

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

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

The fair values calculated are as follows:

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

	31-Mar-23		31-Mar-22	
	Book Value £000	Fair Value £000	Book Value £000	Fair Value £000
Investments	6	6	6	6
Debtors - Amortised Cost	7,021	7,021	7,021	7,021
Long term Assets	7,027	7,027	7,027	7,027
Investments - Amortised Cost	-	-	11,500	11,486
Callable cash - amortised cash	-	-	7,554	7,504
Bank deposits < 3 months - Amortised Cost	12,526	12,526	53,054	53,054
Short Term Deposits	-	-	-	-
Cash - Amortised Cost	24,324	24,324	27,448	27,448
Debtors - Amortised Cost	8,742	8,742	9,332	9,332
Short Term Loans	29	29	45	45
Other financial assets at amortised cost	45,621	45,621	108,933	108,869
Total Financial Assets	52,648	52,648	115,960	115,896

	31-Mar-23		31-Mar-22	
	Book Value £000	Fair Value £000	Book Value £000	Fair Value £000
Short Term Creditors - Amortised Cost	(21,596)	(21,596)	(29,291)	(29,291)
Local Authority loans	(10,000)	(9,931)	(20,000)	(19,862)
Lobo Loans	(5,500)	(4,616)	(5,500)	(6,880)
Other borrowing	-	-	(1,245)	(1,245)
Short Term Financial liabilities at amortised cost	(37,096)	(36,143)	(56,036)	(57,278)
Public Works Loan Board - Amortised Cost	(132,094)	(103,758)	(132,094)	(148,225)
Other borrowing	(9,000)	(8,992)	(9,000)	(14,524)
Finance Lease - Amortised cost	-	-	(54)	(54)
LongTerm Liabilities at amortised cost	(141,094)	(112,750)	(141,148)	(162,803)
Total Financial Liabilities	(178,190)	(148,893)	(197,184)	(220,081)

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

The fair value of the Council's financial assets is the same as the carrying value of its investments; this reflects the Council's low risk investment strategy as approved by the Council in February 2020.

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

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

Impairment on Financial Assets

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

Council debtors as reported in Notes 19 and 21 have also been evaluated for economic default and the bad debt provisions have been altered as appropriate.

Soft Loans

The Council has made the following interest free loans:

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

Loans to Private Sector Occupiers

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

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

Nature and Extent of risks arising from Financial Instruments

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

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

Overall procedure for managing risk

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

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

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations;
- by approving annually in advance prudential and treasury indicators for the following three years, limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures to the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.

- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.
- by approving a long term Capital Strategy to provide a view of how the Council's long term capital investment and associated financing has an impact on the treasury management strategy and the Medium-Term Financial Plan.

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

The annual Treasury Management Strategy and Long Term Capital Strategy was approved by Council on 24 February 2021 and is available on the Council's website.

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

Credit Risk

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

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

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

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

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £53.054 million (2020/21 £40.520 million). In line with the new accounting requirements a default review of the financial institution the Council invests with as at 31 March 2022 and the financial impact of potential default was immaterial, due to the low risk nature of the Council's investment policy.

The impact of Covid-19 has created additional risks and uncertainty within the economy however these risks are mitigated due to the Council's Treasury Management Strategy. The full Investment Strategy for 2022/23 was approved by Full Council on 23 February 2022 and is available on the Council's website.

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

Liquidity risk

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

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

All sums owing on investments of £12.526 million (2021/22 £53.054 million) are due to be paid in less than one year.

Refinancing and Maturity risk

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

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

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

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

	31-Mar-23		31-Mar-22	
	£'000	%	£'000	%
Less than 1 year	10,000	6.39	20,000	12.01
Between 1 and 2 years	700	0.45	-	-
Between 2 and 5 years	-	-	700	0.42
Between 5 and 10 years	6,500	4.15	4,000	2.40
Maturing in more than ten years	139,394	89.02	141,894	85.17
Total	156,594	100.00	166,594	100.00

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

Market risk

Interest rate risk

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

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

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

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

According to this assessment strategy, at 31 March 2023, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would have been:

	31-Mar-23 £000	31-Mar-22 £000
Increase in interest receivable on variable rate investments	(210)	(689)
Increase in interest payable on borrowings(all Council borrowing is at fixed rate)	-	-
Impact on Surplus/Deficit on Provision of Services	(210)	(689)
Decrease in fair value of fixed rate borrowings liabilities (no impact CIES)	(16,662)	(29,596)
Share of overall impact credited to the HRA	(88)	(157)

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

20. Long Term Debtors

These are debtors which fall due over a period of at least one year. They comprise mortgages held by the Council, sums repayable on sale of the property and finance lease debtors.

	31-Mar-23 £000	31-Mar-22 £000
Improvement of Private Sector Houses	1,026	1,000
Finance Lease Debtors	4,571	4,590
Colchester Amphora Energy Limited	1,700	1,415
Other Loans	16	16
	7,313	7,021

Interest free advances have been made under the Financial Assistance Policy for Private Sector Housing. These are secured against the property and repayable on sale. The 'loss' for interest foregone is calculated based on the current market rate at the end of the year in which the advance is recognised for an equivalent loan and using an assumed average life for the loans. The reduced loans balance thus created will be written back up to full value over the life of the loans (see the disclosures regarding the Financial Instruments Adjustment Account in Note 25).

21. Investment in Subsidiaries

As at 31 March 2023 the Council provided £1.580m of equity investment into the following company:

	Class of share	Holding	31-Mar-23	31-Mar-22
Colchester Commercial Holdings Limited	Ordinary	100%	1,580	1,580

22. Inventories

	31-Mar-23 £000	31-Mar-22 £000
Beauty	12	4
Equipment	48	49
Food & Drink	11	6
Fuel	35	18
information	48	41
Protective clothing	34	36
Retail	15	29
Stationery	2	3
Trade Bins	16	13
	221	199

23. Short-term Debtors

	31-Mar-23 £000	31-Mar-22 £000
Grants and Taxes	2,055	2,619
Trade Debtors	4,559	2,303
Prepayments	2,370	2,111
Housing Benefit Overpayments	415	511
NNDR ratepayers' arrears	375	815
Council Tax ratepayers' arrears	296	308
Central Government	1,018	-
Other Local Authorities	-	890
NHS Bodies Grants	1,637	1,637
Other Debtors	1,738	6,732
	14,463	17,926

The above short-term debtor values are presented net of impairments (allowances for non-collection). The Council's total provision for non-collection of debt is £8.3 million as at 31 March 2021 (£8.7 million as at 31 March 2022).

24. Cash and Cash Equivalents

	31-Mar-23 £000	31-Mar-22 £000
Cash	10	11
Call Accounts and short term deposits	12,526	53,054
Bank Balance	24,314	27,448
	36,850	80,513

25. Short-term Creditors

	31-Mar-23	31-Mar-23
	£000	£000
Amounts falling due within one year:		
Trade Creditors	(16,747)	(6,113)
Receipts in Advance	(1,472)	(4,683)
Other Taxes and Social Security	-	(1,797)
Collection Fund Agency	(7,084)	(23,967)
NNDR Prepayments	(1,112)	(1,562)
Council Tax Prepayments	(518)	(428)
Central Government	(547)	-
Other Local Authorities	(89)	-
Other Creditors	(5,520)	(19,849)
Total short term creditors	(33,089)	(58,399)

26. Provisions (Short and Long Term)

	2022/23	2021/22
	£'000	£'000
Non-Domestic Ratings Appeals Provision (see below)	(2,423)	(2,126)
Insurance Provision	(107)	(113)
Other Provision	-	-
Total Provisions	(2,530)	(2,239)

Non-Domestic Ratings Appeals Provision

	2022/23 £'000	2021/22 £'000
Balance at 1 April	(2,126)	(3,400)
RV list amendments charged against provision for appeals	446	790
Changes in provision for appeals	(743)	484
Balance at 31 March	(2,423)	(2,126)

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

The adjustments to the provision made in 2022/23 are based on appeals against 2010 valuations that were shown as being outstanding on the Valuation Office list of March 2017, and an estimate of likely appeals against the 2017 valuations.

27. Usable Reserves

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

28. Unusable Reserves

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

	31-Mar- 23 £000	31-Mar- 22 £000
Revaluation Reserve	(255,279)	(200,203)
Capital Adjustment Account	(302,614)	(312,163)
Pensions Reserve	(34,523)	83,789
Collection Fund Adjustment Account	(352)	4,685
Accumulated Absences Account	537	537
Deferred capital receipts	(4,607)	(4,607)
Financial instruments adjustment account	240	298
Total	(596,598)	(427,664)

Revaluation Reserve

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

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

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

	2022/23 £000	2021/22 £000
Balance 1 April	(200,205)	(148,354)
Comprehensive Income & Expenditure:		
Net Gain on revaluation of assets	(59,305)	(54,980)
Accounting / Financing Adjustments:		
Accumulated gains on assets sold or scrapped	1,036	719
Depreciation charged to Revaluation Reserve	3,194	2,410
Balance 31 March	(255,280)	(200,205)

Capital Adjustment Account

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

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

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

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

	2022/23 £000	2021/22 £000
Balance 1 April	(312,161)	(309,365)
Accounting / Financing Adjustments:		
Write down Intangible Assets	2	2
Depreciation	12,014	11,312
Revaluations and impairment of non-current assets	20,070	9,968
Revaluation losses on heritage assets	-	(10)
Movements in value of Investment Properties	(1,874)	(5,334)
Non-current assets written off on disposal	3,420	3,846
Revenue Expenditure Financed from Capital under Statute	3,763	1,259
Capital expenditure financed from revenue	(4,409)	(5,536)
Capital expenditure financed from Capital Receipts	(3,420)	(1,743)
Capital expenditure financed from Capital grants and contributions	(7,313)	(6,109)
Use of the Major Repairs Reserve to finance new capital expenditure	(5,523)	(5,013)
Minimum Revenue Provision	(2,953)	(2,309)
Accumulated gains on assets sold or scrapped	(1,036)	(719)
Depreciation charged to Revaluation Reserve	(3,194)	(2,410)
Balance 31 March	(302,614)	(312,161)

Pension Reserve

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

	2022/23 £000	2021/22 £000
Balance 1 April	83,789	107,975
Comprehensive Income & Expenditure:		
Remeasurement of the net defined benefit liability	(126,902)	(33,615)
Accounting / Financing Adjustments:		
Reversal of items relating to retirement benefits debited or credited to the surplus/deficit on provision of services	13,516	13,925
Employer's pension contributions and direct payments to pensioners payable in the year	(4,926)	(4,496)
Balance 31 March	(34,523)	83,789

Deferred Capital Receipts Reserve

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

	2022/23 £000	2021/22 £000
Balance b/f	(4,608)	(4,647)
Transfer to Capital Receipts Reserve upon receipt of cash	-	39
Balance 31 March	(4,608)	(4,608)

Collection Fund Adjustment Account

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

	2022/23 £000	2021/22 £000
Balance 1 April	4,685	12,998
Difference between accounting and statutory credit for Council Tax	308	(307)
Difference between accounting and statutory credit for Non-Domestic Rates	(5,344)	(8,006)
Balance 31 March	(351)	4,685

29. Cash Flow Statement – Operating Activities

	2022/23 £000	2021/22 £000
Depreciation	12,014	11,312
Amortisation	2	2
Impairment and downward valuations	20,080	9,948
Reductions in fair value of Non-PWLB concessionary loans	-	-
Reductions in the fair value of soft loans (non Subsidiary) made in the year	-	-
Soft Loans (non Subsidiary) – interest adjustment credited to the CIES during the year	-	-
Adjustments for effective interest rates	-	-
(Decrease)/Increase in provision for doubtful debts re: Loans and Advances	-	-
Increase/(decrease) in Interest Creditors	412	(160)
Increase (decrease) in Creditors	(13,479)	(9,535)
(Increase)/Decrease in Interest and Dividend Debtors	(31)	(42)
(Increase)/Decrease in Debtors	1,583	8,637
Increase in Inventories	(23)	(49)
(Decrease)/increase in Pension Liability	8,590	9,412
Contributions to Provisions	292	(1,292)
Carrying amount of non-current assets sold	3,419	854
Loans relating to deferred capital receipts	-	-
Carrying amount of short and long term investments sold	-	-
Movement in Investment Property values	(1,874)	558
	30,985	29,645

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

	2022/23 £000	2021/22 £000
Capital Grants credited to surplus or deficit on the provision of services	3,796	3,542
Proceeds from the sale of short and long term investments	-	-
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(5,746)	(5,746)
	(1,950)	(2,204)

30. Cash Flow Statement – Investing Activities

	2022/23 £000	2021/22 £000
Purchase of property, plant & equipment, investment property & intangible assets	(37,930)	(35,821)
Other capital payments	(20,460)	(2,751)
Purchase of short term & long-term investments	-	-
Other payments for investing activities	(343)	(974)
Proceeds from the sale of property, plant & equipment, investment property & intangible assets	5,746	5,746
Other Capital Cash Receipts	-	-
Capital grants received	3,552	2,279
Revenue Grants Received	35	18,178
Proceeds from short term & long-term investments	-	-
	(49,400)	(13,343)

31. Cash Flow Statement – Financing Activities

	2022/23 £000	2021/22 £000
Cash Receipts of Short & Long Term Borrowing	10,000	20,000
Cash payments for the reduction of the outstanding liabilities relating to finance leases & on-balance sheet PFI contracts	(36)	(49)
Repayments of short- & long-term borrowing	(20,000)	(23,350)
Other receipts /(payments) for financing activities	6,399	14,132
	(3,637)	10,733

32. Members' Allowances and Expenses

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

	2022/23 £000	2021/22 £000
Allowances	527	524
Expenses	5	-
Totals	532	524

33. Officers Remuneration

Post holder information (Post title)	Salary, Fees and Allowances £	Employer's Pension Contributions £	Total Remuneration £
Financial Year: 2022/23			
Chief Executive (Head of Paid Service) (Note 1 below)	131,294	-	131,294
Deputy Chief Executive (Note 2 below)	60,575	11,018	71,593
Chief Operating Officer (Note 3 below)	50,721	9,637	60,358
Executive Director	104,268	19,811	124,079
Assistant Director for Communities (Note 4 below)	61,246	11,561	72,807
Strategic Director (Note 5 below)	28,331	5,459	33,790
Assistant Director for Customer	91,296	17,346	108,642
Assistant Director for Environment (Note 6 below)	58,977	11,206	70,183
Strategic Director (Note 7 below)	31,946	-	31,946
Assistant Director for Corporate and Improvement Services (Note 8 below)	45,634	8,671	54,305
Assistant Director for Place and Client Services (Note 9 below)	60,846	22,668	83,514
Strategic Director (Note 10 below)	32,768	11,623	44,391
Monitoring Officer	81,698	15,523	97,221
Section 151 Officer (Note 11 below)	81,995	15,200	97,195
Returning Officer	11,299	-	11,299
	932,894	159,723	1,092,617

- Note 1: The Chief Executive started on 1st April 2022 on part time hours.
- Note 2: Deputy Chief Executive left on 25th September 2022.
- Note 3: Assistant Director for Corporate & Improvement Services changed role to Chief Operating Officer on 8th September 2022.
- Note 4: Assistant Director for Communities position removed from structure on 30th November 2022
- Note 5: Assistant Director for Communities taken up position of Strategic Director on 1st December 2022.
- Note 6: Assistant Director for Environment position removed from structure on 30th November 2022.
- Note 7: Assistant Director for Environment taken up position of Strategic Director on 1st December 2022.
- Note 8: Assistant Director for Corporate & Improvement Services left position to become Chief Operating Officer on 7th September 2022.
- Note 9: Assistant Director for Place & Client Services position removed from structure 30th November 2022.
- Note 10: Assistant Director for Place & Client Services taken up position of Strategic Director on 1 December 2022.
- Note 11: Section 151 Officer left on 31st March 2023

Post holder information (Post title)	Salary, Fees and Allowances £	Employer's Pension Contributions £	Total Remuneration £
Financial Year: 2021/22			
Chief Executive (Head of Paid Service)	117,725	-	117,725
Executive Director	93,310	-	93,310
Executive Director	114,449	21,745	136,194
Executive Director (Note 12 below)	12,294	-	12,294
Executive Director (Note 13 below)	65,321	12,411	77,732
Assistant Director for Communities	89,158	16,940	106,098
Assistant Director for Customer	89,158	16,940	106,098
Assistant Director for Environment	82,958	15,762	98,720
Assistant Director for Corporate & Improvement	91,158	17,320	108,478
Assistant Director for Place & Client	82,958	15,762	98,720
Monitoring Officer	79,845	15,171	95,016
Section 151 Officer	80,140	15,227	95,367
Returning Officer	9,675	-	9,675
	1,008,149	147,278	1,155,427

Note 12: The Executive Director retired and left the Council on 2 May 2021

Note 13: An Interim Executive Director was hired on 1 April 2021

Number of Officers whose salary is greater than £50,000

	2022/23	2021/22
£50,000-54,999	3	3
£55,000-59,999	7	9
£60,000-64,999	4	-
£65,000-69,999	-	1
£70,000-74,999	5	6
£75,000-79,999	2	-
£80,000-84,999	1	-
£85,000-89,999	-	-
£90,000-94,999	-	-
£95,000-99,999	-	-
Over £100,000	-	2
	22	21

34. Termination Benefits (Exit Packages)

The total cost of exit packages includes the payments made to individuals and payments to the pension fund authority in respect of strains on the pension fund (curtailment costs).

