Please ask for: Matt Berry

Extension Number: 4589

Email: mattberry@cannockchasedc.gov.uk

11 November 2024

Dear Councillor,

Audit & Governance Committee

6:00pm, Tuesday 19 November 2024

Esperance Room, Civic Centre, Cannock

You are invited to attend this meeting for consideration of the matters itemised in the following Agenda.

Yours sincerely,

Tim Clegg

T. Clegg
Chief Executive

To: Councillors

Hill, J.O. (Chair)
Thornley, S. (Vice-Chair)

Bishop, L.	Hill, J.
Gaye, D.	Hughes, G.

Agenda

Part 1

1. **Apologies**

2. **Declarations of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members**

   To declare any interests in accordance with the Code of Conduct and any possible contraventions under Section 106 of the Local Government Finance Act 1992.

3. **Minutes**

   To approve the Minutes of the previous meeting held on 19 September 2024 (enclosed).

4. **Statement of Accounts 2021/22 and 2022/23**

   Report of the Deputy Chief Executive-Resources & S151 Officer (Item 4.1 - 4.206).

5. **Findings of the External Auditors on the Statement of Accounts**

   Report of the External Auditors (Item 5.1 - 5.42).

6. **Value for Money Progress Report - Quarter 2 2024-25**

   Report of the Head of Transformation and Assurance (Item 6.1 - 6.28).

   (Report is in the format to be considered by Cabinet on 28 November 2024.)

7. **Strategic Risk Register Update**

   Report of the Head of Transformation and Assurance (Item 7.1 - 7.13).

8. **Risk Management Policy, Strategy and Risk Appetite Statement**

   Report of the Head of Transformation and Assurance (Item 8.1 - 8.18).

9. **Annual RIPA Review**

   Report of the Head of Law & Governance (Item 9.1 - 9.3).

Cannock Chase Council

Minutes of the Meeting of the

Audit and Governance Committee

Held on Thursday 19 September 2024 at 6:00pm

In the Esperance Room, Civic Centre, Cannock

Part 1

Present:
Councillors

Hill, J.O. (Chair)
Thornley, S. (Vice-Chair)

Bishop, L.	Hill, J.
Gaye, D.	Hughes, G.

8. Apologies

None received.

9. Declarations of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members

No Declarations of Interests were made in addition to those already confirmed by Members in the Register of Members' Interests.

10. Minutes

Resolved:

That the Minutes of the meeting held on 18 June 2024 be approved.

11. Value for Money Progress Report - Quarter 1 2024-25

Consideration was given to the report of the Head of Transformation & Assurance (Item 4.1 - 4.26).

The Head of Transformation & Assurance raised the following points in respect of the report and those items in the action plan marked as behind schedule:

- 7 of the 14 actions due in quarter 1 of 2024/25 had been completed, and overall, 56% had been completed or were in progress. It was originally intended that more actions would have been finished by the end of the quarter, but officer capacity had been impacted because of two sets of elections being held in close succession.
- *Action 5 - 'draft accounts published up to 2023/24'*: the S151 Officer was discussing with the new external auditors about progression of this action, with a final decision to be taken once the Government's legislative position was known on the audit of accounts for 2021/22 and 2022/23. This was not a standalone issue for this Council as many other local authorities were in a similar position. Auditing of the accounts was a time-intensive process and the way of doing so had changed because of the Covid-19 pandemic. Accountancy firms had been discussing with the Government

about what to do for previous years accounts and the need to re-focus for 2024/25 onwards.

Having the accounts for 2021/22, 2022/23 and 2023/24 externally audited would be a significant piece of work and cost for the Council and there had recently been a change of external auditor for the Council. Statements of Accounts of each of the three years had been produced but not independent audited and verified externally.

- *Actions 11 and 12 - 'review of risk management policy and framework' and 'review of guidelines on risk implications for committee reports':* work on these actions had been progressed by the Chief Internal Auditor & Risk Manager and reviewed by the Head of Transformation & Assurance. Further amendments were required to the draft policy and framework, but it was hoped to bring these to the Committee before the end of 2024 for review and approval.
- *Action 15 - 'finalise the change management strategy (ICT):* work had progressed on this action.
- *Action 17 - 'update the contracts register and ensure it is compliant with transparency requirements':* work on this action had been delayed and would be picked up with heads of service later in the year to progress.
- *Action 20 - 'regular performance monitoring to be re-established with budget managers and leadership team*: work on this action had been delayed as the Finance team were focussed on the 2023/24 outturn and supporting other services with their own objectives. The S151 Officer was arranging some training with his team to get this sorted as soon as possible.
- *Action 21 - 'reporting on the delivery of savings to be established and discussed at strategic leadership team meetings…':* delivery of this action was dependent on the completion of action number 20.
- *Action 25 - 'regular inspections of properties and blocks will continue to be undertaken and will be reported to the Housing Board and Cabinet.':* this action was nearly completed, but paperwork still needed to be done for shop leaseholders.
- *Action 26 - 'training for leadership team, managers, team leaders/principal officers on risk management':* this action would be progressed once the revised risk management policy/strategy had been approved.
- *Action 28 - 'provide refresher training to ensure compliance with process for third party data transfers and completion of privacy impact assessments':* this action would be progressed by the Information Manager.
- *Action 30 - 'establish our culture, values and type of organisation we want to be.':* the Chief Executive had met with a potential facilitator to progress this action, but further discussions were needed on how best to take it forward and clarity sought on the timescales for this.
- *Action 31 - 'complete review of hybrid working':* the vacant senior manager post in HR had recently been appointed to and so the review of the team structure could be undertaken. The main focus of the service in recent months had been the service management restructure so it was hoped this action could be progressed during quarter 3 with a report being taken to leadership team for discussion and agreement of a way forward. The new manager would need to assess the benefits of the current system against service need and work on determining the most suitable model for the future.

- A discussion would be held with the Deputy Chief Executive-Resources about the improvement plan, specifically whether there was a need to defer some actions due to ongoing capacity and resource issues.
- The Housing team had commissioned a further review of its own service through an external organisation and was developing a standalone improvement plan which would be monitored by the relevant scrutiny committee and the Housing Board (once established). Timescales of when this plan would be presented to Members for approval were still to be determined.

In respect of hybrid working, a Member raised that several councillors considered that 'front-facing' services should have face-to-face support available for the public on a daily basis. In response, the Head of Transformation and Assurance advised that the Housing service had recently appointed two new employees who once fully trained, would take the lead on provision of the housing reception service. Furthermore, the corporate position was still that face-to-face services were available for those individuals who needed it, alongside the provision of telephone and online support. Linked to this, as part of wider transformation work there was a desire to have in place a booking system so that in-person visitors were not having to wait around unnecessarily.

Resolved:

That the progress at the end of quarter 1 2024-25 in the delivery of the value for money improvement plan, as set out in report appendix 1, be noted.

12. Internal Audit Update - August 2024

Consideration was given to the report of the Chief Internal Auditor & Risk Manager (Item 5.1 - 5.12) *(presented by the Head of Transformation and Assurance).*

The Head of Transformation and Assurance raised the following points in respect of the report:

- The report and appendices set out an update of work undertaken by the Internal Audit team for the period 1 April 2024 to 31 August 2024. Four audits were in progress and four had been completed, which was about where the service would expect to be by that point in the year.
- The two vacancies in the team had been recruited to. One appointee was due to start at the end of September and the other's starting date was to be confirmed. The one starting in September had some relevant audit experience but would require training on finance related audit work.
- Appendix 1 provided an overview of the number of audits in progress and completed up to the end of August 2024, and the assurance ratings given for the four completed audits.
- Appendix 2 set out further details of the completed audits, with commentary included for those which received a limited or partial assurance rating.
- Appendix 3 set out the list of audits currently in progress, the outcomes of which would be reported the committee at a future meeting.
- Appendix 4 set out details of follow-up audits completed for the period 1 April 2024 to 31 August 2024. Of the twelve completed, six had seen their assurance rating improve, whilst the other six had achieved some actions, but not progressed enough to improve the overall assurance rating. The leadership team was now also having a greater focus on monitoring of 'live' audits to ensure actions were being

progressed in a timely manner, particularly for those audits given a limited assurance rating.

- Appendix 5 set out the provisional work plan for the remainer of the 2024-25 year.

A Member raised concern about the limited assurance rating given for the Levelling Up Fund (LUF) project and the associated commentary given that physical work on the project was due to commence soon. In response, the Head of Transformation and Assurance advised that the Deputy Chief Executive-Place and the Head of Economic Development & Planning were fully aware of the concerns raised and aimed to get project board meetings up and running again as soon as possible. The next update report later in the year would include details of the follow-up audit and it was hoped the assurance rating would improve from limited to partial. The Chair noted that the relevant officers could be asked to attend the next meeting of the Committee to provide a more detailed progress update depending on the outcome of the follow-up audit.

Following comments raised at the previous meeting regarding resident involvement, a Member queried how matters had progressed in that regard. In response, the Head of Transformation and Assurance confirmed that the post of Resident Engagement and Insight Officer had been recruited to and the individual started with the Council earlier in the year. Additionally, a revised Resident Engagement Strategy was due to be considered by Cabinet on 26 September for approval.

In response to a query from a Member as to what the expected working arrangements would be with the newly appointed internal auditors, the Head of Transformation and Assurance advised she expected they would be in the office regularly as audits needed to be undertaken in person, but writing up of audits reports etc. could be done remotely.

Resolved:

That the progress report be noted.

The meeting closed at 6:45 p.m.

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Chair

Item No. 4.1

Statement of Accounts 2021/22 and 2022/23

Committee: Audit & Governance Committee

Date of Meeting: 19 November 2024

Report of: Deputy Chief Executive (Resources) & S151 Officer

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1 Purpose of Report

1.1 To report on the process for the approval of the statement of accounts for the financial years ended 31 March 2022 and 2023.

2 Recommendations

2.1 Members note:

(i) The Statement of Accounts 2021-22 (Appendix 1);

(ii) The Statement of Accounts 2022-23 (Appendix 2);

(iii) The findings of the External Auditor (Agenda item 5); and

(iv) Note the impact of the audit backlog legislation.

2.2 Members approve the Management Representation letter, as included at Appendix 3 (to be signed by the Chair on behalf of the Committee).

Reasons for Recommendations

2.3 The Accounts and Audit Regulations 2015 require that the Council's Statement of Accounts be approved by the Audit & Governance Committee.

3 Key Issues

3.1 The approach to auditing the Council's statement of accounts has changed due to the backlog of audits which has built up in local government.

3.2 To ensure the timely completion of audits for local authorities the government has instigated reset measures covering all audit opinions covering up to and including the financial year 2022/23, followed by a recovery period for future financial years.