Total cost of exits includes payments to individuals of £194,999 in 2022/23 (£162,309 in 2021/22) and payments to the pension fund authority of £54,726 in 2022/23 (£36,227 in 2021/22) in respect of strains on the pension fund.

2022/23 Exit packages cost band (including special payments)	Number of compulsory redundancies	Number of other agreed departures	Total number of exit packages by cost band	Total cost of exit packages £s
£0 - £20,000	3	2	5	21,986
£20,001 - £60,000	2	2	4	205,717
Total cost included in bandings				227,703
Add: Adjustments to accruals made in previous financial years relating to payments made to individuals				(22,090)
Add: Pension strains paid in the year which relate to individuals who left in previous financial years				22,021
Total Exit Costs				227,634

2021/22 Exit packages cost band(including special payments)	Number of Compulsory redundancies	Number of other agreed departures	Total number of exit Packages by cost band	Total cost of exit packages £'s
£0 - £20,000	3	-	3	22,308
£20,001 - £60,000	-	4	4	172,393
Total cost included in bandings		4	7	194,701
Add: Adjustments to accruals made in previous financial years relating to payments made to individuals				3,835
Add: Pension strains paid in the year which relate to individuals who left in previous financial years				-
Total Exit Costs				198,536

35. External Audit Costs

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

	2022/23 £000	2021/22 £000
External audit services	37	48
Certification of grant claims and returns	2	18
Total	39	66

36. Grant Income

Credited to services:

	2022/23 £000	2021/22 £000
DWP Grants for Benefits		
Rent Allowances and Rent Rebates	(33,295)	(35,405)
Administration	(581)	(591)
Other	(188)	(433)
Department of Levelling Up, Housing and Communities (DLUHC)	-	(2,364)
Rough Sleeper Accommodation Grant	(385)	(339)
Homelessness Prevention Grant	(1,330)	(151)
Benefits Administration	-	(163)
Asylum Dispersal Grant	(101)	-
Domestic Abuse	(34)	-
Energy Bills Support	(77)	-
New Burdens	(55)	-
Changing Places	(40)	-
Apprenticeship Levy Income	(79)	-
Right to Buy Admin Grant	(49)	-
Local Authority Treescape Fund	(72)	-
UK Shared Prosperity Fund	(191)	-
Arts Council England (ACE)	(206)	(386)
Joint Finance Contributions	(72)	(951)
Essex County Council	(5,130)	(1,283)
Essex Police and Crime Commissioner	(47)	(132)
Essex Fire and Rescue	(525)	(30)
Other Local Authorities	(884)	(235)
Colchester Primary Care Trust	(511)	(1,210)
Disabled Facilities Grant	(953)	(1,121)
COVID 19 Test and Trace	7	(1,123)
COVID 19 Business Grants	-	(4,005)
Department for Environment, Food and Rural Affairs (DEFRA)	(152)	(135)
s106 Contributions	(1,032)	(355)
NNDR Administration Grant	(236)	(238)
Other Grants and Contributions (non-Government)	(1,103)	(12)
Other Miscellaneous Grants	(109)	(888)
Total within Cost of Services	(47,430)	(51,550)

Credited to Taxation and Non-Specific Grant Income:

	2022/23 £000	2021/22 £000
<i>Revenue</i>		
COVID 19 Local Authority Support	(108)	(993)
Revenue Support Grant	(1)	-
New Burdens Grant	(82)	-
Sales, Fees and Charges (COVID)	-	(1,077)
New Homes Bonus	(1,937)	(2,430)
Lower Tier Services Grant	(1,480)	(623)
Business Rates Grant (s31)	(4,499)	(8,642)
Local Council Tax Support Admin Grant	(143)	(163)
Essex County Council	-	(855)
Other Non-Specific Grants	(171)	(413)
Total Revenue Grants within Taxation and Non-Specific Grant Income	(8,421)	(15,196)
<i>Capital</i>		
Department of Levelling Up, Housing and Communities (DLUHC)	(250)	-
Local Authority Housing Fund	(235)	-
Essex County Council (including South-East Local Enterprise Partnership)	(1,879)	(169)
s106 Contributions	(1,712)	(1,027)
Business, Energy & Industrial Strategy (BEIS)	-	(439)
Housing Infrastructure Fund	-	(709)
Digital, Cultural, Music & Sport Funding (DCMS)	-	(1,092)
Colchester City Council owned companies	(180)	(5)
Department for Environment, Food and Rural Affairs (DEFRA)	(20)	-
Office of Gas & Electricity Markets (OFGEM)	(27)	(28)
Town Deal	(4,562)	-
Rough Sleeper Accommodation Programme	-	(103)
Other	(318)	-
Total Capital Grants within Taxation and Non-Specific Grant Income	(9,183)	(3,572)
Total within Taxation and non-specific grant income	(17,604)	(18,768)
Total income from grants and contributions	(64,081)	(21,337)

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

Current Liabilities

Grants Receipts in Advance – Revenue

	31-Mar- 23	31-Mar- 22
Developers Contributions (s106)	2,583	2,584
Other Grants and Contributions	3,557	18,600
	6,140	21,184

Long Term Liabilities

Grants Receipts in Advance – Capital

	31-Mar- 23	31-Mar- 22
Developers Contributions (s106)	12,769	13,672
Other Grants and Contributions	10,470	7,244
	23,239	20,916

37. Related Parties

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

Disclosure of these transactions and arrangements show the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to operate freely with the Council.

UK Government

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

Elected Members of the Council

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

Senior Officers at the Council

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

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

Related Party	2022/23		2021/22	
	Expenditure £000	Income £000	Expenditure £000	Income £000
Colchester Commercial Holdings Limited	1,932	667	1,875	657
Colchester Amphora Trading Limited	893	151	554	499
Colchester Amphora Homes Limited	134	-	764	103
Colchester Amphora Energy Limited	221	0	342	0
Colchester Community Stadium Limited	-	-	-	106
Colchester Mercury Theatre Limited	184	52	174	36
Parish Councils	2,846	86	-	-
Essex County Council	4,757	3,048	2,562	55
	10,967	4,004	6,271	1,456

The above figures are inclusive of accrued debtors and creditors at the year end.

The Council's interest in Colchester Borough Homes Limited and Colchester Commercial Holding Limited is considered to be material in both financial and qualitative terms. Therefore, the company's transactions have been accounted for within the Council's Group accounts.

The Council is a member of the Colchester and Ipswich Museum Service Joint Committee, which was formed with Ipswich Borough Council on 1 April 2007. The Council is the lead authority for this arrangement. The Council has accounted for this Joint Committees as Jointly Controlled Operations as all the parties are bound by contractual arrangements that give all of them joint control of the arrangements.

38. Leases

Finance Leases – Council as Lessee

The Council has acquired a number of vehicles and a car park under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment assets in the Balance Sheet at the following net carrying amounts:

	31-Mar-23 £000	31-Mar-22 £000
Other Land and Buildings	171	171
Vehicles, Plant & Equipment	103	103
	274	274

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

	31-Mar-23 £000	31-Mar-22 £000
Not later than one year	35	55
Later than one year	22	56
Finance Costs payable in future years		-
	57	111

The finance lease liabilities will be payable over the following periods:

	31-Mar-23 £000	31-Mar-22 £000
Not later than one year	32	50
Later than on year and not later than five years	22	54
Later than five years		-
	54	104

Finance Leases – Council as Lessor

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

	31-Mar-23 £000	31-Mar-22 £000
<i>Finance lease debtor (net present value of minimum lease payments)</i>		
Current	61	55
Non-current	4,553	4,590
Unearned finance income	70,477	70,750
Unguaranteed residual value of the property	17	17
	75,108	75,412

The gross investment in the lease over the following periods:

	31-Mar-23 £000	31-Mar-22 £000
Not later than one year	301	295
Later than one year and not later than five years	1,162	1,186
Later than five years	73,628	73,931
	75,091	75,412

The minimum lease payments will be received over the following periods

	31-Mar-23 £000	31-Mar-22 £000
Not later than one year	301	294
Later than one year and not later than five years	1,162	1,170
Later than five years	73,628	73,931
	75,091	75,395

Operating Leases – Council as Lessor

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

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

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

	31-Mar-23 £000	31-Mar-22 £000
Not later than one year	1,498	1,486
Later than one year and not later than five years	5,158	4,340
Later than five years	76,068	68,736
	82,724	74,562

The
lease

minimum

payments receivable does not include rents that are contingent on events taking place after the leases were entered into, such as adjustments following rent reviews. In 2022/23 a total of £1.4 million was recognised as contingent rent income in the Comprehensive Income and Expenditure Statement (2022/23: £1.4 million).

39. Defined Benefit Pension Scheme

Participation in the Local Government Pension Scheme

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

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

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

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

The principal risks to the Council of the scheme are considered to be:

- Investment risk – The fund holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long term, their short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk – The fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the fund holds assets such as equities, the values of the assets and liabilities may not move in the same way.
- Inflation risk – All of the benefits under the fund are linked to inflation and so deficits may emerge as the value of the fund assets are not linked to inflation.
- Longevity risk – a deficit could emerge if members of the scheme live longer than assumed in the actuarial estimations.
- Orphan liability risk – this emerges when employers leave the fund and there are insufficient assets to cover their pension obligations. This difference may then fall on the remaining employers within the scheme.

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

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

Transactions relating to Post-employment Benefits

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

	2022/23 £'000	2021/22 £'000
Comprehensive Income and Expenditure Statement		
<u>Cost of Services:</u>		
Current service cost	11,169	11,608
Past Service Cost	109	87
Liabilities assumed/(extinguished) on settlements		
Settlements price received/(paid)		
<u>Financing and Investment Income and Expenditure:</u>		
Net interest expense	2,115	2,116
Pension fund administration expenses	123	114
Other Comprehensive Income and Expenditure:		
Re-measurement of the net defined benefit liability	(126,902)	(33,615)
Total charged to the Comprehensive Income and Expenditure Statement	(113,386)	(19,690)
Movement in Reserves Statement		
Reversal of the net charges made to the Surplus/Deficit on the Provision of Services for post-employment benefits in accordance with the Code.	(13,516)	(13,925)
Employer's contributions payable to the scheme	4,926	4,496
Total charged to the Movement in Reserves Statement	(8,590)	(9,429)

Pension assets and liabilities recognised in the Balance Sheet

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

	31-Mar-23 £000	31-Mar-22 £000
Present value of the defined benefit obligation	(220,198)	(338,333)
Fair value of plan assets	254,721	254,544
Net liability	34,523	(83,789)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability has a significant impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. The Council is making an annual back-funding contribution designed to clear the liability over time. The position is reviewed annually and the contribution required is reassessed at each triennial valuation.

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

	2022/23	2021/22
	£'000	£'000
Balance at 1 April	(338,333)	(341,008)
Current service cost	(11,169)	(11,608)
Interest cost	(8,711)	(6,759)
Change in financial assumptions	135,332	15,709
Change in demographic assumptions	8,474	0
Experience loss/(gain) on defined benefit obligation	(12,346)	(863)
Liabilities assumed/(extinguished) on settlements	0	0
Benefits paid net of transfers in	7,958	7,397
Past service costs	(109)	(87)
Contributions by scheme participants	(1,631)	(1,468)
Unfunded pension payments	337	354
Balance at 31 March	(220,198)	(338,333)

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

	2022/23	2021/22
	£'000	£'000
Balance at 1 April	(338,333)	(341,008)
Current service cost	(11,169)	(11,608)
Interest cost	(8,711)	(6,759)
Change in financial assumptions	135,332	15,709
Change in demographic assumptions	8,474	0
Experience loss/(gain) on defined benefit obligation	(12,346)	(863)
Liabilities assumed/(extinguished) on settlements	0	0
Benefits paid net of transfers in	7,958	7,397
Past service costs	(109)	(87)
Contributions by scheme participants	(1,631)	(1,468)
Unfunded pension payments	337	354
Balance at 31 March	(220,198)	(338,333)

**Reconciliation of the movements in fair value of the scheme assets:
Local Government Pension Scheme assets comprised:**

	2022/23	2021/22
	£'000	£'000
Balance at 1 April	254,544	233,033
Interest on assets	6,596	4,643
Return on assets less interest	(3,377)	18,769
Other actuarial gains/(losses)	(1,181)	-
Administration expenses	(123)	(114)
Contributions by employer	4,926	4,496
Contributions by scheme participants	1,631	1,468
Benefits paid net of transfers in	(8,295)	(7,725)
Settlement prices received/(paid)	-	-
Balance at 31 March	254,721	254,570

Local Government Pension Scheme assets comprised:

	31-Mar-23		31-Mar-22	
	£'000	%	£'000	%
Equities	145,494	57	152,835	60
Gilts	3,508	1	6,077	2
Other bonds	11,290	4	11,147	4
Property	20,376	8	20,877	8
Cash	8,392	3	6,459	3
Alternative assets	39,388	15	31,455	12
Other managed funds	26,273	10	25,694	10
Total	254,721	100	254,544	100

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, with estimates being based on the latest full triennial valuation of the scheme as at 31 March 2020.

The significant assumptions used by the actuary are:

	31-Mar-23	31-Mar-22
Mortality age rating assumptions (Life expectancy from the age of 65 years)		
Current pensioners		
Men	21.1	21.6
Women	23.5	23.7
Future pensioners retiring in 20 years		
Men	22.3	23.0
Women	25.0	25.1
Rate of RPI inflation	3.2%	3.6%
Rate of CPI inflation	3.0%	3.2%
Rate of increase in salaries	3.8%	4.2%
Rate of increase in pensions	2.8%	3.2%
Rate for discounting scheme liabilities	2.5%	2.6%

*Life expectancy assumptions have been weighted to avoid a disproportionate COVID impact.

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

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

Sensitivity analyses on the Present Value of the Defined Benefit Obligation

	£000	£000	£000	£000	£000
Adjustment to Discount Rate	0.5%	0.1%	0.0%	(0.1)%	(0.5)%
Present value of total obligation	203,759	216,740	220,198	223,748	238,918
Projected service cost	3,732	4,329	4,492	4,661	5,399
Adjustment to long term salary increase	0.5%	0.1%	0.0%	(0.1)%	(0.5)%
Present value of total obligation	221,446	220,444	220,198	219,955	219,001
Projected service cost	4,307	4,495	4,492	4,489	4,477
Adjustment to pension increase & deferred revaluation	0.5%	0.1%	0.0%	(0.1)%	(0.5)%
Present value of total obligation	237,942	223,565	220,198	216,917	204,595
Projected service cost	5,422	4,663	4,492	4,327	3,710
Adjustment to life expectancy assumptions		+ 1Yr	None	-1Yr	
Present value of total obligation		228,874	220,198	211,892	
Projected service cost		4,650	4,492	4,339	

Impact on the Council's Cash Flows

The objectives of the scheme are to keep the Council's contributions at as constant a rate as possible. The Council has agreed a funding strategy with the scheme's actuary to repay the deficit over the next 18 years and 6 months. Funding levels are monitored on an annual basis. The next triennial valuation will be based on data as at 31 March 2023 and will be implemented with effect from 1 April 2024.

The total contributions expected to be paid by the Council to the pension scheme in the year to 31 March 2024 is £6.281 million.

The actuary's estimate of the duration of the Employer's liabilities for 2022/23 is 20 years (2021/22: 20 years).

Housing Revenue Account

HRA Income and Expenditure Statement

	Notes	2022/23 £000	2021/22 Restated £000
Expenditure			
Repairs & Maintenance		6,036	5,535
Supervision & Management		10,676	9,364
Rents, Rates, Taxes & Other Charges		173	217
Depreciation & Impairment of Non-current Assets	H9	5,523	5,013
Revaluation loss on Dwellings		23,780	16,112
Derecognition of non-current assets		690	-
Debt Management Costs		55	61
		-	
Total Expenditure		46,933	36,302
Income			
Dwelling Rents		(27,935)	(26,629)
Non-dwelling Rents	H3	(1,129)	(1,053)
Charges for Services & Facilities		(2,582)	(2,478)
Reversal of previous revaluation losses		(2,729)	(3,858)
Contributions towards expenditure		(57)	(55)
Total Income		(34,432)	(34,073)
Net (Income)/Cost of HRA Services included in the Comprehensive Income & Expenditure Statement			
		12,501	2,229
HRA services share of Corporate & Democratic Core		471	399
Net (Income)/Cost of HRA Services		12,972	2,628
HRA share of operating income & expenditure included in the Comprehensive Income & Expenditure Statement			
(Gain)/Loss on sale of HRA fixed assets		(2,320)	(1,369)
Interest Payable and similar charges		170	4,303
Interest and Investment Income		4,564	(13)
Movement in the provision of bad debts		(354)	80
Capital Grant		-	(2,639)
(Surplus)/deficit for the year on HRA services		15,032	2,990

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

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

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

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

	2022/23 £000	2021/22 Restated £000
Balance at 1 April	(4,555)	(4,489)
<u>Movement in reserves during Year</u>		
(Surplus)/ deficit on provision of services	15,032	2,990
Total Comprehensive Income & Expenditure	15,032	2,990
Adjustments between accounting basis & funding basis under regulations (note 9 main accounts)	(15,058)	(3,004)
Net Increase/ Decrease before Transfers to Earmarked Reserves	(26)	(14)
Transfers to/from Earmarked Reserves	-	(52)
Increase/Decrease in Year	(26)	(66)
Balance at 31 March carried forward	(4,581)	(4,555)

NOTES TO THE HOUSING REVENUE ACCOUNT

H1. Dwellings Rents and Analysis of the Housing Stock

The Account shows the total rent income collectable for the year after an allowance has been made for empty properties. On 31 March 2023, 1.55% of lettable properties were vacant (3.0 % at 31 March 2022).

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

	31-Mar-23	31-Mar-22
	Total Stock	Total Stock
Analysis by Type of Dwelling		
Houses and Bungalows	2,995	2,959
Flats and Maisonettes	2,934	2,946
Total Dwellings	5,929	5,905
Analysis by Number of Bedrooms		
Bedsitters/1 bedroom	2,366	2,374
2 bedrooms	1,789	1,758
3 bedrooms	1,682	1,679
4 or more bedrooms	92	94
Total Dwellings	5,929	5,905

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

Stock as at 1 April	5,907	5,892
Add: New Build, Acquisitions, Conversions etc.	62	60
Deduct: Sales, Demolitions, Conversions, etc.	(40)	(47)
Stock as at 31 March	5,929	5,905

The most recent valuation of HRA dwellings that has been prepared was at 31 March 2023 and this is reflected in the valuation shown below:

	31-Mar-23	31-Mar-22
	£000	Restated £000
Council Dwellings (HRA)	454,140	422,195
Other Land & Buildings	4,175	12,407
Vehicle, Plant & Equipment	-	2
Assets Under Construction	8,610	6,273
Surplus assets	610	610
Assets Held for Sale	560	-
Total	468,095	441,487

H2. Vacant Possession Value of the Housing Stock

The vacant possession value of the Council's HRA lettable dwellings at 31 March 2023 was £1,119.2m (£1,114.4m as at 1 April 2022). The value represents the Council's estimate of the total sum that it would receive if all its dwellings were sold on the open market. The Balance Sheet value disclosed in Note H1 is calculated on the basis of rents receivable on existing tenancies and is lower than the vacant possession value. This is because the existing tenancy rents are lower than what would be obtainable on the open market. The difference between the two values represents the economic cost of providing Council housing at below market rents.

H3. Non-Dwelling Rents

	2022/23	2021/22
	£000	£000
Garages and other charges	(1,037)	(958)
Land and other buildings	(92)	(95)
Total - Non-Dwelling Rents	(1,129)	(1,053)

H4. Charges for Services and Facilities

Income totalling £0.107 million from Supporting People charges in 2022/23 (2021/22: £0.101 million) is shown under Charges for services and facilities.

H5. Major Repairs Reserve

	2022/23	2021/22
	£000	£000
Balance brought forward at 1 April	-	-
Depreciation charge for the year	5,523	5,013
Financing of capital expenditure for the year	(5,523)	(5,013)
Balance Carried forward	-	-

H6. Pension Reserve

Under the full implementation of IAS 19 (see Note 39) expenditure reflects the current service cost of retirement benefits. The overall amount to be met from rent and Government subsidy remains unchanged.

H7. HRA Capital Financing

	2022/23	20221/22
	£000	£000
HRA Capital Expenditure		
Dwelling Stock	16,017	8,522
New Build - Council Dwellings	1,634	3,414
Dwelling Acquisitions	12,006	13,671
Total	29,657	25,607
Financed by:		
Borrowing	16,700	11,000
Government Grants & Other Contributions	733	2,639
Capital Receipts	2,292	1,708
Revenue Contributions	4,409	5,247
Major Repairs Reserve	5,523	5,013
Total	29,657	25,607

	2022/23	20221/22
	£000	£000
Summary of HRA Capital Receipts		
Sale of Council Houses - Direct	5,332	5,074
Other (including shared ownership)	405	-
Total	5,737	5,074

Receipts from the sale of Council houses have increased in 2022/23. 38 tenants purchased their property under the Right to Buy Scheme/Rent to Mortgage Scheme in 2022/23 (44 in 2021/22)

Under the Capital Receipts Pooling regulations which came into effect from 1 April 2012, Local Authorities are able to retain a greater proportion of the income they receive from the sale of dwellings. This is dependent on these additional receipts being reinvested in the provision of new affordable housing, along with an allowance for the provision for repayment of HRA debt.

In 2021/22 of the total capital receipts of £5.074 million, £0.507 million was paid to the Secretary of State under the pooling arrangements.

For the 2 financial years, 2022/23 and 2023/24, local authorities are permitted to retain the share of Right to Buy receipts that has been previously returned to the Treasury, therefore no payment was made to the Secretary of State during 2022/23.

There were no principal repayments paid to the Secretary of State under the terms of the Right To Buy Receipts retention agreement, which the Council entered into on 1 July 2012.

H8. Interest Payable

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

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

	2022/23	2021/22
	£000	£000
HRA Interest charge	4,564	4,303

H9. Depreciation charges

	2022/23	2021/22
	£000	£000
Council dwellings	4,907	4,482
Other land & buildings	614	512
Vehicles, Plant & Equipment	2	19
Total	5,523	5,013

H10. Rent Arrears

The arrears at 31 March 2023 totalled £1.386 million. This excludes prepayments of £0.955 million and is analysed as follows:

	2022/23	2021/22
	£000	£000
Due from Current Tenants	951	898
Due from Former Tenants	435	449
Total Rent Arrears	1,386	1,347
Prepayments	(955)	(840)
Net Rent Arrears	431	507

These arrears include all charges due from tenants and leaseholders i.e. rent, service charges and other charges. The HRA has been setting aside funds into a provision to meet irrecoverable debts in respect of such arrears. At 31 March 2023 the provision totalled £1.006 million (31 March 2022: £0.975 million).

H11. Revenue Balances

Out of the revenue balance of £4.591 million, a sum of £2.608 million has already been committed for future use.

	2022/23	20221/22
	£000	£000
Revenue Balance at 1 April	4,555	4,489
Adjust: Housing Revenue Account Surplus/(Deficit)	26	66
Revenue Balance at 31 March	4,581	4,555
Less: Committed Sum		
Investment in Housing Stock 2021/22 and Future Years	(2,608)	(2,637)
Estimate Balance Carried Forward	(373)	(318)
Uncommitted Balance	1,600	1,600

H12. Capital Expenditure Charged to Revenue

This represents the cost of capital works spent on Council housing that have been funded from revenue. The Council has decided to further supplement the resources available for capital by using part of the accumulated revenue balance to support the Housing Investment Programme. Therefore, the revenue balances carried forward above (£2.608 million) will be used to support spending in future years.

Collection Fund

Collection Fund Income and Expenditure Statement

	2022/23			2021/22		
	Council Tax £'000	NNDR £'000	Total £'000	Council Tax £'000	NNDR £'000	Total £'000
Income						
Council Tax	(126,871)	-	(126,871)	(120,242)	-	(120,242)
Non-Domestic Rates	-	(58,607)	(58,607)	-	(49,873)	(49,873)
	(126,871)	(58,607)	(185,478)	(120,242)	(49,873)	(170,115)
Precepts Demands and Shares						
Central Government	-	28,436	28,436	-	31,536	31,536
Colchester City Council	15,488	22,749	38,237	14,688	25,229	39,917
Essex County Council	90,683	5,118	95,801	85,268	5,676	90,944
Essex Fire and Rescue	4,875	569	5,444	4,639	631	5,270
Police and Crime Commissioner for Essex	14,143	-	14,143	12,000	-	12,000
Charges to Collection Fund						
Transitional Protection Payment	-	312	312	-	381	381
Cost of Collection Allowance	-	236	236	-	238	238
Interest	-	-	-	-	-	-
Provision for Bad Debts including write offs	772	282	1,054	1,544	1,318	2,862
Provision for Appeals	-	743	743	-	(3,185)	(3,185)
Apportionment of Previous Year Surplus/(Shortfall)						
Central Government	-	(6,600)	(6,600)	-	(15,983)	(15,983)
Colchester City Council	420	(5,280)	(4,860)	(37)	(12,787)	(12,824)
Essex County Council	2,402	(1,188)	1,214	(216)	(2,877)	(3,093)
Essex Fire and Rescue	132	(131)	1	(12)	(320)	(332)
Police and Crime Commissioner for Essex	375	-	375	(33)	-	(33)
	129,290	45,246	174,536	117,841	29,857	147,698
Movement on the Collection Fund Balance						
(Surplus)/Deficit for the year	2,419	(13,361)	(10,942)	(2,401)	(20,016)	(22,417)
(Surplus)/Deficit at the beginning of the year	(1,497)	12,177	10,680	904	32,193	33,097
(Surplus)/Deficit as at 31 March	922	(1,184)	(262)	(1,497)	12,177	10,680

Notes to the Collection Fund Accounts

C1. General

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

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

The Collection Fund as a whole has a net deficit of £(0.262)m as at the 31 March 2023. Specific grant funding has been received towards the deficit, but under the accounting regulations this cannot be allocated directly to the Collection Fund. The Council's share of the grant has been allocated to an earmarked reserves as per note 10 and will be released to meet the deficit over a 3 year period.

C2. Income from Council Tax

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

The Council Tax base for 2022/23 was 64,731 (62,776 in 2021/22). For the year ended 31 March 202, the band D Council Tax was set at £1,900.21 (£1,823.85 in 2021/22). The tax base for 2022/23 was calculated as follows:

Band	Chargeable Dwellings	Ratio to Band D	Band D Equivalent Dwellings
A	8,410	6/9	5,607
B	21,300	7/9	16,567
C	19,875	8/9	17,667
D	15,015	9/9	15,015
E	8,618	11/9	10,533
F	4,099	13/9	5,921
G	2,343	15/9	3,905
H	150	18/9	300
Contributions in lieu for Ministry of Defence Properties			772
Total Band D			76,287
Net effect of premiums and discounts			(11,556)
Council Tax Base for the calculation of Council Tax			64,731

C3. Income from Business Ratepayers

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

As of 2022/23, Colchester were part of the 50% retention and the local shares are as follows:

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

The total Non-Domestic Rateable value at the 2022/23 year-end was £165.639 million (2021/22: £164.367 million) and the Standard Non-Domestic rate multiplier for the year was 51.2p (2021/22: 51.2p).

Income from Non-Domestic Rates

	31 March 2023 £'000	31 March 2022 £'000
Gross NNDR due in year	82,504	81,259
Less: allowance and other adjustments	23,897	31,386
NNDR income	58,607	49,873

C4. Council Tax and NNDR Surplus/Deficit

Any surplus or deficit on the Fund is shared between the relevant precepting bodies in their respective proportions. Likewise, deficits are proportionately charged to the relevant precepting bodies in the following years. The cumulative surplus/deficit at the end of March 2023 will be distributed in proportion to the value of the respective precepts as shown below:

	2022/23			2021/22		
	Council Tax £'000	NNDR £'000	Total £'000	Council Tax £'000	NNDR £'000	Total £'000
Colchester City Council	115	(473)	(358)	(193)	4,871	4,678
Central Government	-	(592)	(592)	-	6,088	6,088
Essex County Council	667	(107)	560	(1,075)	1,096	21
Essex Fire and Rescue	37	(12)	25	(61)	122	61
Police and Crime Commissioner for Essex	103	-	103	(168)	-	(168)
Total (Surplus)/Deficit	922	(1,184)	(262)	(1,497)	12,177	10,680

C5 Debtors for Local Taxation

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

	2022/23 £'000	2021/22 £'000
Less than one year	3,987	4,401
More than one year	8,644	7,996
Total Debtors for Local Taxation	12,631	12,397

GROUP ACCOUNTS

1. Introduction

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

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

A review was undertaken in 2022/23 of the Council's relationship with other bodies, and it is clear that the Council should account for its interests in Colchester Borough Homes Limited and Colchester Commercial Holdings as wholly owned subsidiaries and prepare Group Accounts.