3.3 Due to the time required to rebuild assurance levels and return to normal acceptable practices, councils across the country are likely to received modified or disclaimed opinions for a number of years. The government's aspiration is for disclaimed opinions driven by the backstop dates to be limited to the next two financial years up to and including the 2024/25 financial statements and the associated 27 February 2026 backstop date.

3.4 Auditors will clearly communicate the reasons for their opinion in their auditor's report to the council, referencing the impact of the backstop dates as appropriate. The council should not be unfairly judged for modified or disclaimed audit opinions beyond their control.

4 Relationship to Corporate Priorities

4.1 The Statement of Accounts is an important part of the Council's corporate governance arrangements that cut across all of the Council's priorities.

5 Report Detail

5.1 The approval process for the Statement of Accounts requires the accounts to be certified by the Section 151 Officer (Head of Finance) as providing a true and fair view of the financial position of the Council as at the 31 March year end. The accounts would usually then be audited, and the audited accounts be considered by the Audit and Governance Committee alongside the 'Audit Findings' report from the Council's External Auditor.

5.2 This approach has changed due to the backlog of audits which has built up in local government. The reasons for this build up are:

- An enhanced regulatory focus on balance sheet items where there is a degree of estimation or uncertainty driven by previous failures in private sector audit. These private sector failures have required local authorities to produce more detailed evidence and working papers to support areas such as property asset and pension fund valuations. There has been no differentiation between commercial assets or assets held for sale where the valuation is material and those which are hard to value and will never be sold such as roads and heritage assets.
- A lack of capacity within the local audit firms to complete the work to deadlines, potentially driven by the low fee rates, capacity pinch points such as the audit of the NHS accounts and challenges in recruiting.
- Similar capacity issues within local authorities who were having to make large cuts to bridge funding reductions. This is particularly pertinent at this council as per the value for money report which detailed the resource constraints in the finance team.

5.3 The government's approach to clearing the backlog of local government external audits, which enables the publication of audited accounts, has changed this approach for the accounts attached to this report.

5.4 In September 2024 government laid statutory instruments to introduce backstop dates and require auditors to provide their opinion in time for local authorities to adhere to the backstop dates. These new measures will clear the backlog but during this recovery period it is likely that many audit opinions will be classed as modified or disclaimed audit opinions due to the time limitations imposed by the introduction of the backstop dates.

5.5 To ensure the timely completion of audits for local authorities the government has instigated reset measures covering all audit opinions covering up to and including the financial year 2022/23, followed by a recovery period for future financial years.

5.6 To support clearing the backlog, the following backstop deadline dates have been set:

Financial Year	Deadline
Up to and including 2022/23	13 December 2024
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

5.7 For financial years 2024/25 to 2027/28, the date by which the council should publish ‘draft’ (unaudited) accounts will change from 31 May to 30 June following the financial year to which they relate.

5.8 Due to the backstop deadlines a significant number of audits may only be concluded by including a modified audit opinion as opposed to the desired unmodified opinion. A modified audit opinion may be classed as adverse or a disclaimer.

5.9 An adverse opinion means the auditor has determined the financial statements to be materially misstated. A disclaimed audit opinion means the auditor is unable to determine whether or not the financial statements are materially misstated.

5.10 An unmodified opinion means the auditor has assured themselves that the council’s financial statements are prepared according to accounting standards and are free from material misstatement.

5.11 Auditors will clearly communicate the reasons for their opinion in their auditor’s report to the council, referencing the impact of the backstop dates as appropriate. The council should not be unfairly judged for modified or disclaimed audit opinions beyond their control.

5.12 Due to the time required to rebuild assurance levels and return to normal acceptable practices, councils across the country are likely to received modified or disclaimed opinions for a number of years. The government’s aspiration is for disclaimed opinions driven by the backstop dates to be limited to the next two financial years up to and including the 2024/25 financial statements and the associated 27 February 2026 backstop date.

5.13 The Council's external auditors have a duty to report to those charged with governance on the financial statements of the Council.

5.14 As part of the formal audit conclusion process, the Responsible Financial Officer is required to submit the attached Management Representation Letter (Appendix 1) to the Appointed Auditor having obtained acknowledgement by the Audit and Governance Committee.

6 Implications

6.1 Financial

These are detailed in the above report.

6.2 Legal

The Statement of Accounts is a statutory document. The Local Government Act 2003 (section 21) enables the Secretary of State to issue regulation on the preparation and publication of accounts for local authorities, which is fulfilled by the Accounts and Audit Regulations 2015 (as amended). The backstop legislation was passed on 9 September. The Government laid in Parliament two pieces of legislation which would give effect to these proposals: the Accounts and Audit (Amendment) Regulations 2024 and, on behalf of the Comptroller & Auditor General of the National Audit Office, a draft Code of Audit Practice 2024. On 24 September FRC published a guide to the 'rebuilding assurance' plan Local Audit Backlog Rebuilding Assurance (frc.org.uk).

6.3 Human Resources

None

6.4 Risk Management

The resource constraints of the finance team are detailed in the risk register with mitigating measures designed to allow the council to meet its statutory obligations on accounts preparation and sign off.

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1: Statement of Accounts 2021-22

Appendix 2: Statement of Accounts 2022-23

Appendix 3: Management Representation Letter

8 Previous Consideration

None.

9 Background Papers

None.

Contact Officer: Emma Fullagar

Report Track: Audit & Governance Committee: 19/11/24

Item No. 4.5

Appendix 1

Cannock Chase Council

STATEMENT OF ACCOUNTS

2021/2022

Subject to Audit

Cannock Chase District Council – Statement of Accounts

CONTENTS

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Narrative Report

The Statement of Accounts for the year ended 31 March 2022 has been prepared in accordance with the requirements of the Accounts and Audit Regulations 2015. The format reflects the requirements of the Code of Practice in Local Authority Accounting in the United Kingdom 2021/22 published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is supported by the International Financial Reporting Standards (IFRS). The Statement of Accounts therefore aims to provide information for the 2021/22 financial year so that members of the public (including electors and residents of Cannock Chase Council), Members, partners, stakeholders and other interested parties are able to:

- See the performance of the Council including progress against its strategic objectives;
- Understand the overarching financial position of the Council;
- Have confidence that the public money with which the Council has been entrusted, has been used and accounted for in an appropriate manner; and
- Are aware of the key risks faced by the Council.

This **Narrative Report** is structured as follows:

1. An Overview of Cannock Chase District and its Council;
2. The Council's Priorities and Performance 2021/22
3. Financial strategy and resource allocation
4. Future Outlook and Issues Facing the Council
5. Explanation of the Financial Statements.

1. An Overview of Cannock Chase District and its Council

1.1 The District

Cannock Chase District covers over 7,000 hectares on the northern border of the West Midlands conurbation and forms one of the eight districts of the county of Staffordshire. The District incorporates the towns of Cannock, Rugeley and Hednesford. Cannock Chase itself is a designated Area of Outstanding Natural Beauty, and 60% of the District is designated as Green Belt. The District has a strong transport infrastructure including the M6, M6 Toll and A5 trunk road, alongside rail connections to Walsall and Birmingham.

There are a variety of factors which affect the Council's services and its finances. Some key statistics are highlighted below which impact the Council's financial position and which provide a basis for our ongoing priorities and strategic objectives.

The Council has an important part to play in its role as a place shaper in planning for future growth and opportunities to create new jobs, affordable new homes and re-purpose our town centres. Major investments such as the McArthurGlen Designer Outlet West Midlands and the Rugeley Power Station redevelopment are critical in supporting the economic recovery of the District following the COVID-19 pandemic.

1.2 Political Composition and Leadership

There are 41 Councillors representing 15 wards, who are democratically elected representatives responsible for setting the policy direction and budgets of the Council.
The administration of the Council changed following the May 2021 elections from Labour controlled to Conservative.

All councillors meet as the Council. Here councillors decide the Council's overall policies and set the budget each year.

The Cabinet is responsible for most day-to-day decisions and when major decisions are to be discussed these are published in the forward plan. Decisions are made by the Cabinet in line with the Council's overall policies and budget. If the Cabinet wishes to make a decision which is outside the budget or policy framework, then this is referred to the Council as a whole to decide.

There are three scrutiny committees in place which hold the Cabinet to account for delivery of the Council's priorities, operational service deliver and support the development of polices.

Following direction from the political leadership, the Council's Leadership Team is responsible for delivering priorities and operational services. The Leadership Team comprises a Chief Executive* and eight Heads of Service, of which five are part of a shared services arrangement with Stafford Borough Council.

*The Chief Executive is being shared with Stafford Borough Council following the resignation of the former Managing Director; this is pending the development of a business case to consider extending the current shared services arrangements between the two Councils.

The Council employs approximately 445 full time equivalent staff.

1.3 Purpose

The Council provides a number of statutory and discretionary services. These services include:

Arts and Culture - Supporting and developing arts and culture through the Prince of Wales Theatre, the Museum of Cannock Chase and other events held in the District. These services are provided on the Council's behalf by Inspiring Healthy Lifestyles, a not for profit organisation.

Leisure and Healthy Lifestyles - Encouraging and supporting residents to be active, look after their health through the provision of leisure centres and sports developments (these services are also provided by Inspiring Healthy Lifestyles), with the Council also providing and maintaining parks and green spaces, allotments and playing pitches, including The Stadium site at Pye Green.

Environmental Services - Providing refuse collection, recycling, street cleaning and noise / pest control services to help keep the community clean and protected.

Environmental Health - Aiming to improve the lives of those who live and work in the Cannock Chase District and those who visit the area and to protect the environment; helping businesses, individuals and families across the District to provide safe food and providing licenses for a wide range of activities.

Economic Development - Encouraging business development and growth within the District, promoting town centre regeneration and tourism, while continuing to support local public transport and maintaining Council car parks.

Partnership / Community Safety / CCTV - Working with a wide range of partners and adopting a multi-agency approach to help reduce crime and anti-social behaviour in the District and support an increasing number of vulnerable people. As an authority we also fund, maintain, and monitor a 24-hour CCTV service across the District.

Housing - Supporting the provision of affordable housing and improving accommodation standards for private tenants as well as supporting residents experiencing issues of homelessness.

Planning and Building Control - Dealing efficiently with planning applications and providing building control services across the District.

Revenues and Benefits - Collecting council tax and business rates and helping people access financial support through housing benefit and council tax discounts

Internal functions - All the above services are supported by a number of internal functions including customer services, HR, IT, policy and communications, finance, and legal services. Some of these services are shared with Stafford Borough Council.

In addition, the Council acts as a **landlord for its housing stock** and provides for the maintenance, management, and investment in its 5,049 stock of properties.