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

2. Accounting Policies

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

Group Movement in Reserves Statement

	General Fund Balance	Revenue Reserves Housing Revenue Account	Earmarked Reserves	Capital Reserves Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2022	(4,508)	(4,555)	(32,943)	(9,205)	(39)	(51,250)	(418,018)	(469,268)
(Surplus) /deficit on the provision of services (accounting basis)	6,704	15,029	-	-	-	21,733	-	21,733
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(195,853)	(195,853)
Total Comprehensive Income and Expenditure	6,704	15,029	-	-	-	21,733	(195,853)	(174,120)
Adjustments between accounting and funding basis under regulation	(1,646)	(15,056)	-	(2,467)	20	(19,149)	17,274	(1,875)
Net increase/decrease before transfers to Earmarked reserves	5,058	(27)	-	(2,467)	20	2,584	(178,579)	(175,995)
Transfers to/from Earmarked reserves - note 10	(4,876)	-	4,876	-	-	-	-	-
Increase/(Decrease) in Year	182	(27)	4,876	(2,467)	20	2,584	(178,579)	(175,995)
Balance at 31 March 2023	(4,326)	(4,582)	(28,067)	(11,672)	(19)	(48,666)	(596,597)	(645,263)

	Revenue Reserves			Capital Reserves			Total Group Reserves	
	General Fund Balance	Housing Revenue Account	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves		Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021	(4,006)	(4,489)	(36,276)	(6,307)	(6)	(51,084)	(326,500)	(377,584)
(Surplus) /deficit on the provision of services (accounting basis)	1,226	2,990	-	-	-	4,216	-	4,216
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(92,966)	(92,966)
Total Comprehensive Income and Expenditure	1,226	2,990	-	-	-	4,216	(92,966)	(88,750)
Adjustments between accounting and funding basis under regulation	1,553	(3,004)	-	(2,898)	(33)	(4,382)	1,448	(2,934)
Net increase/decrease before transfers to Earmarked reserves	2,779	(14)	-	(2,898)	(33)	(166)	(91,518)	(91,684)
Transfers to/from Earmarked reserves - note 10	(3,281)	(52)	3,333	-	-	-	-	-
Increase/(Decrease) in Year	(502)	(66)	3,333	(2,898)	(33)	(166)	(91,518)	(91,684)
Balance at 31 March 2022	(4,508)	(4,555)	(32,943)	(9,205)	(39)	(51,250)	(418,018)	(469,268)

Group Comprehensive Income and Expenditure Statement

Expenditure	2022/23			2021/22		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Corporate & Democratic Core	360	(1,411)	(1,051)	327	(473)	(146)
Executive Management Team	824	-	824	792	(8)	784
Corporate & Improvement	9,309	(2,523)	6,786	9,229	(1,817)	7,412
Communities	11,215	(7,273)	3,942	12,505	(7,790)	4,715
Customer	41,606	(37,653)	3,953	48,549	(44,812)	3,737
Environment	24,395	(12,192)	12,203	22,135	(11,842)	10,293
Housing Revenue Account	30,985	(33,972)	(2,987)	14,786	(29,726)	(14,940)
Place and Client Services	20,788	(12,662)	8,126	20,096	(11,632)	8,464
Non Distributed Costs	503	-	503	775	(451)	324
CCHL Ltd	4,672	(3,220)	1,452	5,385	(4,476)	909
CBH Ltd	18,882	(447)	18,435	16,879	(749)	16,130
Cost of Services	163,539	(111,353)	52,186	151,458	(113,776)	37,682
Other Operating Expenditure	5,606	(5,887)	(281)	2,606	(1,337)	1,269
Financing and Investment Income and Expenditure	9,335	(7,343)	1,992	7,566	(8,067)	(501)
Taxation and non-specific grant income and expenditure	22	(31,459)	(31,437)	1,370	(36,331)	(34,961)
(Surplus) or Deficit on Provision of Services	178,502	(156,042)	22,460	163,000	(159,511)	3,489
Surplus on revaluation of non-current assets.			(59,305)			(54,980)
Actuarial (gains)/losses on pension assets/liabilities			(136,548)			(40,193)
Other Comprehensive Income and Expenditure			(195,853)			(95,173)
Total Comprehensive Income and Expenditure			(173,393)			(91,684)

Group Balance Sheet

	Notes	23-Mar-23 £000	31-Mar-22 £000
Property, Plant and Equipment		722,470	661,291
Heritage Assets		1,332	1,332
Investment Properties		48,083	46,210
Intangible Assets		-	2
Long Term Investments		6	6
Long Term Debtors		7,312	5,721
LONG TERM ASSETS		779,203	714,562
Assets Held for Sale		560	-
Inventories		551	832
Short Term Debtors	Note G7	14,876	18,286
Short Term Loans		29	45
Cash and Cash Equivalents	Cash Flow	41,611	84,198
CURRENT ASSETS		57,627	103,361
Short Term Creditors	Note G8	(36,535)	(58,838)
Short Term Borrowing		(16,764)	(26,745)
Provisions		(2,707)	(2,427)
Capital grants receipts in advance		(6,140)	(4,893)
CURRENT LIABILITIES		(62,146)	(92,903)
Long Term Creditors		(19)	(54)
Provisions		(107)	(113)
Long Term Borrowing		(141,094)	(141,094)
Other Long Term Liabilities		(215)	(143)
Pension Liabilities		34,523	(93,435)
Capital grants receipts in advance		(23,235)	(20,915)
LONG TERM LIABILITIES		(130,147)	(255,754)
NET ASSETS		644,537	469,266
Usable Reserves		(47,939)	(51,249)
Unusable Reserves		(596,598)	(418,019)
TOTAL RESERVES		(644,537)	(469,268)

Group Cash Flow Statement

	2022/23	2021/22
	£000	£000
Net surplus or (deficit) on provision of services	(22,437)	(3,274)
Adjustments to net surplus or deficit on provision of services for non-cash movements	34,883	31,502
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(1,750)	(2,117)
Net cash flows from Operating Activities	10,696	26,111
Investing Activities	(49,491)	(13,433)
Financing Activities	(3,792)	10,454
Net Increase or (decrease) in cash and cash equivalents	(42,587)	23,132
Cash and cash equivalents at the beginning of the reporting period	84,129	61,066
Cash and cash equivalents at the end of the reporting period	41,542	84,198

Notes to the Group Financial Statements

G1. General

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

G2. Prior year adjustments

In 2022/23 the Council undertook a review of the structure of its internal services and this has had an impact on the composition of the services across the Council. As a result of this internal restructure the 2022/23 comparative values in the lines within the Group Cost of Services in the Comprehensive Income and Expenditure Statement and the Group Expenditure and Funding Analysis were restated. There is no impact on the bottom line of the Group's core financial statements for 2022/23 as the adjustments made are reclassification amendments.

In 2022/23 it was identified that the balance held on the Group Balance Sheet within the retained right to buy receipts reserve in earmarked reserves should be reclassified to be held within the usable capital receipts reserve. As this reserve contains the annual capital receipts generated from right to buy property sales. The 2022/23 comparatives have been restated to reflect this reclassification of this reserve balance. There is no impact on the bottom line of the Group's core financial statements for 2022/23 as the adjustments made are reclassification amendments.

G3. Subsidiary Companies consolidated into the Group Accounts

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

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

G4. Consolidation of Operating Income and Expenditure

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

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

G6. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Section 151 Officer on 21 February 2024. Events taking place after this date are not reflected in the financial statements or notes.

There are no other additional items which arose after the year end of 31 March 2023 that would materially affect these Group accounts, and as such no adjustments have been made to the figures reported in the Group financial statements or notes.

G7. Short-term Debtors

	31-Mar-23	31-Mar-22
	£000	£000
Grants and Taxes	2,055	2,619
Trade Debtors	5,102	2,762
Prepayments	2,492	2,488
Housing Benefit Overpayments	415	511
NNDR ratepayers' arrears	375	815
Council Tax ratepayers' arrears	296	308
Central Government	1,018	-
Other Local Authorities	-	890
NHS Bodies Grants	1,637	1,637
Other Debtors	1,486	6,257
	14,876	18,287

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

G8. Cash and Cash Equivalents

	31-Mar-23	31-Mar-22
	£000	£000
Cash	10	11
Call Accounts and short term deposits	17,286	56,740
Bank Balance	24,314	27,448
	41,610	84,199

G9. Short-term Creditors

	31-Mar-23	31-Mar-22
	£000	£000
Amounts falling due within one year:		
Trade Creditors	(17,081)	(6,332)
Receipts in Advance	(1,472)	(4,683)
Other Taxes and Social Security	(686)	(2,388)
Collection Fund Agency	(7,084)	(23,967)
NNDR Prepayments	(1,112)	(1,562)
Council Tax Prepayments	(518)	(428)
Central Government	(547)	-
Other Local Authorities	(89)	-
Other Creditors	(7,944)	(19,476)
Total short term creditors	(36,533)	(58,836)

G10. Subsidiaries Reserves

	31-Mar-23	31-Mar-22
	£000	£000
Colchester Borough Homes Limited		
Income and Expenditure Account	1,321	2,105
Defined benefit pension scheme reserve	-	(9,646)
Colchester Commercial Holdings Limited		
Income and Expenditure Account	103	242
Total Subsidiaries Reserves	1,424	(7,299)

G11. Cash Flow Statement Notes

Net cash flows from operating activities

	2022/23 £000	2021/22 £000
Depreciation	12,163	11,554
Amortisation	2	2
Impairment and downward valuations	20,080	9,948
Reductions in fair value of Non-PWLB concessionary loans	-	-
Reductions in the fair value of soft loans (non Subsidiary) made in the year	-	-
Soft Loans (non Subsidiary) – interest adjustment credited to the CIES during the year	-	-
Adjustments for effective interest rates	-	-
(Decrease)/Increase in provision for doubtful debts re: Loans and Advances	-	-
Increase/(decrease) in Interest Creditors	412	(160)
Increase (decrease) in Creditors	(12,213)	(12,606)
(Increase)/Decrease in Interest and Dividend Debtors	(203)	14
(Increase)/Decrease in Debtors	2,076	9,588
Increase in Inventories	281	1,387
(Decrease)/increase in Pension Liability	10,464	11,619
Contributions to Provisions	275	(1,255)
Carrying amount of non-current assets sold	3,419	854
Loans relating to deferred capital receipts	-	-
Carrying amount of short and long term investments sold	-	-
Movement in Investment Property values	(1,874)	558
Net cashflows from operating activities	34,882	31,503

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

	2022/23 £000	2021/22 £000
Capital Grants credited to surplus or deficit on the provision of services	3,796	3,542
Proceeds from the sale of short and long term investments	-	-
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(5,746)	(5,786)
Other receipts from investing activities	200	300
Dividends paid	-	-

Net cashflows from investing activities

	2022/23 £000	2021/22 £000
Purchase of property, plant & equipment, investment property & intangible assets	(38,021)	(35,912)
Other capital payments	(20,460)	(2,751)
Purchase of short term & long-term investments	-	-
Other payments for investing activities	(343)	(974)
Proceeds from the sale of property, plant & equipment, investment property & intangible assets	5,746	5,746
Other Capital Cash Receipts	-	-
Capital grants received	3,552	2,279
Revenue Grants Received	35	18,178
Proceeds from short term & long-term investments	-	-
	(49,491)	(13,434)

Net cashflows from financing activities

	2022/23 £000	2021/22 £000
Cash Receipts of Short & Long Term Borrowing	10,000	20,000
Cash payments for the reduction of the outstanding liabilities relating to finance leases & on-balance sheet PFI contracts	(191)	(328)
Repayments of short- & long-term borrowing	(20,000)	(23,350)
Other receipts /(payments) for financing activities	6,399	14,132
	(3,792)	10,454

G12. Officers' Remuneration

The remuneration paid to the senior officers within Colchester City Council is shown in Note 29.

Colchester Borough Homes Limited

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

2022-23	Salary (inc. fees & allowances) £	Pension Contributions £	Total Remuneration £
Chief Executive Officer	109,238	22,066	131,304
Director of Business Improvement	82,324	16,629	98,953
Director of Operations	82,350	16,635	98,985
	273,912	55,330	329,242

2021-22	Salary (inc. fees & allowances) £	Pension Contributions £	Total Remuneration £
Chief Executive Officer (see note below)	18,181	3,614	21,795
Chief Executive Officer (see note below)	60,632	12,248	72,880
Director of Business Improvement	83,208	16,808	100,016
Director of Operations	83,208	16,808	100,016
	245,229	49,478	294,707

The Chief executive left Colchester Borough Homes Limited on 31st May 2021. The position was left vacant until a new Chief Executive was appointed on 6th September 2021

Colchester Commercial Holdings Limited

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

2022-23	Salary (inc. fees & allowances) £	Pension Contributions £	Total Remuneration £
Managing Director	99,986	6,327	106,313
Senior Commercial Manager	75,802	3,858	79,660
Finance Manager & Company Secretary	47,294	2,017	49,311
	223,082	12,202	235,284

2021-22	Salary (inc. fees & allowances)	Pension Contributions	Total Remuneration
Managing Director (Note 1)	27,528	-	27,528
Managing Director (Note 2)	27,500	1,375	28,875
Group Commercial Director (Note 2)	69,765	3,488	73,253
Senior Commercial Manager	68,815	3,442	72,257
Finance Manager & Company Secretary (Note 3)	16,944	820	17,764
Finance Manager & Company Secretary (Note 4)	23,958	1,198	25,156
	234,510	10,323	244,833

Note 1: The Managing Director retired and left Colchester Commercial Holdings on 31 December 2021.

Note 2: The Group Commercial Director took up the position of Managing Director on 1 January 2022.

Note 3: The Group Commercial Director left the position on 31 December 2021 to take up the position of Managing Director on 1 January 2022.

Note 4: The Finance Manager and Company Secretary resigned and left Colchester Commercial Holdings on 19 July 2021.

Note 5: An Interim Finance Manager and Company Secretary was contracted for the period from 20 July 2021 until it this position filled on 1 November 2021. Payments made to the recruitment agency in 201/22 in respect of the interim placement totalled £45,600 including VAT.

The Group's officers within the Council, Colchester Borough Homes Limited and Colchester Commercial Holdings Limited receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	2022/23	2021/22
£50,000-54,999	4	4
£55,000-59,999	10	18
£60,000-64,999	5	1
£65,000- 69,999	7	2
£70,000-74,999	6	6
£75,000-79,999	4	-
£80,000-84,999	1	-
£85,000-89,999	-	-
£90,000-94,999	-	-
£95,000-99,999	1	-
Over £100,000	1	2
	39	33

G13. Termination Benefits (Exit Packages)

The total cost of exit packages includes the payments made to individuals and payments to the pension fund authority in respect of strains on the pension fund (curtailment costs).

2022/23 Exit packages cost band (including special payments)	Number of compulsory redundancies	Number of other agreed departures	Total number of exit packages by cost band	Total cost of exit packages £s
£0 - £20,000	3	2	5	21,986
£20,001 - £60,000	2	3	5	233,905
Total cost included in bandings				255,891
Add: Adjustments to accruals made in previous financial years relating to payments made to individuals				(22,090)
Add: Pension strains paid in the year which relate to individuals who left in previous financial years				22,021
Total Exit Costs				255,822

2021/22 Exit packages cost Band(including special payments)	Number of Compulsory redundancies	Number of other agreed departures	Total number of exit Packages by cost band	Total cost of exit packages £'s
£0 - £20,000	3	-	3	22,308
£20,001 - £60,000	-	4	4	172,393
Total cost included in bandings				194,701
Add: Adjustments to accruals made in previous financial years relating to payments made to individuals				3,835
Add: Pension strains paid in the year which relate to individuals who left in previous financial years				-
Total Exit Costs				198,536

G14. Defined Benefit Pension Scheme

As part of the terms and conditions of employment of its officers and other employees, the Council (CBC) and Colchester Borough Homes Limited (CBH) make contributions towards the cost of post-employment benefit. Although these benefits will not actually be payable until employees retire, there is a commitment for CBC and CBH to make the payments that need to be disclosed at the time that employees earn their future entitlement.

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

Colchester Commercial Holdings Limited participated in the Local Government pension scheme in 2018/19. During the 2022/23, all assets and liabilities were transferred to the Council with all costs in relation to the current services included in the council's accounts.

Transactions Relating to Retirement Benefits

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

Local Government Pension Scheme

	2022/23 £000	2021/22 £000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	14,077	14,714
Past Service Cost	109	87
Liabilities assumed/(extinguished) on settlements	-	-
Settlements price received/(paid)	-	-
Financing and Investment Income and Expenditure:		
Net interest expense	2,349	2,384
Pension fund administration expenses	146	135
Other Comprehensive Income and Expenditure:		
Re-measurement of the net defined benefit liability	(149,454)	(40,193)
Total charged to the Comprehensive Income and Expenditure Statement	(132,773)	(22,873)

Pension assets and liabilities recognised in the Balance Sheet

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

	31-Mar-23 £000	31-Mar-22 £000
Fair value of plan liabilities	(258,924)	(398,306)
Fair value of plan assets	304,479	280,685
Net surplus /(liability)	45,555	(117,621)

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

	2022/23	2021/22
	£000	£000
Balance at 1 April	(395,631)	(395,124)
Current service cost	(14,077)	(14,275)
Interest cost	(10,197)	(8,844)
Change in financial assumptions	163,006	138,922
Change in demographic assumptions	9,918	8,474
Experience loss/(gain) on defined benefit obligation	(18,816)	(12,463)
Liabilities assumed/(extinguished) on settlements	-	-
Benefits paid net of transfers in	8,713	8,606
Past service costs	(109)	(109)
Contributions by scheme participants	(2,068)	(2,020)
Unfunded pension payments	337	337
Balance at 31 March	(258,924)	(276,496)

Reconciliation of the movements in fair value of the scheme assets:

	2022/23	2021/22
	£000	£000
Balance at 1 April	302,196	275,807
Interest on assets	7,848	5,508
Return on assets less interest	(4,019)	21,874
Other actuarial gains/(losses)	(635)	-
Administration expenses	(146)	(135)
Contributions by employer	6,217	5,684
Contributions by scheme participants	2,068	1,857
Benefits paid net of transfers in	(9,050)	(8,373)
Settlement prices received/(paid)	-	-
	-	-
Balance at 31 March	304,479	302,222

GLOSSARY OF TERMS

Accruals Concept

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

Actuarial Gains and Losses

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

Amortisation

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

Appropriations

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

Billing Authority for Council Tax and Non-Domestic Rates

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

Budget Requirement

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

Capital Expenditure

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

Capital Financing Requirement

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

Capital Programme

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

Capital Receipts

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

Carry Forwards

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

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

Collection Fund

All receipts of Council Tax and Non-Domestic Rates are paid into this Fund. The Council uses the Collection Fund to pay Council Tax precepts to Essex County Council, Essex Fire and Rescue and

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

Contingent Liabilities

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

Creditors

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

Current Assets

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

Current Liabilities

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

Debtors

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

Depreciation

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

Earmarked Reserves

Amounts set aside for specific future commitments or potential liabilities.

Effective Interest Rate

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

Fair Value

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

Financial Instruments

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

General Fund

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

Gross Book Value

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

Housing Revenue Account (HRA)

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

IFRS (International Financial Reporting Standards)

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

Impairment

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

Intangible Assets

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

Investment Properties

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

Leases

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

Major Repairs Reserve (MRR)

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

Minimum Revenue Provision (MRP)

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

Net Book Value (NBV)

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

Non-Distributed Costs

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

National Non-Domestic Rates (NNDR)

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

Precept

This is the amount of Council Tax income that local authorities providing services within the Colchester borough require to be paid from the Collection fund to meet the net cost of their services. The Council

Tax requirement is made up of the sum of all the precepts levied on the Billing Authority. Precepts are raised by Colchester City Council, Essex County Council, Police and Crime Commissioner for Essex, Essex Fire and Rescue and Town and Parish Councils.

Principal Amount

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

Property, Plant and Equipment (PPE)

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

Provisions

Amounts set aside where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Prudential Code

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

Public Works Loan Board (PWLB)

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

Revaluation

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

Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

Useful Life

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF COLCHESTER CITY COUNCIL**

Page intentionally left blank

DRAFT

5 March 2024

Report of	The Section 151 Officer	Author	Chris Hartgrove (chris.hartgrove@colchester.gov.uk)
Title	Treasury Management Outturn 2022/23		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 The Council's Treasury Management Strategy (including Investment Strategy) for 2022/23 was adopted by full Council in February 2022.
- 1.2 The Borrowing and Investment position as at 31st March 2023 was as follows:
 - Borrowing – external borrowing marginally decreased by £4.5 million (from £161.1 million to £156.6 million) during the period April 2022 to March 2023; and
 - Investments – there was a decrease in investments of £32.0 million (from £64.5 million to £32.5 million) during the same period.
- 1.3 The report also considers compliance with key Treasury Management indicators. Full compliance was achieved in all cases in 2022/23.

2. Recommended Decisions

- 2.1 To note the Treasury Management Outturn 2022/23.

3. Reason for Recommended Decision

- 3.1 To enable the robust scrutiny the Council's Treasury Management performance for 2022/23.

4. Alternative Options

- 4.1 None.

5. Background and Introduction

5.1 The Council's Treasury Management Strategy for 2022/23 (including Investment Strategy) was adopted by the Council in February 2022. The purpose of this report is to update the Committee on the final outturn position against that Strategy following the publication of the Council's draft Statement of Accounts 2022/23 on 26th February 2024.

6. Borrowing Activity

6.1 Local authorities can borrow from the PWLB provided they can confirm they are not planning to purchase 'investment assets primarily for yield' in the current or next two financial years, with confirmation of the purpose of capital expenditure from the Section 151 Officer. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing.

6.2 Acceptable use of PWLB borrowing includes Service Delivery, Housing, Regeneration, Preventative Action, Refinancing and Treasury Management.

6.3 The Council is not planning to purchase any investment assets primarily for yield within the next three years and so is able fully access the PWLB.

6.4 At 31st March 2023, the Council held £156.6 million in loans (a decrease of £4.5 million compared to the position as at 31st March 2022), as part of its strategy for funding the Capital Programme and is summarised in the table below.

Borrowing 2022/23

Description	Balance 31/03/22	Net Movement	Balance 31/03/23	31/03/23 Weighted Average Rate (%)	31/03/23 Weighted Average Maturity
	£M's	£M's	£M's		
Public Works Loan Board (PWLB)	132.1	0	132.1	3.80%	38.4 Years
Banks	9.0	0	9.0	4.26%	70.1 Years
Local Authorities (long-term)	20.0	(20.0)	0	2.11%	2.0 Years
Local Authorities (short-term)	0	10.0	10.0	2.0%	Less than 1-Year
LOBO's	5.5	0	5.5	3.62%	Less than 1-Year
Total Borrowing	161.1	(10.0)	156.6		

6.5 The chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

- 6.6 The cost of both long and short-term borrowing rose dramatically over the year, with rates at the end of March 2023 around 2% to 4% higher than those at the beginning of April 2022. Rate rises have been driven primarily by inflation and the need for central banks to control this by raising interest rates. Particularly dramatic rises were seen in September 2022 after the Liz Truss 'mini budget' that included unfunded tax cuts and additional borrowing to fund consumer energy price subsidies: over a twenty-four-hour period, some PWLB rates increased to 6.0%. Rates fell from their September 2022 peaks but remained volatile and well above recent historical norms. The PWLB 10-year maturity certainty rate stood at 4.33% at 31st March 2023, 20-years at 4.70% and 30-years at 4.66%.
- 6.7 A new HRA PWLB rate of gilt yield plus 0.4% (0.4% below the currently available certainty rate) was announced on 15th March 2023. This discounted rate is to support local authorities borrowing for Housing Revenue Accounts (HRA) and the delivery of social housing and was made available with effect from 15th June 2023, initially for a period of one year.

7. Treasury Investment Activity

- 7.1 CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20th December 2021. These define Treasury Management Investments as investments that arise from the organisation's cash flows or Treasury Risk Management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
- 7.2 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held, and money borrowed in advance of need. During 2022/23, as is normal, the Council's investment balances varied due to timing differences between income and expenditure.
- 7.3 At 31st March 2023, the Council held £32.5 million in investments (down £32.0 million compared to the position as at 31st March 2022), which are summarised in the table below.

Treasury Investments 2022/23

Description	Balance 31/03/22	Net Movement	Balance 31/03/23	31/03/23 Income Return	31/03/23 Weighted Average Maturity
	£M's	£M's	£M's		
Banks & Building Societies (unsecured)	39.0	(31.5)	7.5	4.09%	Less Than 1-Year
Government (incl. local authorities)	6.5	(1.5)	5.0	4.10%	Less Than 1-Year
Money Market Funds	19.0	1.0	20.0	4.10%	Instant Access
Total Investments	64.5	(32.0)	32.5		

- 7.4 Both the CIPFA Code and Government guidance requires local authorities to invest funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

8. Treasury Management Indicators

8.1 The Section 151 Officer reports that Treasury Management activities undertaken during 2022/23 complied with the extant CIPFA Treasury Management Code.

8.2 The Section 151 Officer also confirms that Investment activity was undertaken in accordance with the professional advice provided by the Council's retained Treasury Management advisors, Link with strict adherence to the Counterparty List (which is kept under continuous review).

8.3 Compliance was measured against the following Treasury Management indicators in the year:

- Operational Boundary – an estimate of the Council's (most likely) total external debt. It is possible for the Operational Boundary to be temporarily breached to take account of unusual movements in cash flow, although this should not be a regular occurrence.
- Authorised Limit – essentially the same as the Operational Boundary but includes headroom over and above it to take account of unusual movements in cash flow and therefore should be the maximum amount of external debt that the Council is exposed to at any given time.
- Maturity Structure of Borrowing - this indicator is set to control exposure to refinancing risk through the spreading of loan maturities; and
- Principal Sums Invested for Longer than 1-Year - the purpose of limiting principal sums invested for periods longer than a year is to contain exposure to the possibility of loss that might arise as a result of having to borrow short term at higher rates or redeem investments at a loss.

8.4 Full compliance with the Council's Operational Boundary and Authorised Limit was achieved in 2022/23 with the actual level of External Borrowing significantly below both indicators as presented in the table below.

Operational Boundary and Authorised Limit for External Debt			
Description	2022/23 Strategy	2022/23 Actual	Complied?
	£Ms	£Ms	
Operational Boundary – Borrowing	375.0	156.6	Yes
Operational Boundary – Other Long-Term Liabilities	0	0	Yes
Operational Boundary – Total External Debt	375.0	156.6	Yes
Authorised Limit – Borrowing	405.0	156.6	Yes
Authorised Limit – Other Long-Term Liabilities	0	0	Yes
Authorised Limit – Total External Debt	405.0	156.6	Yes

8.5 The Council's Borrowing maturity structure remained within Strategy limits in 2022/23 as summarised in the table below.

Maturity Structure of Borrowing				
	31/03/23 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	6.4%	15.0%	0%	Yes
12 months and within 24 months	0%	15.0%	0%	Yes
24 months and within 5 years	0.4%	15.0%	0%	Yes
5 years and within 10 years	4.2%	15.0%	0%	Yes
10 years and within 20 years	14.7%	30.0%	0%	Yes
20 years and within 30 years	24.3%	30.0%	0%	Yes
30 years and within 40 years	21.1%	40.0%	0%	Yes
40 years and within 50 years	24.3%	40.0%	0%	Yes
More than 50 years	5.7%	10.0%	0%	Yes

8.6 The Council had no sums invested for longer than one-year in 2022/23 as summarised in the table below.

Principal Sums Invested for Periods Longer than One-Year	
	2022/23
Actual principal invested beyond year end.	£0 million
Limit on principal invested beyond year end.	£10.0 million
Complied?	Yes

9. Equality, Diversity and Human Rights implications

9.1 None.

10. Standard References

10.1 The capital investment plans included within the overall Capital Programme for 2022/23 (both General Fund and HRA) reflected the Council's priorities within the "Better Colchester Strategic Plan 2020/23" (adopted October 2020).

10.2 Management Accounts 2022/23 (Month 12).

11. Environmental and Sustainability Implications

11.1 None.

5 March 2024

Report of	The Section 151 Officer	Author	Chris Hartgrove (chris.hartgrove@colchester.gov.uk)
Title	Quarter 3 Budget Monitoring Report 2023/24		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report sets out the 2023/24 General Fund and Housing Revenue Account positions, for both revenue and capital, as of 31st December 2024 ("Quarter 3").
- 1.2 In terms of General Fund revenue expenditure – at the Quarter 3 stage – a £1.916 million budget overspend is forecast, with projected net expenditure of £28.759 million compared to an updated budget provision of £26.843 million.
- 1.3 As with 2022/23, the budget is being delivered against a challenging economic background that is creating multiple, unforeseen, pressures on the budget. Higher inflation and higher interest rates are continuing for longer than was predicted by the Treasury at the time the budget was set. This is resulting in higher costs, but also lower income from some services as disposable incomes are reduced as resident's adjust their spending patterns. Additionally, the squeeze on incomes and higher housing costs is resulting in higher demands for some Council services, such as Homelessness. With both the cost of delivery and demand increasing, whilst at the same time income decreases, it is the Council's budget that is squeezed in the middle.
- 1.4 Consequently, the net revenue Expenditure position reflects a Service overspend of £2.975 million. Notable items include:
 - A net budget pressure of £822,000 on Homelessness/Temporary Accommodation compared against the original budget of £533,000, resulting in a forecast net spend of £1.355 million. This is part of a national trend, with statistics released by the Government confirming that Homelessness was up by 5.7% across England in the period January to March 2023, compared to the corresponding period in 2022. The Homelessness service is managed by Colchester Borough Homes (CBH) on behalf of the Council. The Council's Senior Team are working with Senior Managers from CBH to identify actions to mitigate this overspend and to develop solutions to the wider housing pressures facing Colchester; and
 - An income shortfall of £809,000 is also expected with notable pressures being experienced in the Planning and Bereavement services, as well as the Amphora Dividend.
- 1.5 In contrast, the overspend on Services is offset by an underspend of £1.808 million on Capital Financing costs, due to the combined impact of a continued increase in interest rates and the completion of an internal review of Capital Financing costs.

- 1.6 Members should note that the realisation of embedded savings targets within the 2023/24 revenue budget is also proving very challenging, most notably a targeted recruitment freeze with an assumed yield of £0.5 million; additional measures have now been introduced by senior management entailing a more stringent recruitment freeze, with a view to getting as close as possible to the target over the remainder of the financial year.
- 1.7 The financial threat posed by the – at the time, unsettled – Staff Pay Award for 2023/24 was highlighted in the Quarter 2 report to the Committee. Since then, a local agreement has been reached, and the national offer of £1,925 (consolidated) has been accepted. This has triggered an additional cost pressure of circa £600,000. The increase (backdated to 1st April 2023) was included in January 2024 pay packets, so will not be reflected in service budgets until Quarter 4 (reflected instead within Corporate and Unallocated items).
- 1.8 The revenue Funding position for Quarter 3 is mixed. The Council is to receive £204,000 in Revenue Support Grant (RSG) that was not included in the original budget assumption, but the anticipated Contribution from Reserves is £1.701 million higher as a consequence of the £1.916 million overspend described above.
- 1.9 Some of the pressures identified here are one-off, whilst others are likely to continue into future years. In this context, Senior Officers, working with Portfolio Holders, are taking, or are developing, a range of mitigating actions. This includes:
- Rolled Forward Budgets (Short-Term) – unspent revenue budgets for 2022/23 that were rolled forward at the end of the financial year (and held in the Future Budget Reserve) have been reviewed in the light of updated circumstances. This is reflected in the overall spending forecast and has released funds of £663,100 within the Reserve which are now available to partially absorb some of the remaining forecast overspend and provide a stronger Balance Sheet, which has helped to develop the 2024/25 Budget; and
 - “Fit for the Future” (Transformation) Programme (Medium and Long-Term) – added emphasis has now been placed on the “Fit for the Future” Programme in order to deliver efficiencies that will help offset the Council’s longer-term spending pressures.
- 1.10 A balanced position on the Housing Revenue Account (HRA) is projected at the Quarter 3 stage. A significant cost pressure of £1.465 million on the Repairs & Maintenance budget (which has also impacted on the 2024/25 HRA budget), and a small, anticipated shortfall on income from Rent and Service Charges of £28,000, is expected to be offset by a reduced Contribution to Capital of the same amount. If a balanced position is achieved, the HRA Balance would remain unchanged at £4.582 million (above the £1.6 million contingency requirement assumed in the HRA Business Plan).
- 1.11 Spending on both the General Fund and HRA Capital Programmes in the first 9 months has been relatively subdued. Thus:
- General Fund Capital Programme – spending in the first 9 months was £6.037 million, with a forecast outturn of £16.289 million, which – if this materialises – would lead to an underspend of £71.024 million. The most significant item of slippage relates to originally assumed loan advances of £26.70 million to the Council’s new Housing Company, which will no longer be proceeding; and

- Housing Revenue Account Capital Programme – spending in the first 9 months was £23.755 million, with a forecast outturn of £42.666 million, which – if this materialises – would lead to an underspend of £18.244 million. Slippage on the New Build Programme of £10.653 million is the most significant factor.

1.12 And finally, and by way of added context, the Council is operating in a volatile environment which is having significant and unpredictable financial impacts on the budget. This can be demonstrated through the variances highlighted within this report; some of these are predictable but vary from original assumptions and some have been unexpected. However, those risks are recognised through the Council's risk identification and mitigation strategy and through maintaining adequate reserves and balances.

2. Recommended Decisions

2.1 The General Fund revenue position at the end of Quarter 3 (31st December 2023) for 2023/24, including actions being undertaken or proposed to ameliorate the position, where significant variances have been identified, be noted (***including Appendices A, B and C***).