Cannock Chase Council operates in a two-tier local government structure with Staffordshire County Council which is responsible for services including social care, education, children's services, highways, and libraries.

1.4 Governance

Cannock Chase Council recognises that it is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively.

The Council has a Governance framework in place to ensure that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner.

The framework is underpinned by a Code of Corporate Governance which identifies six principles that the Council adheres to:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining the vision and outcomes for the local area and determining the actions necessary to achieve the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The Council undertakes an annual review of its governance arrangements and this is summarised in the Annual Governance Statement.

2 The Council's Priorities and Performance 2021/22

2.1 Corporate Plan

A new corporate plan was developed to take into account the impact of the COVID-19 pandemic on the District, the local economy, our community and the Council's finances.

The impact of the pandemic has been overwhelming as people's daily lives have been restricted, loved ones have been lost, businesses have had to close with some not re-opening and jobs have been lost. However, more positively the pandemic saw the emergence of a tangible community spirit and volunteers willing to help those in need with food and pharmacy deliveries and other support.

COVID-19 had an impact on how the Council worked too. Many of our employees quickly switched to working from home and Council meetings moved online. We continued to provide essential services throughout. New services and support were set up to co-ordinate support for our vulnerable residents and local businesses. Financial support has also been provided to businesses that had to close during the national lockdowns and advice was given as they re-opened, helping them be Covid secure.

The new Corporate Plan reset the Council's priorities and objectives, with the emphasis on recovery and rebuilding the District and learning the lessons from the pandemic in order to address the fragility of the District and ensure that we can be more resilient.

The lack of a financial settlement from the Government beyond 2021-22 created a period of financial uncertainty for the Council. The significant loss of income and the increased costs of the impact of COVID-19 put pressure on financial reserves, with deficits forecast for 2022-23 and 2023-24. In order to address these issues it has been necessary to start work on developing savings options, realigning the resources we have and attracting new resources to enable the Council to facilitate an economy, community and environment that is more resilient in the future and maximises the opportunities available to it.

The Corporate Plan for 2021-24 sets outs three priorities:

- Supporting Economic Recovery
- Supporting Health and Wellbeing
- Financially Resilient Council

The Council's commitment to becoming net carbon neutral is at the heart of all three of our priorities and has been embedded into our objectives and action plans for the future.

We want our District to be an attractive place to live and visit; we want it to be economically successful and environmentally sustainable; we want local people to have a healthy and active lives.

Our Priorities for 2021-24

Priority 1 - Supporting Economic Recovery

Objectives:
1.1 Supporting jobs, enterprise and skills
1.2 Reshaping our town centres
1.3 Increasing affordable housing
1.4 Well-designed communities
1.5 Clean and green recovery

The District has faced an unprecedented challenge in dealing with and recovering from the economic recession caused by COVID-19. Key sectors in the District such as retail, leisure and hospitality have been particularly adversely impacted.

The Council has played an important role as a place shaper in planning for future growth and opportunities to create new jobs, affordable new homes and re-purpose our town centres. Major investments such as the McArthurGlen Designer Outlet West Midlands and Rugeley Power Station site continue to be critical in supporting the economic recovery of the District.

Access to affordable housing is key to creating sustainable, prosperous communities. A lack of affordable housing affects household budgets, health and education and the ability to gain and sustain employment. The Council has been working to provide housing options to meet our residents' needs. Rented accommodation is in high demand in the District and intermediate housing has a role to play for those who do not have access to social housing and cannot afford the private market.

Priority 2 - Supporting Health and Wellbeing

Objectives:
2.1 - Providing opportunities for healthy and active lifestyles
2.2 Supporting Vulnerable Residents
2.3 - Creating a greener, sustainable community and environment

We want our residents to have the opportunity to live as healthy lives as possible for as long as possible and to live comfortably and safely in their communities. We recognise the significant effect that health and wellbeing have on happiness and life chances and that this varies considerably in Cannock Chase District.

Priority 3 - Financially Resilient Council

Objectives:
3.1 To make the best use of limited resources – managing our people, money and assets
3.2 Being a financially sustainable Council that lives within its means
3.3 Consider the impact on the environment in managing our assets and use of resources

The Council has faced increasing challenges over the last few years in balancing its budget. The Council has seen its core funding from Government fall by 30% over the last four years and the loss of significant business rates income from the closure of Rugeley Power station. While the opening of the McArthurGlen Designer Outlet West Midlands has offset some of this reduction, the Government's funding regime only enables us to retain this income for five years.

The pandemic has had a considerable impact on the Council's finances and while the Council has received some additional funding from the Government that has helped to cover the additional costs incurred, the Council has lost income from car parking and other sources.

The Council has also helped to support its key contractor, Inspiring Healthy Lifestyles (IHL), which runs the Council's leisure and culture facilities. The overall impact of COVID-19 is likely to last for a number of years. The Council is facing uncertainty as to future funding and in the short term we are balancing the budget by using the Council's reserves. If the additional business rates achieved to date is withdrawn by Government, it is estimated that the Council will face a further reduction in funding of 18% by 2023-24 and will need to find a saving of a minimum of £1m in 2022/23 and onwards.

The Council has been under financial pressure for a number of years and efficiency savings have been delivered by providing services in partnership with not for profit organisations such as IHL and the sharing of back office services with Stafford Borough Council. The Business Rates Pool for Staffordshire has enabled additional income to be retained by this Council of £0.8 million in 2019/20.

Prudent financial management has meant there has been no service reductions for a number of years, but this is now looking impossible to maintain. We will continue look to deliver efficiency savings by doing things differently wherever we can, but this alone will not be enough. We will also need to look at reducing or stopping some services. The Council is committed to maintaining the services that matter the most to the public and those we have a statutory duty to provide. We will look to protect the services as much as we can and make savings from non-essential services or by increasing the income we collect.

2.2. The Council's Performance 2021-22

The key deliverables and successes during 2021-22 were:

Priority 1 - Supporting Economic Recovery

- Full allocation of Additional Restrictions Grant funding
- Full commitment and spend of the Council's Welcome Back Fund allocation
- Completion of pilot car parking initiative to encourage shoppers into the town centre
- Exceeded targets for Apprenticeships and training initiatives (in partnership with Staffordshire County Council)
- Cabinet approval secured for Levelling Up Fund project for Cannock town centre
- Rugeley Power Station; demolition work is now complete

Priority 2 - Supporting Health and Wellbeing

- Works to the CEMA Norton Canes and Fortescue Lane play areas,
- Repairs to the Rugeley 25m swimming pool and leisure centre boiler
- Rollout of the Cannock Chase Can App,

Priority 3 - Financially Resilient Council

- Work commenced on the development of a business case for the further sharing of services with Stafford Borough Council.
- Reception reopened fully
- Interim asset maintenance plan approved
- Cyber security arrangements were enhanced

2.3 COVID-19 Pandemic

The impact of COVID-19 continued during the 2021/22 financial year. The Council continued to focus on delivery of service whilst ensuring safety of staff and customers. The workforce worked from home in line with government advice where possible but ensuring that service delivery could be maintained for frontline services as well.

2.3.1 Ongoing Impact

There will still be considerable impact on the authority for 2022/23 as a result of Covid primarily from a workforce perspective. This is due to challenges around recruitment and maintaining the culture of the organisation as people work on a hybrid basis. Large numbers of people have also left the workforce which is leading to increasing challenges around recruitment.

Looking ahead in terms of the financial figures there will continue to be monitoring of both the fees and charges receivable and expenditure as a result of Covid. This may also impact on the ability of the government to review and complete the overall review of local authority funding.

3. Financial Strategy and resource allocation

3.1 Overview of Portfolio Spending

The following pages provide a brief overview of the financial position of the Council for 2021-22, in terms of the Council's management accounting framework, rather than the statutory IFRS framework.

The Council undertakes two distinct roles;

- The provider of services, functions and responsibilities for all its residents as a District Council (General Fund); and as
- A landlord for its housing stock (Housing Revenue Account)

In addition to the former role the Council also acts as the billing and collecting authority for Council Tax and Business Rates for precepting and other bodies via its Collection Fund.

3.2 General Fund- Revenue spending

The General Fund records all the day-to-day spending on Council services. The net cost of services contained within the General Fund are met primarily by Council Tax payers and central government funds including income derived from business rates under the Business Rates Retention scheme.

The Council Portfolio spending was £14.624 million for 2021-22 as reflected in its Portfolio outturn in the table below. The following table sets out the overall net revenue budget outturn of £11.981 million compared with the budget set for the year of £12.465 million, a variance of £0.484 million:

		Revised budget £'000	Actual £000	Variance £000
Portfolios				
	Community Engagement	531	614	- 83
	District Development	1,180	1,162	18
	Environment & Climate change	3,155	3,003	152
	Housing, Heritage & Leisure	4,583	4,444	139
	Innovation & High Streets	4,028	3,849	179
	Leader	1,217	1,159	58
	Community safety	404	393	11
		15,098	14,624	474
Investment & Financing				
	Interest on balances	-	105	- 105
	Investment Income	- 18	- 71	53
	Pension prepayment	- 68	- 68	-
	Technical Items	- 175	- 36	- 139
		- 261	- 70	- 191
Sub total		14,837	14,554	283
Government Grants				
	Grants	- 955	- 1,156	201
	New Homes Bonus	- 1,417	- 1,417	-
Budget requirement		12,465	11,981	484
Financing				
	Business Rates	- 5,342	- 5,174	- 168
	Covid reserve	- 429	- 430	1
	Council Tax	- 6,694	- 6,653	- 41
		- 12,465	- 12,257	- 208
Transfer to working balances		-	- 276	276

The table above shows the budget anticipated net expenditure of £12.465 million, to be principally funded from Council Taxpayers (£6.694 million) and Business Rates (£5.342 million).

The actual position shows that Portfolio net expenditure was £0.474 million lower than budgeted.

The overall position, actual net expenditure and financing, resulted in a transfer to working balances of £0.276 million compared to the budgeted figure of £0.

3.4 Collection Fund

The overall amount of Council Tax required by the precepting authorities to be collected through the Council's Collection Fund was £56.258 million, with the District Council's element being £6.575 million and £0.792 million required by Parish Councils in the District.
The detailed Collection Fund accounts show the overall position for the year in relation not only to Council Tax but also to the collection of National Non Domestic Rates Income, which is now shared between central government, the Council, Staffordshire County Council,

Staffordshire Commissioner Fire & Rescue Service and the Stoke on Trent and Staffordshire Business Rates Pool.

The overall surplus for Council tax, after taking account of previous years' surpluses leaves a net surplus on the fund of £0.498 million at 31 March 2022 (of which £0.067 million relates to the Council).