2.2 The General Fund capital position at the end of Quarter 3 (31st December 2023) for 2023/24 be noted (***including Appendix D***); and

2.3 The Housing Revenue Account revenue position at the end of Quarter 3 (31st December 2023) for 2023/24, including actions proposed to ameliorate the position, where significant variances have been identified, be noted; and

2.4 The Housing Revenue Account capital position at the end of Quarter 3 (31st December 2023) for 2023/24 be noted.

3. Reason for Recommended Decision

3.1 This report facilitates the scrutiny of the Council's financial position for 2023/24.

4. Alternative Options

4.1 None.

5. Background and Introduction

- 5.1 The Housing Revenue Account budgets for 2023/24 (Revenue and Capital) were approved by Cabinet on 25th January 2023.
- 5.2 The General Fund budget for 2023/24 (Revenue only) was subsequently approved by full Council on 22nd February 2023. A decision on an updated General Fund Capital budget for 2023/24 was deferred pending the outcome of an internal review of the Capital Programme. The delivery of the previously approved Programme has continued in 2023/24, with unspent balances from 2022/23 rolling forward as planned; further schemes were eventually added to the Capital Programme following approval by full Council on 18th October 2023.
- 5.3 This report updates the Governance & Audit Committee on how the Council's services have performed against approved budgets in the first nine months of 2023/24 (Quarter 3), and projects forward to the anticipated outturn for the end of the financial year.

6. General Fund Revenue Budget

Net Expenditure

- 6.1 The General Fund net expenditure position for 2023/24, at the Quarter 3 stage – summarised by service area – is presented in **Appendix A**. The headline is a forecast budget overspend of £1.916 million, with projected net expenditure of £28.759 million against an updated budget provision of £26.843 million. The table below summarises the position by service area.

General Fund Net Expenditure 2023/24 (Quarter 3)					
Service Area	Budget 2023/24 (Council 22/02/23)	YTD Budget Moves (@ Q3)	Updated Budget 2023/24	Q3 Forecast (Net)	Variance
	£000's	£000's	£000's	£000's	£000's
Corporate & Democratic Core	(33)	(20)	(53)	(19)	34
Senior Leadership Board (SLB)	2,071	(172)	1,899	1,797	(102)
Modern City Services	7,084	683	7,767	8,153	386
Corporate Services	6,094	1,020	7,114	7,993	879
Enjoy Colchester	1,410	130	1,540	1,528	(12)
Place and Prosperity	513	1,026	1,539	2,219	680
Transformation & Business Improvement	2,500	388	2,888	3,089	201
Housing and Wellbeing	1,724	(362)	1,362	2,271	909
Total Service Budgets	21,363	2,693	24,056	27,031	2,975
HRA/NEPP Recharges	(3,594)	0	(3,594)	(3,594)	0
Financing Costs	3,879	0	3,879	2,071	(1,808)
Unallocated/Corporate/Technical	3,087	(585)	2,502	3,251	749
Totals (Net Expenditure)	24,735	2,108	26,843	28,759	1,916

6.2 Full details of the underlying variances in the table above can be found in **Appendix A** (Summary) and **Appendix B** (Analysis). The most notable variances – by service area level – compared to the updated budget in the table above are as follows:

- **Corporate Services including CDC (£0.913 million forecast Overspend)** – the single largest item here relates to the Amphora dividend, with a £289,000 shortfall predicted. Across the whole of Corporate Services there is a forecast overspend of £132,000 on Employee costs as vacant posts have not met the expectations assumed in the savings target for Vacancies and the Recruitment Freeze. Within Governance, an overspend of £194,000 is forecast at this stage which relates to increased Insurance Premiums due to insurance market conditions.
- **Housing & Wellbeing (£0.909 million forecast Overspend)** – the most significant factor in the overall forecast overspend relates to a budget pressure of £822,000 on the Housing service, which reflects the exceptional demand on the Homelessness/Temporary Accommodation budget; this is currently a nationwide issue.
- **Place & Prosperity (£0.680 million forecast Overspend)** – there is a forecast budget pressure of £181,000 in the Car Parking service which relates to overspends on banking/income processing charges and Parking Strategy work, alongside a £64,000 shortfall in income. In addition, the Planning service is experiencing a shortfall in income of £296,000, which is outweighing anticipated staff savings and other operational costs of £76,000. And finally, across the whole of Place & Prosperity, there is forecast overspend of £121,000 on Employee costs as vacant posts have not met the expectations assumed in the savings target for Vacancies and the Recruitment Freeze.
- **Modern City Services (£0.386 million forecast Overspend)** – there is a forecast budget pressure of £130,000 in the Building Control service which relates to a £249,000 shortfall in income, which is partially offset by a net underspend on employee costs of £119,000.
- **Financing Costs (£1.808 million forecast Underspend)** – a forecast underspend (or budget surplus) is anticipated on (net) Financing Costs of £1.808 million; this is mainly due to the combined impact of higher than assumed interest rates and a further internal review of Capital Financing costs undertaken at Quarter 2. There has been very little overall change in Quarter 3, with additional Interest Payable to be incurred following the Capital Programme additions agreed by full Council on 18th October 2023, virtually matched by savings (again on Interest Payable), as anticipated re-financing needs in the year have reduced; and
- **Unallocated/Corporate/Technical (£0.749 million forecast Overspend)** – the projected overspend here primarily reflects the provisional impact of the additional Pay Award for 2023/24 (estimated value £600,000). This was unallocated at the time of preparing this forecast in January 2024 (but has subsequently been allocated to service budgets, which will be reflected in the Quarter 4 Outturn report).

Funding

- 6.3 The General Fund funding position for 2023/24, at the Quarter 3 stage is summarised in the table below.

General Fund Funding 2023/24 (Quarter 3)					
Description	Budget 2023/24 (Council 22/02/23)	YTD Budget Moves (@ Q3)	Updated Budget 2023/24	Q3 Forecast (Net)	Variance
	£000's	£000's	£000's	£000's	£000's
Council Tax	(13,936)	0	(13,936)	(13,936)	0
Business Rates	(6,456)	0	(6,456)	(6,467)	(11)
Collection Fund Adj. (C. Tax & NNDR)	323	0	323	323	0
Revenue Support Grant	0	0	0	(204)	(204)
New Homes Bonus (NHB)	(576)	0	(576)	(576)	0
2023/24 Services Grant	(175)	0	(175)	(175)	0
Funding Guarantee Allocation	(1,685)	0	(1,685)	(1,685)	0
Other Government Grants	0	0	0	0	0
Contribution to/(from) Reserves	(2,230)	(2,108)	(4,338)	(6,039)	(1,701)
Total Funding	(24,735)	(2,108)	(26,843)	(28,759)	(1,916)

- 6.4 The funding position for the General Fund in Quarter 3 remains mixed. Whilst there is little variation on Local Tax (Council Tax and Business Rates) at this stage, there is some good news in the Final Local Government Settlement for 2023/24 with the Council receiving £204,000 in Revenue Support Grant; this was not included in the original budget assumption.
- 6.5 However, due to the forecast overspend of £1.916 million summarised in Paragraph 6.1 above, the anticipated net Contribution *from* Reserves is significantly higher (by £1.701 million) than assumed in the updated budget.

General Fund Reserves

- 6.6 A (net) Contribution of £2.230 *from* Reserves was assumed in the Budget adopted by Full Council in February 2023. The table below summarises progress against that assumption at the Quarter 3 stage, projecting forwards to the year end and the updated (net) Contribution from Reserves of £6.039 million as presented in the table above in Paragraph 6.3.

Contributions to/(from) General Fund Reserves 2023/24 (Q3 Forecast)			
Reserve	Agreed/ Planned 2023/24 (Feb 2023)	Q3 Forecast 2023/24	Description
	£000's	£000's	
General Fund Reserve	0	0	Unplanned contribution from Reserve reflecting impact of forecast Budget Overspend (Note – adopted contingency balance is £2.160 million for 2023/24).
Future Budget Reserve	(900)	(3,708)	General contribution from Reserve to support Budget.
Repairs & Renewals Fund	(800)	(702)	General contribution from Reserve to support Budget.
Pension Fund Deficit Reserve	(557)	(557)	Contribution from Reserve to fund (3-year) advance payment to Essex Pension Fund (£836k), minus annual contribution to Reserve (£279k).
Business Rates Reserve	(323)	(323)	General contribution from Reserve to match fund Collection Fund (Council Tax & NDR) deficit contributions.
Revenue Grants Unapplied	(200)	(760)	Contribution from Reserve releasing Flexible Homelessness Grant funding.
Strategic Plan Delivery Reserve	550	0	Planned contribution to Reserve of £550k to fund corporate priorities (funded from additional Leisure Services income, following change in VAT treatment). Now taken from reserve and applied to service budgets in Q2 (per Cabinet approval 8th March 2023).
Revolving Investment Fund Reserve	0	(40)	General contribution from Reserve re capital support provided by Finance Team (funded from NHB).
Capital Expenditure Reserve	0	51	Contribution to Reserve to support Trinity Church roofing works.
Net Use of General Fund Reserves	(2,230)	(6,039)	

*Contribution reduced by £0.663 million following review of Rolled Forward budgets from 2022/23 (see Para 1.9 above).

6.7 Due to internal resourcing constraints and reporting deadlines, the opening and forecast closing balances for the reserves presented in the table above are not included. However, the forecast position was included in the Budget Report presented to full Council on 21st February 2024.

6.8 It should also be noted that the Council adopted a minimum contingency balance (within the General Fund Reserve) of £2.160 million in setting the budget for 2023/24 on the basis of the Section 151 Officer's recommendation (in accordance with Section 25 of the Local Government Act 2003). The Quarter 3 forecast does *not* require the usage of any of that balance as presented in the table above.

7. Housing Revenue Account (HRA)

Revenue Forecast

7.1 The Housing Revenue Account (HRA) revenue position for 2023/24, at the Quarter 3 stage, is summarised in the table below. The overall forecast is £34.903 million, compared to the original Budget of £34.931 million agreed by Cabinet in January 2023.

HRA Budget 2023/24 (Quarter 3)			
Description	Budget 2023/24	Forecast Spending (31/03/24)	Variance
	£000's	£000's	£000's
<i>EXPENDITURE</i>			
Employees	266	266	0
Premises	9,255	10,720	1,465
Transport	1	1	0
Supplies & Services	1,118	1,118	0
Third Party Payments	4,898	4,898	0
Transfer Payments	128	128	0
Support Services	3,858	3,858	0
Capital Financing Costs	15,407	13,914	(1,493)
Total Expenditure	34,931	34,903	(28)
<i>INCOME</i>			
Grants & Reimbursements	(139)	(139)	0
Customer & Client Receipts	(34,529)	(34,501)	28
Income-Interest	(263)	(263)	0
Inter-Account Transfers	0	0	0
Total Income	(34,931)	(34,903)	28
HRA NET EXPENDITURE	0	0	0

- 7.2 The table above presents a relatively stable position on the HRA at the Quarter 3 stage for most subjective headings, except for Premises costs. The anticipated overspend on Premises costs of £1.465 million is driven by increased expenditure on Repairs and Maintenance due to an increase in volumes, the cost of materials and the complexity of Responsive Repairs being carried out. This includes an overspend on repairs to Voids, reflecting higher levels of voids and increased materials costs, along with the condition of properties being handed back. There are also higher costs on Gas Servicing, reflecting increased inflation on building costs. In addition, increased volumes are also driving up overall costs incurred on Fencing. Additional budget provision for Repairs and Maintenance has been included in the HRA revenue budget for 2024/25 approved by full Council on 21st February 2024.
- 7.3 The other significant difference compared to the budget is lower than expected Revenue Contributions to Capital of £1.493 million as part of overall Capital Financing Costs. The difference in substance is the balancing figure in the HRA and is due to less Rent and Service Charges anticipated from Dwellings and Garages than assumed within the Budget, which is a function of the level of Voids, Right to Buy (RTB) sales, along with the timing of acquisitions and additions.

HRA Balance

- 7.4 Members should note that the current HRA Business Plan includes the assumed maintenance of a minimum balance of £1.6 million in the HRA reserve; as of 31st March 2023, the balance was £4.582 million. The year end forecast balance in the table below, reflects the balanced position described above in Paragraph 7.1.

Movement on HRA Balance: Quarter 3 2023/24	
Description	£000's
HRA Balance 31st March 2023 (pre-audit)	(4,582)
2023/24 Net Expenditure Forecast Variance Q3 (Para 5.11)	0
HRA Balance 31st March 2024 (Q3 Forecast)	(4,582)

8. General Fund Capital Programme

- 8.1 An updated Capital Programme for 2023/24 was not adopted alongside the General Fund Revenue budget in February 2023 in accordance with normal procedure, pending an in-depth analysis of capital commitments and capital financing costs (taking account of higher inflation and borrowing costs, and significant market and supply chain uncertainty). Despite this, the Programme still had a significant range of schemes that continued into 2023/24 and progress against those schemes has previously been reported to this Committee in Quarters 1 and 2.
- 8.2 During Quarter 3 (on 18th October 2023), full Council gave approval for the addition of new schemes with a total value of £6.198 million (£3.895 million commencing in 2023/24 + £2.303 million commencing in 2024/25); the schemes commencing in 2023/24 included profiled spending of £1.819 million in the first year.
- 8.3 This update therefore – in addition to the roll-forwards and pre-approved schemes previously reported on – also covers the 2023/24 element of the updated Capital Programme adopted by the Council in October 2023 and is summarised, at a service level, in the table below. A more detailed analysis, at a scheme level, is included in **Appendix D**.

8.4 The pre-approved Programme budget for 2023/24 totalled £85.494 million, including unspent balances of £59.542 million rolled forward from 2022/23. As explained above in Paragraph 8.2, the Programme adjustments approved in October 2023, extended this by a further £1.819 million, resulting in updated General Fund capital expenditure plans of £87.313 million for 2023/24.

8.5 Spending in the first 9 months of 2023/24 has been relatively subdued at £6.037 million, with a forecast outturn of £16.289 million, which, if this materialises, would lead to an underspend of £71.024 million.

Updated General Fund Capital Programme 2023/24 (Quarter 3)								
Description	Rolled Fwd. from 2022/23	2023/24 Allocation	October 2023 Additions (Council)	Updated Budget 2023/24	Spending (@ 31 Dec. 2023)	Remaining Budget (@ 31 Dec. 2023)	Forecast Spending (31/03/24)	Variance (Under) / Over
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Corporate Services	33,520	0	0	33,520	0	33,520	0	(33,520)
Economic Growth*	12,565	13,786	100	26,451	4,013	22,438	11,071	(15,380)
Health Partnerships & Wellbeing	1,742	427	270	2,439	373	2,066	556	(1,883)
Museums, Culture & Tourism**	17	0	228	245	17	227	264	19
Neighbourhood Services	1,487	0	601	2,088	25	2,063	667	(1,422)
Sport & Leisure	441	0	0	441	317	124	356	(85)
Strategic Housing (GF)	4,701	1,452	0	6,153	862	5,291	1,050	(5,103)
Sustainability	5,069	10,287	620	15,976	429	15,546	2,326	(13,650)
Total Expenditure	59,542	25,952	1,819	87,313	6,037	81,276	16,289	(71,024)
<i>Capital Financing:</i>								
Capital Grants	18,189	11,565	346	30,100	3,321	26,779	10,430	(19,670)
S106 Receipts	680	0	502	1,182	495	687	1,239	57
Capital Receipts	277	0	0	277	9	268	50	(227)
Revenue Contributions	191	0	0	191	191	0	209	18
Borrowing	40,205	14,387	971	55,563	2,022	53,540	4,362	(51,200)
Total Financing	59,542	25,952	1,819	87,313	6,037	81,276	16,289	(71,024)

Note – Net Rolled Forward Budget adjustments of £45,000 compared to Q1 following subsequent release of 2022/23 Capital Outturn - Multi Use Community Centre* (-£40,000) and Mercury Theatre** (£85,000).

8.6 There are four dominant areas of underspending/slippage on the General Fund Capital Programme at the Quarter 3 stage:

- **Corporate Services (£33.520 million forecast Underspend)** – the most significant item here relates to loan advances of £26.70 million to the Council’s new Housing Company; these will not materialise in 2023/24 and have been removed from the updated Capital Programme adopted by full Council on 21st February 2024.
- **Sustainability (£13.650 million forecast Underspend)** – there are two significant schemes driving the underspend:
 - CNG Solar Micro Grid - this scheme explores the development of a micro grid at the Northern Gateway and has a total budget of £5.70 million for 2023/24. The scheme has been paused pending further financial and operational review; and
 - Colchester Northern Gateway Heat Network – the budget allocation for this scheme in 2023/24 was £6.355 million. Forecast spending is now £1.80 million, which if this materialises – would lead to an underspend of £4.555 million. The project is currently on hold as costs have increased with inflation pending further financial and operational review.
- **Economic Growth (£15.380 million Underspend)** – the most significant area of underspending relates to schemes associated with the Town Deal project. The overall project has a budget of £19.09 million, with forecast spending of £6.3 million this year; if this materialises, it will lead to an underspend of £12.79 million. Two schemes – with combined budgets of £1.73 million (Balkerne Gate Phase 2 + Kerbless & Green Streets) – are currently on hold pending further review. The Multi-Use Community Hub scheme has a budget of £5.78 million with forecast spending of £0.120 million, leading to an underspend of £5.66 million; and
- **Strategic Housing (£5.103 million Underspend)** the underspend relates to the provision of Disabled Facilities Grants (DFG). The Council receives a grant in the region of £1.4 million annually, but actual spending is subject to the volume of applications received, approved, and then processed; any remaining grant held is carried forward.