A deficit of £9.076 million exists in relation to Business Rates as at 31 March 2022.

However, the deficit primarily relates to the treatment of Section 31 Grants in relation to the business rates reliefs granted by the Government for Retail, Leisure, Hospitality and Nurseries. The Original Budget, and associated Government returns, did not take this into account and in accordance with Collection Fund regulations the original precepts payable cannot be amended until the following year. As a result of the Net Business Rates payable being reduced but payments to Precepting bodies remaining the same a Deficit has occurred The Section 31 Grant received to offset the deficit is accounted for outside the Collection Fund and forms part of the General Fund Revenue Budget.

3.5 General Fund Reserves

The Council holds the following reserves:

- General Fund Balance – the balance at 1 April 2021 was £1.144 million and this was increased during 2021/22 to £1.419 million at 31 March 2022. The Council's policy is to retain a minimum General Fund balance of 5.5% of net expenditure, or the calculated risk factor whichever is the greater to cover contingencies and emergencies.

- General Fund Earmarked Reserves – In addition to the General Fund balance the Council maintains earmarked reserves that are held for specific purposes. They are provided to meet future and known commitments, support the budget in the future and, in some cases, to spread expenditure over a number of years. At 1 April 2022, earmarked reserves stood at £21.754 million.

3.6 Pensions

Councils are required to account for pension costs to show any deficit, or surplus, on the Pension Fund in the balance sheet. The fund is administered by Staffordshire County Council and the actuarial valuation at 31 March 2022 showed the Council's share of the fund to be a deficit of £46.689 million, a decrease of £22.592 million as compared to the 31 March 2021. The fund deficit has no impact on the level of Council Tax. The remaining deficit on the scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.

3.7 General Fund Capital Expenditure

The Council approves the Capital Programme for the financial year as part of the budget process and the amount that can be spent is limited by the amount of capital resources available to the Council.

Many of the schemes within the Capital Programme take some time to develop and implement, the detailed programme can experience many changes, including delays due to the impact of the pandemic. Considerable variation can therefore arise over the 18 month period from the time the Capital Programme for the financial year is initially considered, right through to the end of March of the relevant year.

The Council spent £3.131 million on capital projects in 2021/22, which was £0.328 million more than the previous year.

The capital programme of £3.131 million was financed as follows:

	£m
Capital receipts	0.654
Grants	2.021
Direct revenue contributions	0.456
Total	3.131

3.8 Treasury Management

During 2021/22 most investment decisions were driven by cash flow considerations and funds were placed in Money Market Funds for easy access. However, opportunities were also taken to place funds in higher interest bearing investments when cash flow requirements would allow.

3.9 Housing Revenue Account

The Housing Revenue position is slightly different. Rents are determined in accordance with the Government's national rent policy.

From 2020 the policy permits rent increases of CPI+1%. The new policy recognises the need for a stable financial environment to support the delivery of new homes and to enable the Council to plan ahead.

Income from Rents and associated items amounted to £20.112 million with expenditure of £21.149 million resulting in a deficit £1.037 million. This is then adjusted for technical items which results in a final position of £120k surplus for the year and an increase in reserves of £120k from £1.713 million to £1.833 million.

In addition to the Working Balance the Housing Revenue Account maintains earmarked reserves that are held for specific purposes. They are provided to meet future and known commitments, support the budget in the future and capital programme, and in some cases, to spread expenditure over a number of years.

The Housing Revenue Account spent £5.262 million on capital projects in 2021/22.

4. Future Outlook and issues facing the Council

4.1 Planned future developments

Whilst the Council has had to modify its plans for the future to focus on recovery, work will continue to build on progress and make sure we can attract more opportunities for our local communities. Over the last 12 months, the Council has made significant progress on a number of key projects for the District.

Demolition of the former Rugeley Power Station site has progressed and brings with it plans to build an entirely new sustainable and smart community with over 2,000 homes.

We will continue to endeavour in the future to bring forward more strategic employment sites to maintain the levels of investment we have recently experienced. In addition, the Housing Revenue Account will see investment in new housing stock over the medium term.

4.2 Future investments

Provision exists within the General Fund Capital Programme for a District Investment Fund (£5,645,000). The Fund is seen as vital if we are to improve our Town Centres and Train Stations and facilitate further economic growth. Skills and Infrastructure are important ingredients for economic growth in the future. Additional resource has also been included within the revenue budget for Economic Development in order to progress this investment strategy.

Similarly, the Housing Revenue Account includes initiatives whereby in addition to its normal housing investment programme for its existing stock, provision is included within the medium term capital programme for continued development of the Hawks Green site totalling £3.379 million. The purchase of the Aelfgar Site totalling £1.600 million and £9.240 million for new build social housing in the district.

4.3 Financially sustainable

The Council plans its finances over a medium-term for revenue and capital and it includes all known financial pressures that it faces over the medium term in its Financial Plan.

The Council approved its three-year budget to 2024/25 in February 2022 however like all other authorities a great deal of uncertainty exists post 2021/22 and in particular the ongoing impact of COVID -19.

Detailed figures are only available for 2022-23 pending the implementation of changes to the local Government funding regimes and material deficits exist in 2023-24 and 2024-25 based upon the implications of such changes. The Council have set aside previously earmarked reserves to provide transitional funding pending the development of a sustainable medium-term budget following the outcome of the proposed changes.

The Council continues to progress the areas within its direct control with balanced budgets set for 2022/23. However, a great deal of uncertainty exists post 2022/23 with the key risks arising from fundamental changes to Government Funding-

- Fair Funding and Business Rates Reset were due to be implemented in 20/21 but delayed both in 21/22 and 22/23 and have now been deferred to 23/24 leaving the medium term position unclear.
- Ongoing uncertainty that exists in relation to the longevity of the New Homes Bonus grant scheme.

In particular the proposed Reset of Business Rates Growth and changes to the New Home Bonus scheme are likely to change a previously ongoing balanced budget to one of material deficits. However, this is based upon the council's own assumptions rather than actual Government proposals.

The Financial risks to the Council can therefore be summarised as follows:

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- Central government funding –The Provisional Settlement is for one year only with the changes to the Local Government Finance Regime now set to be introduced in 2023-24. No details are available from 2023-24 onwards with Local Government funding expected to be subject to considerable change, arising from the planed implementation of Fair Funding.
- New Homes Bonus - in relation to New Homes Bonus (NHB) the Provisional Settlement reiterates the Government's commitment to reforming the NHB, and this year will be the final year under the current approach. A consultation document on the future of the New Homes Bonus, including options for reform, was published in the spring of 2021. The Council awaits the outcome of this consultation and proposed

changes and in particular how the payments of the current four year entitlement to NHB generated in a particular year (legacy payments) are to be dealt with.

Based upon the uncertain nature of this funding stream and in order to promote sustainability, future budgets only reflect the entitlement based upon existing legacy commitments.

The actual baseline or minimum level of business rates will be reassessed based upon a fair funding review and its distribution is likely to change between the two tiers of local government in county areas.

The biggest risk however is in relation to the planned Reset of growth achieved to date. Three potential options exist in relation to the basis of the reset, notably No Reset (All growth retained); Full Reset (No growth retained) or Partial Reset (Proportion of growth retained) with the growth not retained being redistributed across the local government sector.

Robust figures will be determined as further details become available from the Government however actual details for this Council for Business rates; Fair Funding and New Homes Bonus will not be known until the late autumn of 2022 at the earliest.

- COVID 19
  The impact of Covid-19 is likely to be long-lasting and the Councils approach of Response, Recovery and Reform is likely to be ongoing with the potential requirement to re-track to a previous stage.

  As part of its financial planning the Council also identifies its key financial issues in relation to its own income and expenditure to ensure they are taken into account when considering the budget. Some of the key issues facing the Council in the future are:

- Income levels – a number of main income streams, pre covid, were subject to demand, in particular parking, bereavement services and planning. The Council has limited means to address issues of demand. however, income is an area that receives particular budget monitoring attention with new or diverse forms of income being explored.

- Interest rates – the period of low interest rates has impacted on investment returns. Any overall decrease in rates will reduce income and vice versa.

- Inflationary pressures – price inflation was relatively low but is presently volatile,.;

- Pension’s costs – the Council continues to face the pressure of the rising costs of pension’s provision with costs increasing by 2% per annum.

4.4 **Auditors Annual Report on the Council**

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), the external auditors Grant Thornton (GT) are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council’s arrangements under specified criteria. 2020-21 was the first year that findings were reported in this way. The NAO have issued guidance to auditors which states that a commentary covering more than one financial year can be issued where it is more efficient and effective to do so. Therefore the auditors decided to report a combined commentary on the Council’s arrangements for 2021-22 and 2022-23 given the similarity in issues between years and also the timing when the work was undertaken.

The audit findings were that the Council have faced significant resource challenges since the pandemic which has meant that choices had to be made on how resources that were available were used. In 2020-21 the Council initiated the implementation of a new financial ledger system which placed significant pressure on the capacity of the finance team. The Council bought in no specialist resource or additional support to scope or implement the new system or to programme manage its implementation. This lack of capacity resulted in several statutory recommendations (below) being made, which is below, and several key recommendations (full details are in the auditors annual report):

The statutory recommendations made are:

- The Council needs to urgently address its significant weaknesses in compliance with statutory HRA obligations.
- The Council needs to significantly improve its HRA management, business planning and financial sustainability
- The Council needs to improve its financial planning and financial monitoring arrangements

Plans have been put in place to address this which are detailed in the council's response to the annual audit report.

5. Explanation of Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below:

5.1 Statements to the Accounts

Statement of Responsibilities for the Statement of Accounts sets out the responsibilities of the Council.

Auditor's report gives the auditor's opinion of the financial statements and of the council's arrangements for securing economy, efficiency and effectiveness in the use of resources,

5.2 Core Financial Statements

Comprehensive Income and Expenditure Account– This shows the cost of providing services in the year in accordance with International Financial Reporting Standards, rather than the amount funded from Council Tax and other government grants. The amount funded from Council Tax and grants differ from this by a series of adjustments made in accordance with regulations. These adjustments are made in the Movement in Reserves Statement.

Movement in Reserves Statement - This statement provides a summary of the changes that have taken place in the Council's reserves over the financial year by analysing the increase or decrease. Reserves are divided into 'Usable' that can be invested in capital projects or service improvements, and 'Unusable' which must be set aside for specific purposes and cannot be used to fund expenditure.

Balance Sheet – shows the value of the Council's assets and liabilities at the Balance Sheet date. These are matched by reserves which are split into two categories, Usable and Unusable reserves. Unusable reserves are not available to support services and are in the main used to hold unrealised gains and losses, where the actual gain or loss will only become available once another event has occurred. For example, the Revaluation Reserve for Non-Current assets will only become available if the asset is sold and the full value of the asset realised.

Cash Flow Statement – shows the changes in the Council's cash and cash equivalents during the reporting period. The statement shows how Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income, or by the recipient of services provided. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cashflows arising from financing activities are useful when predicting claims on future cashflows to the Council by providers of capital, i.e., borrowing.

5.3 Supplementary Statements

Housing Revenue Account – This statement reflects a statutory obligation to account separately for local authority housing provision. Income and expenditure on Council Housing is 'ring fenced' within the HRA. The statement shows the economic cost in the year of providing housing services rather than the amount to be funded from rent and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised is shown in the Movement on the HRA statement. The Account is self-financing, and contributions from the General Fund Account are not permitted**.**

Collection Fund - is an agents' statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to precepting bodies.

Glossary - This provides an explanation of the technical terms contained within the Statement of Accounts.

5.4 Notes to the Accounts

Expenditure & Funding Analysis - This note was a new requirement for the 2016/17 accounts and shows the expenditure and income which is reported to management as part of the final accounts outturn and scrutiny reports. It then seeks to demonstrate the adjustments which are made to comply with International Financial Standards to arrive at the figures reported within the Comprehensive Income and Expenditure Statement (these are analysed in more detail in note 7 to the accounts).

5.5 Main Changes to the Core Statements and Significant Transactions in 2021/22

There were no major changes to the statements for 2021/22.

Comprehensive Income and Expenditure Account (page 19)

- The net cost of services show an increase of £2.682 million compared with 20/21. This principally relates to changes in capital transactions and pension cost changes. Further details are included within note 5 to the accounts.
- There is an increase in other operating expenditure of £0.373 million. This is primarily due to a reduction in gains on the disposal of non- current assets compared to the prior year.
- There is an increase in financing and investment income of £0.291 million, this relates to changes in pension interest costs and changes in investment property fair value (note 14)
- There is an actuarial change of £39.020 million which is primarily due to changes in the financial assumptions (note 28)

Balance Sheet (page 22)

- Property, Plant and Equipment have increased by £29.065 million; this is largely due to the revaluation of assets, additions in year less disposals.
- Short term investments have increased by £12.517 million reflecting a change in year-end holdings.

- Short term debtors have decreased by £3.819 million relating primarily to a decrease in government debtors (£0.848 million) and trade debtors (£1.912 million)
- Cash and cash equivalents have increased by £6.812 million which reflects the year end holdings of money market and call account funds
- Short term creditors have increased by £6.392 million; this principally reflects an increase in central government creditors of £5.652 million.
- The pension fund liability has decreased from £69.281 million to £46.689 million, a decrease of £22.592 million which is largely due to the changes in financial assumptions on discounts and pension interest rates. The discounts, salary and pension rates assumptions are determined by the Actuary and represent the market conditions at the reporting date.

Cash Flow Statement (page 22)

- There is a increase of £6.812 million in cash and cash equivalents at the end of the reporting period. This is due partly to the non-cash movements of Pension liability relating to the payments made to the fund and deficit on post-employment benefits and also due to the increased purchase of short term investments.

CERTIFICATION OF ACCOUNTS
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Deputy Chief Executive - Resources with S151 responsibilities;

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

- approve the Statement of Accounts.

The Deputy Chief Executive - Resources with S151 Responsibilities

The Deputy Chief Executive - Resources (S151) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("The Code of Practice").

In preparing this Statement of Accounts, the Deputy Chief Executive - Resources (S151) 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 Deputy Chief Executive - Resoures (S151) has also:

- kept proper accounting records which were up to date;

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification by Deputy Chief Executive - Resources (S151)

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its income and expenditure for the year ended 31 March 2022.

C Forrester Date 22/05/2023

C Forrester CPFA - Deputy Chief Executive - Resources (S151)

* original signed certificate held in Finance

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COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

	2020/21				**2021/22**	
Gross Expend Restated	**Gross Income Restated**	**Net Expend Restated**		**Gross Expend**	**Gross Income**	**Net Expend**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
1,296	(12)	1,284	Leader of the Council	1,174	(56)	1,118
5,403	(2,038)	3,365	Environment and Climate Change	5,604	(2,033)	3,571
543	(100)	443	Community Safety and Partnerships	525	(106)	419
25,809	(22,081)	3,728	Innovation and Resources	23,872	(20,349)	3,523
2885	(1,813)	1,072	Community Engagement Health & Wellbeing	4,230	(3,080)	1,150
6,692	(753)	5,939	Housing, Heritage and Leisure	7,464	(1,340)	6,124
4,002	(2,193)	1,809	District and High Street Development	2,684	(1,377)	1,307
46,630	(28,990)	17,640		45,553	(28,341)	17,212
14,995	(20,064)	(5,069)	Housing Revenue Account	18,153	(20,112)	(1,959)
61,625	(49,054)	12,571	**Cost of Services**	63,706	(48,453)	15,253
		291	Other operating expenditure (Note 13)			664
		4,420	Financing and investment income and expenditure (Note 14)			4,711
		(18,765)	Taxation and non-specific grant income (Note 15)			(19,816)
		(1,483)	**(Surplus) / Deficit on Provision of Services**			**812**
		(17,548)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets (Note 28)			(33,904)
		-	(Surplus) or deficit on revaluation of available for sale financial assets (Note 28)			-
		11,909	Remeasurement of the net defined benefit liability / asset (Note 28)			(27,111)
		(5,639)	**Other Comprehensive Income and Expenditure**			**(61,015)**
		(7,122)	**Total Comprehensive Income and Expenditure**			**(60,203)**

MOVEMENT IN RESERVES STATEMENT

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

The balance at 31 March for Usable Reserves represents the amount available for use in the delivery of services.

	General Fund Balance £000	Housing Revenue Account Balance £000	Earmarked General Fund Reserves £000	Earmarked Housing Revenue Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2021	**(1,144)**	**(1,713)**	**(24,098)**	**(11,030)**	**(10,168)**	**(6,459)**	**(2,571)**	**(57,183)**	**(96,917)**	**(154,100)**
Other transfers (Note 12)								**-**		**-**
Movement in reserves during 2021/22										
(Surplus)/deficit on the provision of services	(225)	1,037						**812**		**812**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	**-**	(61,015)	**(61,015)**
Total Comprehensive Income and Expenditure	**(225)**	**1,037**	**-**	**-**	**-**	**-**	**-**	**812**	**(61,015)**	**(60,203)**
Adjustments between accounting basis & funding basis under regulations (Note 11)	2,447	(2,793)			(16)	(411)	(2,200)	**(2,973)**	2,973	**-**
										-
Net (Increase)/Decrease before Transfer to Earmarked Reserves	**2,222**	**(1,756)**	**-**	**-**	**(16)**	**(411)**	**(2,200)**	**(2,161)**	**(58,042)**	**(60,203)**
Transfers to/from Earmarked Reserves (Note 12)	(2,344)	1,483	2,344	(1,483)				-	-	-
Internal recharges to HRA	(153)	153						-		**-**
(Increase)/Decrease in 2021/22	**(275)**	**(120)**	**2,344**	**(1,483)**	**(16)**	**(411)**	**(2,200)**	**(2,161)**	**(58,042)**	**(60,203)**
Balance at 31 March 2022	**(1,419)**	**(1,833)**	**(21,754)**	**(12,513)**	**(10,184)**	**(6,870)**	**(4,771)**	**(59,344)**	**(154,959)**	**(214,303)**

The Total General Fund balance at 31 March 2022 is £23.173 million, comprising a working balance of £1.419 million and earmarked reserves of £21.754 million.

The Total Housing Revenue Account balance at 31 March 2022 is £14.346 million, comprising a working balance of £1.833 million and earmarked reserves of £12.513 million.

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £000	Housing Revenue Account Balance £000	Earmarked General Fund Reserves £000	Earmarked Housing Revenue Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2020	**(1,000)**	**(1,663)**	**(16,078)**	**(8,445)**	**(9,455)**	**(4,509)**	**(2,181)**	**(43,331)**	**(103,648)**	**(146,979)**
Other transfers (Note 12)	**-**	**-**	-	-	-	-	-	**-**		**-**
Movement in reserves during 2020/21										
(Surplus)/deficit on the provision of services	1,349	(2,831)	-	-	-	-	-	**(1,482)**	-	**(1,482)**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	**-**	(5,639)	**(5,639)**
Total Comprehensive Income and Expenditure	**1,349**	**(2,831)**	**-**	**-**	**-**	**-**	**-**	**(1,482)**	**(5,639)**	**(7,121)**
Adjustments between accounting basis & funding basis under regulations (Note 11)	(9,384)	67			(713)	(1,950)	(390)	**(12,370)**	12,370	**-** -
Net (Increase)/Decrease before Transfer to Earmarked Reserves	**(8,035)**	**(2,764)**	**-**	**-**	**(713)**	**(1,950)**	**(390)**	**(13,852)**	**6,731**	**(7,121)**
Transfers to/from Earmarked Reserves (Note 12)	8,020	2,585	(8,020)	(2,585)	-	-	-	-	-	-
Internal recharges to HRA	(129)	129	-	-	-	-	-	-	-	**-**
(Increase)/Decrease in 2019/20	**(144)**	**(50)**	**(8,020)**	**(2,585)**	**(713)**	**(1,950)**	**(390)**	**(13,852)**	**6,731**	**(7,121)**
Balance at 31 March 2020	**(1,144)**	**(1,713)**	**(24,098)**	**(11,030)**	**(10,168)**	**(6,459)**	**(2,571)**	**(57,183)**	**(96,917)**	**(154,100)**

The Total General Fund balance at 31 March 2021 is £25.242 million, comprising a working balance of £1.144 million and earmarked reserves of £24.098 million.

The Total Housing Revenue Account balance at 31 March 2021 is £12.744 million, comprising a working balance of £1.713 million and earmarked reserves of £11.030 million.