9. HRA Capital Programme

- 9.1 Cabinet approved a total 5-year HRA Capital Programme of £195.284 million, which included expenditure of £28.782 million for 2023/24 at its meeting on 25th January 2023. The delivery of the Programme is shared with Colchester Borough Homes (CBH) under hybrid arrangements covering “Decent Homes,” and the acquisition and building of Council homes.
- 9.2 The total pre-approved Programme for 2023/24 is £60.910 million (including unspent balances of £32.128 million rolled forward from 2022/23). Spending in the first 9 months was £23.755 million, with a forecast outturn of £42.666 million, which – if this materialises – would lead to an underspend of £18.244 million. The Quarter 3 position for 2023/24 is summarised in the table below.

HRA Capital Programme 2023/24 (Quarter 3)							
Description	Rolled Fwd. from 2022/23	2023/24 Allocation	Updated Budget 2023/24	Spending (@ 31 Dec. 2023)	Remaining Budget (@ 31 Dec. 2023)	Forecast Spending (31/03/24)	Variance (Under) / Over
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Home Improvement Programme	7,859	11,582	19,441	6,694	12,747	15,303	(4,138)
Sheltered Accommodation	9,038	0	9,038	2,862	6,176	5,908	(3,130)
Adaptations	35	700	735	559	176	735	0
Council House New Build	11,713	4,440	16,153	3,589	12,564	5,500	(10,653)
Purchases of properties - HRA	2,127	12,000	14,127	8,298	5,829	13,000	(1,127)
New Build on Garage Sites	1,085	0	1,085	1,833	(748)	2,300	1,215
HRA Property Purchase-100 Home	(106)	0	(106)	(80)	(26)	(80)	26
Housing ICT Development	377	60	437	0	437	0	(437)
Total Expenditure	32,128	28,782	60,910	23,755	37,155	42,666	(18,244)
<i>Capital Financing:</i>							
MRR	0	6,000	6,000	3,467	2,533	6,000	0
Capital Receipts	7,084	2,280	9,364	2,728	6,636	5,008	(4,356)
Revenue Contributions	0	3,304	3,304	1,909	1,395	3,304	0
Borrowing	25,044	17,198	42,242	15,651	26,591	28,354	(13,888)
Total Financing	32,128	28,782	60,910	23,755	37,155	42,666	(18,244)

9.3 There are three dominant areas of underspending/slippage on the HRA Capital Programme at the Quarter 3 stage:

- **Council House New Build (£10.653 million forecast Underspend)** – the Housebuilding Programme includes provision for a range of projects, including the Arthur Street acquisitions and The Willows, which did not go ahead due to viability issues. The funding for these projects has been repurposed into other projects such as Boxted Road and Military Road. However, as these are replacement projects and therefore will not be delivered in 2023/24, it is anticipated that the funding will be carried forward into 2024/25

- **Home Improvement Programme (£4.138 million forecast Underspend)** - the main reason for the forecast underspend is due to a delay in the delivery of the supplementary projects budget (£2.6 million), which is making funding available for the Climate Emergency works, including the Social Housing Decarbonisation Fund project and Retrofit works to the Housing Stock. The funding will be carried forward to meet the costs of the work when they commence in 2024/25. There are also underspends relating to the timing of works on Window and Door replacements, Electrical Inspections & Rewires, the Heating System at Harrison Court and the Re-roofing Works at The Cannons; all of which are expected to go ahead in 2024/25. It is anticipated that the relevant unspent resources will be carried forward at year-end to support the continued delivery of these works to the Housing Stock; and
- **Sheltered Accommodation (£3.130 million Underspend)** – the refurbishment of Elfreda House is forecast to be completed circa Spring 2024, although an underspend is still anticipated pending identification of a further suitable refurbishment scheme for 2023/24. It is therefore anticipated that unspent resources will be carried forward into 2024/25 to continue to support the ongoing refurbishment programme.

10. Equality, Diversity and Human Rights implications

10.1 None.

11. Standard References

11.1 There are no special references to the Strategic Plan; consultation or publicity considerations or financial; community safety; health and safety or risk management implications.

11.2 Management Accounts 2023/24 (Month 9).

12. Environmental and Sustainability Implications

12.1 None.

13. Appendices

13.1 General Fund Revenue Budget 2023/24 (Quarter 3 Variance Summary) - **Appendix A**

13.2 General Fund Revenue Budget 2023/24 (Quarter 3 Variance Analysis) - **Appendix B**

13.3 General Fund Revenue Budget 2023/24 (Quarter 3 Subjective Analysis) - **Appendix C**

13.4 General Fund Capital Programme 2023/24 (Quarter 3 Forecast) - **Appendix D**

General Fund Revenue Budget 2023/24**Variance Summary (Quarter 3)**

Service Area	Variances to Date			Forecast Variances		
	Spend	Income	Net	Spend	Income	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Corporate & Democratic Core	(213)	(141)	(354)	34	-	34
Sub-Total	(213)	(141)	(354)	34	-	34
Senior Leadership Board						
Senior Leadership Board	(130)	96	(34)	(87)	50	(37)
Communications	(63)	(1)	(64)	(65)	-	(65)
Sub-Total	(193)	95	(98)	(152)	50	(102)
Modern City Services						
Head of Public Protection	63	-	63	88	-	88
Food & Safety	34	29	63	50	22	72
Licensing, Community Safety & Safeguarding	(25)	16	(9)	(1)	5	4
Environmental Health Services	6	(4)	2	17	2	19
Building Control	(78)	214	136	(119)	249	130
Private Sector Housing & Healthy Homes	(55)	57	2	(45)	54	9
Head of Neighbourhood Services	94	(4)	90	25	(3)	22
Neighbourhood Services	(277)	(553)	(830)	216	(174)	42
Sub-Total	(238)	(245)	(483)	231	155	386
Corporate Services						
Financial Management	(48)	46	(2)	1	-	1
Corporate Asset Management	(278)	56	(222)	31	8	39
Commercial & Investment	151	(58)	93	9	110	119
Client-Commercial Company	(193)	(12)	(205)	-	289	289
Head of Operational Finance	1	-	1	(4)	-	(4)
Operational Finance Services	31	3	34	23	(1)	22
Local Taxation & NNDR	(26)	(81)	(107)	(1)	(89)	(90)
Benefits & Technical	21	22	43	16	18	34
Contact & Support Centre	(19)	12	(7)	13	-	13
Household Support Grants	-	-	-	-	-	-
Head of Governance	57	-	57	79	-	79
Governance	501	39	540	251	-	251
Head of People	77	(2)	75	78	-	78
People	(20)	27	7	3	45	48
Sub-Total	255	52	307	499	380	879

Service Area		Variances to Date			Forecast Variances		
		Spend	Income	Net	Spend	Income	Net
		£'000	£'000	£'000	£'000	£'000	£'000
Enjoy Colchester							
	Sport and Leisure	54	(270)	(216)	64	(63)	1
	Cultural Services	(3)	2	(1)	2	5	7
	Colchester Museum	1	(6)	(5)	-	(20)	(20)
	Sub-Total	52	(274)	(222)	66	(78)	(12)
Place & Prosperity							
	Head of Economic Growth	10	-	10	17	-	17
	Economic Growth	(10)	-	(10)	(5)	-	(5)
	Head of Sustainability	23	-	23	35	-	35
	Sustainability & Climate Change	18	1	19	(2)	-	(2)
	Parks and Open Spaces	(288)	68	(220)	32	84	116
	Parking	32	55	87	117	64	181
	Head of Planning	52	-	52	152	-	152
	Place Strategy	2	-	2	(34)	-	(34)
	Planning	(73)	294	221	(76)	296	220
	Garden Communities	23	-	23	-	-	-
	Sub-Total	(211)	418	207	236	444	680
Transformation and Business Improvement							
	Director - ICT and Transformation	10	-	10	104	-	104
	ICT and Digital Systems	(94)	97	3	(41)	39	(2)
	Land Charges	(13)	70	57	19	80	99
	Sub-Total	(97)	167	70	82	119	201
Housing & Wellbeing							
	Head of Strategic Housing	10	-	10	14	-	14
	Housing	958	(258)	700	818	-	818
	Head of Health Partnerships & Wellbeing	(4)	-	(4)	(1)	-	(1)
	Community Partnerships & Wellbeing	(95)	-	(95)	(81)	-	(81)
	Bereavement Services	(156)	284	128	(65)	224	159
	Sub-Total	713	26	739	685	224	909
Service Totals		68	98	166	1,681	1,294	2,975

General Fund Revenue Budget 2023/24**Variance Analysis (Quarter 3)**

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Senior Leadership Board				
Senior Leadership Board	(87)	50	(37)	Underspends across general spend and employee costs due to vacant posts and changes since the Senior Leadership Board restructure (6.5%). £128.5k shared service saving target will not be fully achieved, £50k is currently being forecast as not being met this financial year (39%).
Communications	(65)	-	(65)	Underspends across employee costs due to vacant posts (11%) offsetting unbudgeted software licence for cost-of-living dataset in the Research and Behaviour Change Team (100%)
Modern City Services				
Head of Public Protection	88	-	88	£76k vacancy factor and £12k employee savings target yet to be achieved although £50k of salary was already removed from the base budget from service restructuring.
Food and Safety	50	22	72	Employees forecast overspend of £31k (10%) is a mixture of core staff underspend (£50k), additional agency costs following FSA Audit recommendations (£75k), and market forces supplement payments (£6k) with no budgets. Further pressure of £5k on digital inspections and £15k on shellfish testing. Shortfall in income of £22k (100%) on advice and food hygiene courses due to lack of capacity to deliver.
Licensing, Community Safety & Safeguarding	(1)	5	4	Small underspend on employees. Income shortfall on advice fees and recovery of court costs (100%).
Environmental Health Services	17	2	19	Salaries savings of £2k is offsetting £15k market forces supplement payments (3%). £5k (5%) overspend is a mixture of increase in pesticides costs and increase

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				costs for bed bug cases / number of visits required per case. This has an impact on the income generation too, forecasting £2k (3%) shortfall.
Building Control	(119)	249	130	Forecasting overall salaries underspend of £113k (25%) due to 5 vacant posts. This is a mixture of core staff underspend (£280k), agency staff costs (£200k) and market forces supplement payments (£3k) with no budget. Income shortfall forecast - £249k (44%).
Private Sector Housing and Healthy Homes	(45)	54	9	Salaries underspend of £42k (8%) is a mixture of savings on vacant posts, staff reduction in working hours and the addition of a new market forces supplement costs. Overall shortfall income of £55k (31%) in civil penalties, legal notices, and landlord advice.
Head of Neighbourhood Services	25	(3)	22	Employee overspends are forecast due to not having had sufficient vacant posts yet across the whole of Neighbourhood Services this year to achieve the budget target for vacancies and recruitment freeze.
Neighbourhood Services	216	(174)	42	£259k employee overspend is forecast to maintain key waste services in line with demand (5.74%). Due to lower prices than expected a £216k underspend is forecast on fuel (26.11%). Following global market fluctuations and a contract re tender £401k additional income derived from the sale of recyclable materials (89.57%) and a £36k overspend on associated contractor costs are forecast (5.6%). A £229k shortfall in income from charging residents for recycling equipment due to introducing the service later than anticipated (97.45%). Due to a higher than expected take up of a new paid for Garden Waste Collection service a £151k overspend on operational launch costs is forecast. This is partially offset with £91k more income

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				against a £600k budget, which was agreed at Full Council in February 2023 (25.92%).
Corporate Services (incl. CDC)				
Corporate and Democratic Core	34	-	34	Forecast overspend on banking transaction charges due to saving target that will not be achieved and overspend (12%), small overspend on subscriptions (12%) partially offset by small underspend from Parish Grants (3%).
Financial Management	1	-	1	A small overspend is forecast.
Corporate Asset Management	31	8	39	The forecast overspend has reduced to £31k from last quarter as costs have come in lower and other sources of funding has been identified including insurance and the Building Maintenance Programme. Town Hall ongoing investigations into the Moot Hall ceiling damage has meant that £150k is committed to be spent on initial works but one-off funding has been identified for this. No other pressures have yet been identified although Rowan House expenditure continues to be closely monitored. External income from staff car parks is forecast to be £8k lower.
Commercial and Investment	9	110	119	One main cost pressure to date around the demolition of property in Osborne Street (c£50k) - this cost has been slightly offset by some NNDR refunds £36k. The potential demolition of barns on Cuckoo Farm/North site has been delayed. The forecast income pressure is in relation to the Turnstone site where the practical completion has been delayed in the current financial year.
Client – Commercial companies	-	289	289	A 2023/24 dividend income shortfall for the Amphora companies as per their previous forecast.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Head of Operational Finance	(4)	-	(4)	Underspends on IT costs £2k (50%), employee costs £1k (1%) and general office expenses £1k (50%).
Operational Finance Services	23	(1)	22	Forecast overspends on employee costs £18k (2%) and subscriptions £4k (91%). Additional income forecast from CBH for reimbursement of BIP costs £1k.
Local Taxation and Business Rates	(1)	(89)	(90)	Small underspend on employee costs £1k (0.2%). Additional income forecast due to the Council Tax Sharing Agreement being reviewed for 23/24 with amendments to the % share and collection contribution, this has led to an unbudgeted increase in the contribution towards collection and compliance (81%).
Benefits and Technical	16	18	34	Unbudgeted spend on consultancy £14k (100%), postage £10k (20%) and subscriptions £1k (50%) offset by underspends on employee costs £9k (2%). A forecast income shortfall of new burdens income £29k (15%) partially offset by unbudgeted income from ECC £11k (100%).
Contact and Support Centre	13	-	13	Overspend on employee costs (1.25%).
Head of Governance	79	-	79	Overspend forecast on employee costs due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and recruitment freeze for Governance (4%).
Governance	251	-	251	£194k overspend forecast on insurance premiums due to generally increased premiums in the insurance market (18%), £11.8k on Local by Elections (100%) and Hallkeeper casual costs due to extra security at committee meetings (400%).