BALANCE SHEET

The Balance Sheet shows the value as at 31 March 2022 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories:

The first category of reserves are Usable Reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves includes reserves that hold unrealised gains and losses (for example Revaluation Reserve) where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2021 £000		Notes	31 March 2022 £000
269,081	Property, Plant & Equipment	16	298,146
296	Heritage Assets	17	296
1,186	Investment Properties	18	1,188
9	Intangible Assets	19	349
-	Assets for Sale	24	-
57	Long Term Debtors	20	57
270,629	**Long Term Assets**		**300,036**
9,502	Short Term Investments	20	22,019
98	Inventories	21	141
10,580	Short Term Debtors	22	6,761
30,938	Cash and Cash Equivalents	23	37,750
51,118	**Current Assets**		**66,671**
(326)	Short Term Borrowing	20	(326)
(12,375)	Short Term Creditors	25	(18,767)
(190)	Grants Receipts in Advance-Revenue	37	(330)
(1,399)	Grants Receipts in Advance-Capital	37	(1,994)
(14,290)	**Current Liabilities**		**(21,417)**
(17)	Long Term Creditors	20	(14)
(81,605)	Long Term Borrowing	51	(81,605)
(2,220)	Provisions	26	(2,679)
(11)	Other Long Term Liabilities	50	-
(69,281)	Pensions	43	(46,689)
(223)	Finance Lease	40	-
(153,357)	**Long Term Liabilities**		**(130,987)**
154,100	**Net Assets**		**214,303**
(57,183)	Usable Reserves	27	(59,344)
(96,917)	Unusable Reserves	28	(154,959)
(154,100)	**Total Reserves**		**(214,303)**

CASH FLOW STATEMENT

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

2020/21 £000		2021/22 £000
(1,483)	Net (surplus) or deficit on the provision of services	**812**
(7,489)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 29)	**(23,373)**
4,752	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 29)	**6,821**
(4,220)	Net cash flows from Operating Activities	**(15,740)**
5,709	Investing Activities (Note 30)	**10,374**
2,686	Financing Activities (Note 31)	**(1,446)**
4,175	Net (increase) / decrease in cash and cash equivalents	**(6,812)**
35,113	Cash and cash equivalents at the beginning of the reporting period	**30,938**
30,938	**Cash and cash equivalents at the end of the reporting period (Note 23)**	**37,750**

NOTES TO THE ACCOUNTS

1. Accounting Policies

i General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which is required to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

In compiling the disclosure notes the Council has given due regard to materiality and therefore detailed disclosures are not given for items below £50,000 unless there is a statutory override. The general principle used for rounding is to the nearest £000's.

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 accounts have been prepared on a going concern basis.

ii Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.
The Council operates a de minimus for accruals of £2,000. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations of the contract.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments or payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months 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 Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

iv Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future year affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

v Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding property, plant and equipment 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 service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. 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 amortisations are therefore replaced by the contribution in the General Fund Balance Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vi 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, bonuses and non-monetary benefits (for example, leased cars) for current employees are recognised as an expense for services in the year in which employees render the service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, for example, 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 the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which holiday absence occurs.

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 and are charged on an accruals basis to the relevant Portfolio 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 the 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 of Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Staffordshire County Council. The scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

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

- The liabilities of the Staffordshire County Council (SCC) pension fund attributable to the Council are included on the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using an appropriate discount rate determined by the actuary.

- The assets of the SCC 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 pensions liability is analysed into seven components:

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

    - past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement within the Leader of The Council line as part of Non-distributed costs.

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

    - the return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

    - actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions -charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

    - contributions paid to the SCC pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

vii Events After the Balance Sheet Date

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

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events

- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

viii Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Discounts on the early repayment of loans are apportioned between the General Fund and HRA with the General Fund element being credited immediately and the HRA share being amortised over 10 years.

Financial Assets

Financial assets are classified based on the business model for holding the assets and based on the make up of the cashflows. There are three main classes of financial asset measured at:

- amortised cost

- fair value through profit or loss (FVPL)

- fair value through other comprehensive income (FVOCI)

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

Financial Assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying value of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest).

Any gains/losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the Council. The Council has also extended lifetime losses to lease receivables.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly or remains low, losses are assessed on the basis of 12 month expected credit losses.

ix 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 where 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 transferred to the transferor.

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

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

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy which is a planning charge. The income from the levy will be used to fund infrastructure projects to support the development of the area.

CIL is received without outstanding conditions, it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund expenditure. However a small proportion of the charges may be used to fund revenue expenditure.

x Heritage Assets

Tangible and Intangible Heritage Assets

The Council's heritage assets comprise the Civic Regalia and Museum artefacts. The collections are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Council's history and local area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant & equipment. However some of the measurement rules are relaxed in relation to heritage assets as detailed below.

Civic Regalia
These items are reported in the Balance Sheet based on the latest valuation available which for this item is insurance valuation.

Museum Artefacts
These items are reported in the Balance Sheet based on the latest valuation available which for this item is insurance valuation.

Heritage Assets - General
The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment (see note xvii in this summary of significant accounting policies). The Council may occasionally dispose of heritage assets if unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see notes xvii in this summary of significant accounting policies).

xi Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research and development expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xii Interests in Companies and Other Entities

The Council has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts.

xiii Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xiv 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 services.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms-length. They are not depreciated but are revalued annually at fair value. Gains and losses on revaluation and disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xv Leases

Leases are classified as finance leases where the lease terms 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 building 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.

The Council as Lessee:

Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset 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.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and

- a finance charge (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 (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 therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement In Reserves Statement for the difference between the two.

Operating Leases

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

The Council as Lessor:

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property - applied to write down the lease debtor (together with any premiums received), and

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the 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 Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of property, plant and equipment is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xvi Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance. This means that the majority of the recharges are excluded as the budgets are produced and reported on within service segments at a controllable level for the General Fund, with only a small number of recharges included within the reported performance. The Housing Revenue Account (HRA) includes all recharges from support services as this is the basis on which this is reported.

xvii Property, Plant and Equipment

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

Recognition

Expenditure 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. The de-minimus value for items to be treated as capital expenditure is £20,000.

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 Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a 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 then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets - depreciated historical cost (DHC)
- assets under construction - cost
- surplus assets - the current value measurement basis is fair value, estimated at highest and best use from a market participant's perspective
- all other assets - current value, determined as the amount that would be paid for the asset in its existing use (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.

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the 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 by:

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

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

Impairment

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

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

Depreciation is calculated on the following bases:-

- dwellings and other buildings - straight-line allocation over the life of the property as estimated by the valuer

- council housing - 75 years

- vehicles, plant and equipment - straight-line allocation on historic cost over 5 years or over the period of the lease

- infrastructure - straight-line allocation on historic cost over 25 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a deminimus threshold in relation to componentisation of £1 million or 10% of the total asset value.

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 and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or 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.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are 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 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.

xviii Provisions, Contingent Liabilities and Contingent Assets

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. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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 at the Balance Sheet date of the expenditure required to settle the obligation, 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 now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly with 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.

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

Contingent Assets

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

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

ix Reserves

The Council sets 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 to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council - these reserves are explained in the relevant policies.

xx Revenue Expenditure Funded from Capital under Statute

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

xxi 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.

xxii Debt Redemption

In accordance with the requirements of the Local Government Act 2003, the Council is required to set aside a Minimum Revenue Provision (MRP) for the repayment of debt. This is equal to 4% of the General Fund Capital Financing requirement adjusted for an opening year balance. If depreciation on the General Fund does not equal this amount, than a transfer either to or from the Capital Adjustment Account (CAA) is required for the difference. Amounts set aside as transfers to reserves are disclosed separately on the face of the Movement in Reserves statement.

xxiii Interest Charges

The amount of interest chargeable to the HRA is calculated in accordance with a calculation prescribed by Central Government.

xxiv Tax Income (Council Tax, Non-Domestic Rates (NDR) and Rates)

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

Accounting for Council Tax and NDR

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

xxv Fair Value Measurement

The Council measures some of its non-financials assets such as surplus assets and investment properties and it's financial instruments for certificates of deposit 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:

(a) in the principal market for the asset or liability, or

(b) in the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements 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

- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

- Level 3 - unobservable inputs for the asset or liability.

2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2022/23 Code. The Code also requires that changes in accounting policy are applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

New standards introduced in the Code that apply from 1 April 2022 are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).
- 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

These changes are not expected to have a material impact on the Council's accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- **Future levels of government funding**
  There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

4. Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty

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

The items in the Council's Balance Sheet as at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependant on assumptions about the level of repairs and maintenance that will be incurred to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge would increase by £756,000 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. The actuary has provided sensitivity information about the effects of changes in assumptions. The financial effects of these changes are detailed in note 43 to the accounts.
Sundry debt arrears	At 31 March 2022 the Council's balance of sundry debts was £3.573m. A review of significant balances suggested that an impairment of doubtful debts of 72.73% was appropriate (£2.598m). However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate by 1% an additional £36,000 would need to be set aside as allowance.
Council tax arrears	At 31 March 2022 the Council's share of the council tax debtors included in the councils accounts was £1.234m. A review of significant balances suggested that an impairment of doubtful debts of 67.29% (£830,000) was appropriate. However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £12,000 to be set aside as an allowance.
Business rate arrears	At 31 March 2022 the Council's share of the business rates debtors included in the councils accounts was £1,040,000. A review of significant balances suggested that an impairment of doubtful debts of 57.02% (£593,000) was appropriate. However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £10,000 to be set aside as an allowance.
Business rates appeals	At 31 March 2022 the Council's share of the business rates appeals included in the Council's accounts was £2.486m.	If there was an increase of 1% in the appeals percentages this would require an additional £96,000 to be set aside.

5. Material Items of Income and Expense

The Code requires that where items are not disclosed on the face of the Comprehensive Income and Expenditure Account, that the nature and amount of material items should be disclosed in a note to the accounts. The material items of income and expenses for 2021/2022 are as follows:

There has been an increase in the net cost of services of £2.682 million this is primarily due to the following:

	£000	£000
General Fund:		
Pensions Current Service Cost	1,166	
Capital Charges	197	
Bad Debts	(203)	
Pension Interest	(465)	
Parking Income	(290)	
Court Costs Income	(223)	
Shared Chief Executive	(145)	
Covid 19 Payments	(66)	
Planning Delivery Spend	(109)	
Landlord Repairs	(106)	
Corporate Initiative Costs	(107)	
Cil receipts	235	
Other Movements	(312)	**(428)**
Housing Revenue Account:		
Pensions Current Service Cost	515	
Capital Charges	1,894	
Dwelling Income	(99)	
Provision for bad debts	86	
Gas Maintenance	66	
Repairs	193	
Increased Agency	179	
Other Movements	276	**3,110**
		2,682

6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.
It also shows how this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

		2020/2021						2021/2022		
Net Expend Chargeable to the General Fund	**Ear-marked Reserves**	**Adjust's between the Funding and Accounting Basis**	**Internal Recharge**	**Net Expend in the CIES**		**Net Expend Chargeable to the General Fund**	**Ear-marked Reserves**	**Adjust's between the Funding and Accounting Basis**	**Internal Recharge**	**Net Expend in the CIES**
Restated	**Restated**	**Restated**	**Restated**	**Restated**						
£000	**£000**	**£000**	**£000**	**£000**		**£000**	**£000**	**£000**	**£000**	**£000**
1,099	200	(16)	-	1,283	Leader of the Council	1,159	(65)	24	-	1,118
3,287	(383)	290	171	3,365	Environment and Climate Change	3,002	(197)	589	177	3,571
404	45	(1)	(4)	444	Community Safety and Partnerships	393	7	24	(5)	419
3,677	(237)	136	153	3,729	Innovation and Resources	3,851	(691)	182	181	3,523
585	(62)	564	(15)	1,072	Community Engagement Health & Wellbeing	613	(156)	710	(17)	1,150
4,689	(583)	2,005	(173)	5,938	Housing, Heritage and Leisure	4,444	(401)	2,261	(180)	6,124
956	516	340	(3)	1,809	District and High Street Development	1,161	(253)	402	(3)	1,307
14,697	(504)	3,318	129	17,640		14,623	(1,756)	4,192	153	17,212
(4,299)	(2,585)	1,944	(129)	(5,069)	Housing Revenue Account	(4,429)	(1,483)	4,106	(153)	(1,959)
10,398	(3,089)	5,262	-	12,571	**Net Cost of Services**	10,194	(3,239)	8,298	-	15,253
(10,593)	(7,516)	4,055	-	(14,054)	Other Income and Expenditure	(10,589)	4,100	(7,952)		(14,441)
(195)	**(10,605)**	**9,317**	**-**	**(1,483)**	**(Surplus)/Deficit on Provision of Services**	**(395)**	**861**	**346**	**-**	**812**
(2,663)	(24,523)				Opening General Fund & HRA Balance Balance	(2,858)	(35,128)			
-	-				Transfer to Earmarked Reserves	-	-			
(195)	(10,605)				Less/Plus Surplus or Deficit on General Fund & HRA Balance in year	(395)	861			
(2,858)	**(35,128)**				**Closing General Fund & HRA Balance at 31 March 2022 ***	**(3,253)**	**(34,267)**			

* For a split of this balance between the General Fund and the HRA - see the Movement in Reserves Statement

7. Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2021/22

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Statutory Adjustments £000	Total Statutory Adjustments £000	Other Non-Statutory Adjustments £000	Total Adjustments £000
Leader of the Council	-	25	(1)	24	-	24
Environment and Climate Change	494	82	3	579	10	589
Community Safety and Partnerships	8	17	(1)	24	-	24
Innovation and Resources	271	(2)	(3)	266	(84)	182
Community Engagement Health & Wellbeing	683	31	(4)	710	-	710
Housing, Heritage and Leisure	2,167	98	3	2,268	(7)	2,261
District and High Street Development	163	64	14	241	161	402
Sub Total	3,786	315	11	4,112	80	4,192
Housing Revenue Account	7,238	209	6	7,453	(3,347)	4,106
Net Cost of Services	**11,024**	**524**	**17**	**11,565**	**(3,267)**	**8,298**
Other income and expenditure from the Expenditure and Funding Analysis	(9,683)	1,415	(2,951)	(11,219)	3,267	(7,952)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the the Provision of Services	**1,341**	**1,939**	**(2,934)**	**346**	**-**	**346**

Adjustments between Funding and Accounting Basis 2020/21

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes Restated £000	Net change for the Pensions Adjustments Restated £000	Other Statutory Adjustments Restated £000	Total Statutory Adjustments Restated £000	Other Non-Statutory Adjustments Restated £000	Total Adjustments Restated £000
Leader of the Council	-	(16)	-	(16)	-	(16)
Environment and Climate Change	343	(48)	3	298	(8)	290
Community Safety and Partnerships	8	(10)	1	(1)		(1)
Innovation and Resources	377	44	25	446	(310)	136
Community Engagement Health & Wellbeing	574	(18)	8	564		564
Housing, Heritage and Leisure	2,055	(57)	14	2,012	(7)	2,005
District and High Street Development	238	(40)	5	203	137	340
Sub Total	3,595	(145)	56	3,506	(188)	3,318
Housing Revenue Account	5,344	(158)	18	5,204	(3,260)	1,944
Net Cost of Services	**8,939**	**(303)**	**74**	**8,710**	**(3,448)**	**5,262**
Other income and expenditure from the Expenditure and Funding Analysis	(7,293)	1,354	6,546	607	3,448	4,055
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the the Provision of Services	**1,646**	**1,051**	**6,620**	**9,317**	**-**	**9,317**

Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure - adjusts for capital disposals with a transfer of income on disposal of assets 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 from those receivable in the year to those receivable without conditions or for which conditions were satisfied through the year. The Taxation and Non specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

For the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and Income:

- Services - This represents the removal of the employer pension contributions made by the Council as allowed by statute and the 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 CIES.

Other Statutory Adjustments

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

- Financing and investment income and expenditure - the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

- Taxation and non-specific grant income and expenditure - represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- Financing and investment income and expenditure - the other non-statutory adjustments column recognises adjustments to Portfolios e.g. for interest income and expenditure.

- Taxation and non-specific grant income and expenditure - the other non-statutory adjustments column recognises adjustments to Portfolios e.g. for unringfenced government grants.

- The Council's reportable segments are based on the portfolios of the Council as structured by members and service departments.

8. Segmental Income

Income received from external customers (excluding grants) on a segmental basis is analysed below:

2020/21 Restated £000		2021/22 £000
6	Leader of the Council	18
2,044	Environment and Climate Change	2,053
100	Community Safety and Partnerships	107
3,560	Innovation and Resources	3,589
537	Community Engagement Health & Wellbeing	524
505	Housing, Heritage and Leisure	684
1,088	District and High Street Development	1,243
7,840	**Sub Total**	8,218
20,064	Housing Revenue Account	20,113
27,904	**Total income analysed on a segmental basis**	**28,331**

9. Expenditure and Income Analysed by Nature

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

2020/21 £000		2021/22 £000
	Expenditure	
17,568	Employee benefits expenses	18,611
35,386	Other services expenses	34,108
9,301	Depreciation, amortisation, impairment	11,261
4,621	Interest payments	4,677
758	Precepts and levies	804
(466)	Gain / loss on the disposal of assets	(141)
67,168	**Total Expenditure**	**69,320**
	Income	
(27,904)	Fees, charges and other service income	(28,331)
(510)	Interest and investment income	34
(12,440)	Income from council tax and non-domestic rates	(12,763)
(27,797)	Government grants and contributions	(27,448)
(68,651)	**Total Income**	**(68,508)**
(1,483)	**Surplus or Deficit on the Provision of Services**	**812**

10. Revenue from Contracts with Service Recipients

The Council exposure to this area is only in relation to a limited number of areas. These are:

a) Planning fees
b) Land charges fees
c) Building control

These amounts occur due to timings from receipt of monies to processing of application. There are no contract assets or liabilities held for either 2021/22 or 2020/21.

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:

2020/21 £000		2021/22 £000
80	Revenue from contracts with service recipients	82
80	**Total Included in Comprehensive Income and Expenditure Statement**	**82**

Amounts included in the Balance Sheet for contracts with service recipients:

2020/21 £000		2021/22 £000
80	Receivables, which are included within debtors (note 22)	82
80	**Total Included in Net Assets**	**82**

The value of revenue that is expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the year is:

31 March 2021 £000		31 March 2022 £000
80	Not later than one year	82
-	Later than one year	-
80	**Amounts of transaction price, partially or fully unsatisfied**	**82**

11. Adjustments Between Accounting Basis And Funding Basis Under Regulations

This note details the adjustments that are made to the Comprehensive Income and Expenditure Account recognised by the Council in 2021/22 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

The General Fund is the statutory fund into which all the receipts of an authority 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 (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Housing Revenue Account Balance

The Housing Revenue Account (HRA) Balance 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 as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which 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 Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside 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.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to 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.

2021/22	Usable Reserves						
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
o Pension costs (transferred to / (or from) the Pensions Reserve)	(1,730)	(209)				(1,939)	1,939
o Council Tax and NDR (transfer to / (or from) Collection Fund)	2,950					2,950	(2,950)
o Holiday pay (transferred to the Accumulated Absences Reserve)	(11)	(6)				(17)	17
o Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account	86	(8,490)			(2,305)	(10,709)	10,709
Total Adjustments to the Revenue Resources	**1,295**	**(8,705)**	**-**	**-**	**(2,305)**	**(9,715)**	**9,715**
Adjustments between Revenue and Capital Resources							
o Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	180	2,156	(2,336)			-	-
o Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(1)	(42)	43			-	-
o Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)		(523)	523			-	-
o Posting of HRA resources from revenue to the Major Repairs Reserve		4,310		(4,310)		-	-
o Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	518	11				529	(529)
o Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	455	-				455	(455)
Total Adjustments between Revenue and Capital Resources	**1,152**	**5,912**	**(1,770)**	**(4,310)**	**-**	**984**	**(984)**
Adjustments to Capital Resources							
o Use of Capital Receipts Reserve to finance capital expenditure			1,754			1,754	(1,754)
o Use of the Major Repairs Reserve to finance capital expenditure				3,899		3,899	(3,899)
o Application of capital grants to finance capital expenditure					105	105	(105)
o Cash payments in relation to deferred capital receipts						-	-
Total Adjustments to Capital Resources	**-**	**-**	**1,754**	**3,899**	**105**	**5,758**	**(5,758)**
Total Adjustments	**2,447**	**(2,793)**	**(16)**	**(411)**	**(2,200)**	**(2,973)**	**2,973**

2020/21	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Movement in Unusable Reserves £000
	Usable Reserves						
Adjustments to the Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
o Pension costs (transferred to / (or from) the Pensions Reserve)	(1,209)	158	-	-	-	(1,051)	1,051
o Council Tax and NDR (transfer to / (or from) Collection Fund)	(6,546)	-	-	-	-	(6,546)	6,546
o Holiday pay (transferred to the Accumulated Absences Reserve)	(56)	(18)	-	-	-	(74)	74
o Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account	(2,934)	(6,035)	-	-	(586)	(9,555)	9,555
Total Adjustments to the Revenue Resources	**(10,745)**	**(5,895)**	**-**	**-**	**(586)**	**(17,226)**	**17,226**
Adjustments between Revenue and Capital Resources							
o Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	462	2,265	(2,727)	-	-	-	-
o Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(5)	(38)	43	-	-	-	-
o Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	(523)	523	-	-	-	-
o Posting of HRA resources from revenue to the Major Repairs Reserve	-	4,249	-	(4,249)	-	-	-
o Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	475	10	-	-	-	485	(485)
o Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	429	-	-	-	-	429	(429)
Total Adjustments between Revenue and Capital Resources	**1,361**	**5,963**	**(2,161)**	**(4,249)**	**-**	**914**	**(914)**
Adjustments to Capital Resources							
o Use of Capital Receipts Reserve to finance capital expenditure	-	-	1,448	-	-	1,448	(1,448)
o Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	2,299	-	2,299	(2,299)
o Application of capital grants to finance capital expenditure	-	-	-	-	196	196	(196)
o Cash payments in relation to deferred capital receipts	-	-	-	-	-	-	-
Total Adjustments to Capital Resources	**-**	**-**	**1,448**	**2,299**	**196**	**3,943**	**(3,943)**
Total Adjustments	**(9,384)**	**68**	**(713)**	**(1,950)**	**(390)**	**(12,369)**	**12,369**

12. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2021/22.