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Head of People	78	-	78	Overspend forecast on employee costs for People due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and recruitment freeze (39%) and department training budget (384%). Unbudgeted Equality Diversity and Inclusion Specialist shared post with Colchester Borough Homes (100%) and management and consultancy costs to carry out review of pay scales (100%).
People	3	45	48	Overspend due to employee strain cost (100%) offset slightly by underspend across salaries (2%). Unbudgeted purchase of Wagestream system (100%). Less income forecast from staff car parking due to home working (82%) slightly offset by underspend on staff travel plan costs (50%).
Enjoy Colchester				
Sport and Leisure	64	(63)	1	Expenditure pressures have been forecast on employee costs £414k due to pressures from the vacancy factor (£168k), the pay award and overtime for which most has already been off set with other savings, including energy costs as well as general supplies. An overall income improvement of £63k is forecast – most of this improvement on budget is related to Aqua Springs and Swim Course enrolments.
Cultural Services	2	5	7	Small overspend on core staff (1%). Income shortfall of £5k (5%) from Guided Tours and advertising.
Colchester Museum	-	(20)	(20)	More income of £20k (3%) on general admissions and guided tours.
Place & Prosperity				
Head of Economic Growth	17	-	17	Overspend forecast on employee costs due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and recruitment freeze (7%)

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Economic Growth	(5)	-	(5)	Small underspend across supplies and services (1%) and employee costs (1%).
Head of Sustainability	35	-	35	Overspend forecast on employee costs due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and recruitment freeze (23%)
Sustainability and Climate Change	(2)	-	(2)	Small underspend forecast across employee budgets (1%).
Parks and Open Spaces	32	84	116	A £105k overspend is forecast on river clearance works following the removal of six sunken boats (100%), this is partially offset by premises running costs underspends (30.81%). £42k under recovery on beach huts and sports and playing fields general lettings income (14.4%). £30k shortfall on roundabout advertising (100%).
Car Parking	117	64	181	Overspends forecast on banking/income processing charges £60k, management consultancy £55k, parking payment machine SIMs £7k and signs £2k with an underspend forecast on grounds maintenance of £4k, equipment £2k and court fees £1k. Shortfall of income for PCN's of £48k, additional income stream for events £35k and season tickets/permits £4k. These are partially offset by forecast over recoveries on pay and display income of £20k and EV income of £3k.
Head of Planning	152	-	152	Overspend forecast on employee costs due to this years budget target for vacancies and recruitment freeze (100%) this will be offset with underspends in Place Strategy and Planning below, £74k overspend due to strain cost, offset slightly by underspend across salaries for Head of Planning and in Planning for Development Manager due to new shared Head of Planning post.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Place Strategy	(34)	-	(34)	Underspend across salaries due to vacant posts (4%). Small overspend due to increased cost of portal system (129%).
Planning	(76)	296	220	Forecast overspend on subscriptions and licences due to increase in costs (20%), underspend forecast across employee costs due to vacant posts (13%) offsetting unbudgeted consultancy costs to cover this (100%). Planning fees income forecast is £296k less than full year budget, this has been profiled based on the previous 3 years income trend variance (21%). This will be reviewed every month.
Transformation and Business Improvement				
Director of ICT and Transformation	104	-	104	Overspend forecast on employee costs due to the budget target for vacancies and recruitment freeze (100%), this will partially be offset with the vacant posts below in ICT and Transformation area.
ICT and Digital Systems	(41)	39	(2)	Underspends across employee costs due to vacant posts (6%), underspends on printing and rental costs (52.73%) and transport costs (30%) offsetting overspend on the mobile phone bundle due to increased volume being used which means the data has run out quicker than expected and so new data will need to be purchased before year end (174%). Less income than budget forecast for street name and numbering (46%).
Land Charges	19	80	99	A £26k overspend on software licences and an £80k shortfall on income (26.65%).
Housing and Wellbeing				
Head of Strategic Housing	14	-	14	Overspend forecast on employee costs due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies and recruitment freeze (100%). The Head of Strategic Housing post has remained vacant this

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				year with associated anticipated savings being realised.
Housing	818	-	818	Forecast £822k overspend across homelessness due to increase in demand (40%), small underspend forecast across Housing Strategy Team (1%).
Head of Health Partnerships and Wellbeing	(1)	-	(1)	A small underspend is forecast.
Community Partnerships and Wellbeing	(81)	-	(81)	Employment & Finance Support Team is showing employees underspend of £60k (16%) due to vacant posts and external funding contributions (Ukraine funds, Public Health, Inequalities funding). Forecasting £7k overspend on mileage costs and operational expenditure. Further employees underspend of £12k (5%) is forecasted under Community Partnership. Also forecasting £15k funding underspend.
Bereavement Services	(65)	224	159	Forecasting £15k (5%) staff overspend due to change in Bereavement Manager mid-year and the new manager starting crossover and relocation costs. Small underspend due to vacant post. £34k (8%) underspend on grounds maintenance contract, £40k (28%) predicted underspend on utility charges. Small overspend on system maintenance due to supplier's price increase. Forecast £10k (42%) net underspend on Assisted funerals. Income shortfall of £224k (11%) mainly on cremations, numbers are now increasing so Q4 should show a better level of income.
Service Totals	1,681	1,294	2,975	

General Fund Revenue Budget 2023/24**Subjective Analysis (Quarter 3)**

Service Area	Position to Date (Q3)			Forecast Outturn		
	Actual	Budget	Variance	Actual	Budget	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure						
Employees	21,471	21,355	116	29,738	28,827	911
Premises Related	6,876	6,993	(117)	9,722	10,059	(337)
Transport Related	1,152	1,457	(305)	1,827	2,068	(241)
Supplies & Services	7,540	7,357	183	10,458	9,881	577
Third Party Payments	3,657	4,173	(516)	6,381	6,432	(51)
Transfer Payments	25,429	24,724	705	33,788	32,966	822
Capital Financing Costs	2	-	2	110	110	-
Total	66,127	66,059	68	92,024	90,343	1,681
Income						
Government Grant	(24,434)	(24,473)	39	(32,410)	(32,461)	51
Other Grants & Reimbursements	(3,432)	(3,214)	(218)	(5,553)	(5,841)	288
Customer & Client Receipts	(19,556)	(19,873)	317	(26,757)	(27,712)	955
Income-Interest	(244)	(204)	(40)	(273)	(273)	-
Total	(47,666)	(47,764)	98	(64,993)	(66,287)	1,294
Net Service Totals	18,461	18,295	166	27,031	24,056	2,975

General Fund Capital Programme 2023/24

Quarter 3 Forecast

Project Description	Roll'd Fwd. from 2022/23	2023/24 Pre Approved Allocation	2023/24 Additional Allocation (Oct. 2023)	Updated Budget 2023/24	Spending (@ 31/12/23)	Remaining Budget (@ 31/12/23)	Forecast Spending (31/03/24)	Variance (Under) / Over
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
SUSTAINABILITY								
Colchester Northern Gateway Heat Network	4,303	2,052	0	6,355	5	6,350	0	(6,355)
Micro Grid/Solar Farm	0	5,700	0	5,700	2	5,698	0	(5,700)
Sustainable Growth	376	0	0	376	109	267	109	(267)
E Cargo	165	0	0	165	13	153	75	(90)
Recreation Ground Old Heath	8	0	0	8	0	8	8	0
Garrison Gym Playground	306	0	0	306	0	306	306	0
Floating Pontoon Mersea	(21)	35	0	14	(6)	20	14	0
Fieldgate Quay	(144)	2,500	0	2,356	35	2,322	1,119	(1,238)
Great Tey Rec Playingfield S106	76	0	0	76	68	7	76	0
Middle Mill	0	0	80	80	0	80	80	0
Ferry Marsh	0	0	46	46	0	46	46	0
Smart Locks	0	0	44	44	0	44	44	(0)
Highwoods Play Area	0	0	140	140	140	0	140	0
Castle Park Area replacement	0	0	20	20	0	20	20	0
Castle Park Café - DDA and EPC compliant	0	0	51	51	0	51	51	0
Eight Ash Green Village S106	0	0	190	190	15	175	190	0
Langham PC Play Equipment - S106	0	0	49	49	49	0	49	0
	5,069	10,287	620	15,976	429	15,546	2,326	(13,650)
ECONOMIC GROWTH								
Economic Growth General								
CNG Wastewater Improvements Pumping Station	210	0	0	210	51	159	139	(71)
Digital Strategy - LFFN	(77)	0	0	(77)	4	(81)	4	81
CNGS - Detailed Planning	283	0	0	283	4	278	232	(51)
CNGS - The Walk	38	0	0	38	2	36	2	(36)
CNGS - Mains grid connection & Infrastructure	2,279	0	0	2,279	401	1,877	563	(1,716)
Rowan House Refurbishment	(1,495)	2,500	0	1,005	993	12	1,005	(0)
	1,237	2,500	0	3,737	1,455	2,282	1,944	(1,793)
Town Deal								
Greenstead Land Acquisition	2,263	0	0	2,263	17	2,246	2,249	(14)
Balkerne Gate Phase 2	100	811	0	911	13	898	0	(911)
Holy Trinity Square	44	780	0	825	9	816	60	(765)
Kerbless and Green Streets	601	224	0	825	(4)	829	50	(775)
Holy Trinity Church	322	182	0	504	30	475	30	(475)
Jumbo	0	61	0	61	13	48	61	0
TD Development work and fees	143	(143)	0	0	0	0	(0)	(0)
Improved Youth Provision (ECC)	1,226	20	0	1,247	1,290	(43)	1,290	43
Wilson Marriage Digital skills hub	0	0	0	0	190	(190)	190	190
5G	650	21	0	671	0	671	500	(171)
Town Centre to Greenstead and University Cycle	841	(533)	0	309	309	(0)	473	164
HoG - Liveable Neighbourhood	(0)	150	0	150	8	142	150	0
Multisite Community Hub	(49)	5,864	0	5,815	21	5,794	123	(5,692)
St Nicholas Square	806	257	0	1,063	405	658	475	(588)
Grow-on - former Queen St Bus Depot	4,129	352	0	4,481	158	4,323	675	(3,806)
	11,078	8,048	0	19,126	2,458	16,667	6,327	(12,799)
Levelling up								
LUF - Britannia Yard	100	850	0	950	0	950	800	(150)
LUF - Vineyard Street	50	388	0	438	0	438	0	(438)
LUF - St Botolphs roundabout	100	2,000	0	2,100	0	2,100	1,900	(200)
LUF - Shop Front Improvements	0	0	100	100	100	0	100	0
	250	3,238	100	3,588	100	3,488	2,800	(788)
	12,565	13,786	100	26,451	4,013	22,438	11,071	(15,380)
NEIGHBOURHOOD SERVICES								
Mobile Skate Park	3	0	0	3	3	(1)	3	1
Vineyard Car Park Lift Replacement	48	0	0	48	12	35	12	(35)
Shrub End Depot	959	0	0	959	(16)	976	50	(909)
Light Fleet Replacement	477	0	0	477	4	474	0	(477)
Street Hoover	0	0	18	18	0	18	18	0
Garden Waste	0	0	583	583	22	561	583	0
	1,487	0	601	2,088	25	2,063	667	(1,422)
MUSEUMS, CULTURE & TOURISM								
Colchester Charter Hall - Security	17	0	0	17	0	17	17	0
Mercury Theatre - Combined*	(0)	0	0	(0)	17	(17)	19	19
Hollytrees Museum	0	0	228	228	0	228	228	0
	17	0	228	245	17	227	264	19
SPORT & LEISURE								
CNGN - Sports Park	441	0	0	441	317	124	356	(85)
	441	0	0	441	317	124	356	(85)
HEALTH PARTNERSHIPS & WELLBEING								
Cemetery Improvement works	1	0	0	1	1	(0)	1	0
Stanway Community Centre	168	17	0	185	179	6	185	0
Stanway Toucan Crossing	200	0	0	200	2	198	100	(100)
St Marks Community Centre/Mill Road Rugby Club	1,365	410	0	1,775	4	1,772	0	(1,775)
Collingwood Road Scout Hut	8	0	0	8	0	8	0	(8)
Stanway Community Hall - S106	0	0	52	52	52	0	52	0
Anglican Chapel Renovations	0	0	218	218	136	82	218	0
	1,742	427	270	2,439	373	2,066	556	(1,883)
CORPORATE SERVICES								
Lending to new Council Housing Company	26,700	0	0	26,700	0	26,700	0	(26,700)
Equity Investment in CCHL	5,800	0	0	5,800	0	5,800	0	(5,800)
Facility Loan to CAEL	1,020	0	0	1,020	0	1,020	0	(1,020)
	33,520	0	0	33,520	0	33,520	0	(33,520)
STRATEGIC HOUSING (GF)								
Private Sector Renewals - Loans and Grants	277	0	0	277	9	268	50	(227)
Mandatory Disabled Facilities Grants	4,251	1,452	0	5,703	853	4,850	1,000	(4,703)
Grants to Registered Providers (1-4-1 RTB Receipts Funded)	173	0	0	173	0	173	0	(173)
	4,701	1,452	0	6,153	862	5,291	1,050	(5,103)
TOTAL GF CAPITAL PROGRAMME	59,543	25,952	1,819	87,313	6,037	81,276	16,289	(71,024)



Governance and Audit Committee

Item
13

5 March 2024

Report of	Chief Operating Officer	Author	Matthew Evans
Title	Work Programme 2023-2024		☎ ext. 8006
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report sets out the current Work Programme 2023-2024 for the Governance and Audit Committee. This provides details of the reports that are scheduled for each meeting during the municipal year.
- 1.2 The Committee is asked to note that the reports which had previously been listed on its work programme for this meeting as Revenue Monitoring and Capital Monitoring reports have been replaced by the Budget Monitoring report as detailed in the attached schedule.

2. Recommended Decision

- 2.1 The Committee is asked to note the amended contents of the Work Programme for 2023-2024.

3. Reason for Recommended Decision

- 3.1 The Work Programme of this Committee is kept under review throughout the municipal year to ensure that business is progressed and Members have the opportunity to review upcoming agenda items.

4. Alternative Options

- 4.1 This function forms part of the Committee's Terms of Reference and, as such, no alternative options are presented.

5. Background Information

- 5.1 The Governance and Audit Committee deals with the approval of the Council's Statement of Accounts, audit, other miscellaneous regulatory matters and standards.
- 5.2 The Committee's Work Programme will evolve as the Municipal Year progresses and items of business are commenced and concluded. At each meeting the opportunity is taken for the Work Programme to be reviewed and, if necessary, amended according to current circumstances.

6. Standard References

- 6.1 There are no particular references to publicity or consultation considerations; or financial; equality, diversity and human rights; community safety; health and safety, environmental and sustainability implications or risk management implications.

7. Strategic Plan References

- 7.1 Governance is integral to the delivery of the Strategic Plan's priorities and direction for the Borough as set out under the four themes of growth, responsibility, opportunity and wellbeing.
- 7.2 The Council recognises that effective local government relies on establishing and maintaining the public's confidence, and that setting high standards of self-governance provides a clear and demonstrable lead. Effective governance underpins the implementation and application of all aspects of the Council's work.

WORK PROGRAMME 2023-24

Governance and Audit Committee
Meeting date / Agenda items -
Governance and Audit Committee - 20 June 2023
<ol style="list-style-type: none">1. Year End Internal Audit Assurance Report 2022/20232. <u>Review of the Governance Framework and Draft Annual Governance Statement</u>
Governance and Audit Committee – 01 August 2023
<ol style="list-style-type: none">1. Update from the Council's external auditors, BDO.2. Verbal update from the Council's S151 Officer with regard to the Council's statement of accounts.3. 2022/2023 Year End Review of Risk Management

Governance and Audit Committee - 12 September 2023

1. Colchester Borough Homes Annual Report and Governance Statement
2. Revenue Monitoring Report – April to June 2023/24
3. 2022/2023 Revenue Outturn

Governance and Audit Committee - 17 October 2023

1. Local Government and Social Care Ombudsman Annual Review 2022/2023
2. Health and Safety Policy and Annual Report
3. Amphora Future Strategy
4. Proposed Hibernation of Colchester Amphora Energy Limited
5. Draft Statement of Accounts 2021/2022

Governance and Audit Committee – 28 November 2023

1. Colchester Commercial Holdings Limited – Annual Report
2. Quarter 2 Budget Monitoring Report 2023/2024
3. Polling District and Place Review

Governance and Audit Committee – 13 December 2023

1. Review of the Council's Ethical Governance Policies
2. Annual Review of the Members' Code of Conduct and the Council's Localism Act "Arrangements"
3. Review of Local Code of Corporate Governance
4. Review of Member/Officer Protocol
5. Gifts and Hospitality – Review of Guidance for Councillors and Policy for Employees
6. Overview of the Council's Housing Stock
7. Verbal update on the Council's Statement of Accounts

Governance and Audit Committee - 16 January 2024

1. Verbal update from the Council's S151 Officer with regard to the Council's statement of accounts
2. Interim Review of the Annual Governance Statement Action Plan
3. Risk Management Progress Report
4. Mid-Year Internal Audit Assurance Report 2023/2024
5. Annual Review of Business Continuity

Governance and Audit Committee – 7 February 2024

1. Verbal update from the Council's S151 Officer with regard to the Council's statement of accounts
2. Capital Expenditure Outturn 2022/2023
3. Internal Audit Plan 2024/2025

Governance and Audit Committee - 5 March 2024

1. Hibernation of Colchester Amphora Homes Limited
2. CBH performance monitoring 24/25
3. Draft statement of accounts 2022/2023
4. Treasury Management Outturn 2022/2023
5. Treasury Management Mid-Year Update 2023/2024
6. Quarter 3 Budget Monitoring Report