	Balance at 31 March 2020 £000	Transfer out 2020/21 £000	Transfers in 2020/21 £000	Balance at 31 March 2021 £000	Transfer out 2021/22 £000	Transfers in 2021/22 £000	Balance at 31 March 2022 £000
General Fund							
Revenue							
General	5,054	(2,710)	5,198	7,542	(986)	1,764	8,320
Section 106	3,806	(642)	868	4,032	(559)	278	3,751
Commuted Sums	532	(37)	58	553	(47)	-	506
Grants	2,210	(1,114)	613	1,709	127	285	2,121
Business Rates Reserve	101	(101)	6,447	6,447	(6,447)	3,631	3,631
New Homes Bonus	-	-	-	-	-	-	-
Sub Total	**11,703**	**(4,604)**	**13,184**	**20,283**	**(7,912)**	**5,958**	**18,329**
Capital							
RCCO	590	(575)	-	15	-	-	15
Capital	3,785	(1,201)	1,216	3,800	(510)	120	3,410
Sub Total	**4,375**	**(1,776)**	**1,216**	**3,815**	**(510)**	**120**	**3,425**
General Fund Sub Total	**16,078**	**(6,380)**	**14,400**	**24,098**	**(8,422)**	**6,078**	**21,754**
HRA							
Housing	1,888	(55)	85	1,918	-	86	2,004
RCCO	6,557	-	2,555	9,112	-	1,397	10,509
HRA Sub Total	**8,445**	**(55)**	**2,640**	**11,030**	**-**	**1,483**	**12,513**
Total Revenue Reserves	**24,523**	**(6,435)**	**17,040**	**35,128**	**(8,422)**	**7,561**	**34,267**

General Reserves relate to monies earmarked for future superannuation increases, building maintenance, internal leasing and IT, insurance liabilities and future budget support.

The Business Rates Reserve balance is not available for general use. This represents the Council's share of the deficit on the Collection Fund for 2021/22. This reserve has been set aside to absorb the timing difference in accounting for collection fund balances.

13. Other Operating Expenditure

2020/21 £000		2021/22 £000
751	Parish council precepts	797
(989)	(Gains)/Losses on the disposal of non-current assets:	(663)
7	Levies	7
523	Pooling of Capital Receipts	523
292	**Total**	**664**

14. Financing and Investment Income and Expenditure

2020/21 £000		2021/22 £000
3,267	Interest Payable & Similar Charges	3,261
(2,471)	Net interest on the net defined benefit liability (asset)	(2,742)
3,825	Remeasurements of the net defined benefit liability/(asset)	4,157
(510)	Interest Receivable and similar income	34
129	Investment properties changes in fair value	(2)
(70)	Income and Expenditure in relation to investment properties	(82)
313	(Gain) / loss on trading accounts	266
(63)	Expected credit loss allowance	(181)
4,420	**Total**	**4,711**

15. Taxation and Non Specific Grant Incomes

2020/21 £000		2021/22 £000
(2,027)	Capital grants and contributions	(4,484)
(7,172)	Precepts on the Collection Fund	(7,464)
(5,267)	Non domestic rates	(5,300)
(4,299)	Non ring-fenced government grants	(2,568)
(18,765)	**Total**	**(19,816)**

16. Property, Plant and Equipment

Movements on Balances

Movements in 2021/22	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Leased Plant & Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation									
o at 1 April 2021	205,402	59,151	3,057	1,313	105	319	371	3,286	273,004
o Additions	3,657	1,707	322	-	-	-	-	1,790	7,476
o Revaluation increases/(decreases) recognised in the Revaluation Reserve	24,189	3,807	-	-	-	-	40	-	28,036
o Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,978)	(380)	-	-	-	(78)	-	-	(3,436)
o Derecognition - disposals	(1,490)	(124)	-	-	-	-	-	-	(1,614)
o Derecognition - other	(34)		(23)						(57)
o Assets reclassified (to)/from Held For Sale									-
o Other movements in cost or valuation	1,518	1,125	-	-	-	-	(77)	(2,869)	(303)
at 31 March 2022	**230,264**	**65,286**	**3,356**	**1,313**	**105**	**241**	**334**	**2,207**	**303,106**
Accumulated Depreciation and Impairment									
o at 1 April 2021	(850)	(418)	(1,775)	(870)	(9)	-	-	-	(3,922)
o Depreciation charge	(2,985)	(3,353)	(379)	(221)	(4)	-	(5)	-	(6,947)
o Depreciation written out to the Revaluation Reserve	2,682	3,181	-	-	-	-	5	-	5,868
o Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
o Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
o Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
o Derecognition - disposals	16	-	-	-	-	-	-	-	16
o Derecognition - other	2	-	23	-	-	-	-	-	25
o Other movements in depreciation and impairment	-	-	-	-	-	-	-	-	-
at 31 March 2022	**(1,135)**	**(590)**	**(2,131)**	**(1,091)**	**(13)**	**-**	**-**	**-**	**(4,960)**
Net Book Value									
at 31 March 2022	**229,129**	**64,696**	**1,225**	**222**	**92**	**241**	**334**	**2,207**	**298,146**
at 31 March 2021	**204,552**	**58,733**	**1,282**	**443**	**96**	**319**	**371**	**3,286**	**269,082**

Movements in 2020/21	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Leased Plant & Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation									
o at 1 April 2020	193,416	60,556	2,613	1,313	105	319	362	312	258,996
o Additions	1,428	164	467			-	-	2,974	5,033
o Revaluation increases/(decreases) recognised in the Revaluation Reserve	12,914	(1,174)	-	-	-	-	9	-	11,749
o Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,106)	(306)	-	-	-	-	-	-	(1,412)
o Derecognition - disposals	(1,223)	(89)	-	-	-	-	-	-	(1,312)
o Derecognition - other	(27)	-	(23)	-	-	-	-	-	(50)
o Assets reclassified (to)/from Held For Sale	-	-	-	-	-	-	-	-	-
o Other movements in cost or valuation	-	-	-	-		-	-	-	-
at 31 March 2021	**205,402**	**59,151**	**3,057**	**1,313**	**105**	**319**	**371**	**3,286**	**273,004**
Accumulated Depreciation and Impairment									
o at 1 April 2020	(568)	(212)	(1,401)	(649)	(5)	-	-	-	(2,835)
o Depreciation charge	(2,824)	(3,477)	(393)	(221)	(4)	-	(5)	-	(6,924)
o Depreciation written out to the Revaluation Reserve	2,523	3,271	-	-	-	-	5	-	5,799
o Depreciation written out to the Surplus/Deficit on the Provision of Services	-		-	-	-	-	-	-	-
o Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
o Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
o Derecognition - disposals	17	-	-	-	-	-	-	-	17
o Derecognition - other	2	-	19	-	-	-	-	-	21
o Other movements in depreciation and impairment		-	-	-	-	-	-	-	-
at 31 March 2020	**(850)**	**(418)**	**(1,775)**	**(870)**	**(9)**	**-**	**-**	**-**	**(3,922)**
Net Book Value									
at 31 March 2021	**204,552**	**58,733**	**1,282**	**443**	**96**	**319**	**371**	**3,286**	**269,082**
at 31 March 2020	**192,849**	**60,344**	**1,212**	**664**	**101**	**319**	**362**	**312**	**256,163**

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings - 75 years
- Council Dwellings components - 7.5 to 20 years
- Other Land and Buildings - 1 to 65 years
- Vehicles - 5 to 6 years
- Equipment - 5 to 7 years
- Infrastructure Assets - 25 years

Capital Commitments

At 31 March 2022 the Council held contracts for the construction or enhancement of Property, Plant and Equipment in 2021/22 and future years budgeted to cost £50,600. This included £43,200 for the Aelfgar site development and £7,400 for Hawkes Green. Similar commitments as at 31 March 2021 were £2,040,000. The major commitment was for new housing stock and associated works £1,815,000.

Valuation Information

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Land and Buildings are subject to detailed valuation every 5 years.

The valuations are carried out by the external valuer, Lambert Smith Hampton (Director TD Sandford BSc MRICS).

The Housing Revenue fixed assets valuations were completed by Mrs R. Holland Dip, Est. Man. M.R.I.C.S who is employed by the Council.

For operational properties, valuations have been arrived at by reference to one of the following bases of valuation:

- Market Value for Existing Use (MVEU) where there is sufficient market evidence of market transactions for that use;
- Depreciated Replacement Cost (DRC) where the asset is of a specialised nature or where there is no evidence of market value of suitable comparable properties;
- Non-operational properties have been valued on an open market basis;
- The valuation of the housing stock has been undertaken on the basis of Existing Use Value - Social Housing. The Council have now used the DCLG value reduction on social housing which is a discount rate of 60%.

The significant assumptions applied in estimating the fair values are:

- The apportionment between land and buildings has been undertaken in accordance with RICS Valuation Standards by deducting the value of the land for existing use from the valuation with the residual sum being the depreciable amount attributable to the building.
- In the appraisal of useful life regard is had to the Council's continuing use of the asset being equal to the physical and economic life of the building assuming a programme of reasonable maintenance.

As set out above the Council undertakes an annual review of all assets to ensure not materially mistated which it will do again for the 31 March 2022.

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Leased Plant & Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £001	Assets under construction £000	Total Property, plant and Equipment £000
Carried at historical cost	-	-	1,225	221	92	241	-	2,207	3,986
valued at fair value as at :									
31 March 2018	-	1,996	-	-	-	-	-	-	1,996
31 March 2019	-	4,018	-	-	-	-	-	-	4,018
31 March 2020	-	3,210	-	-	-	-	-	-	3,210
31 March 2021	-	2,273	-	-	-	-	-	-	2,273
31 March 2022	229,129	53,200	-	-	-	-	334	-	282,663
Total Cost or Valuation	**229,129**	**64,697**	**1,225**	**221**	**92**	**241**	**334**	**2,207**	**298,146**

17. Heritage Assets

Heritage Assets are held by the authority of £296,000 comprising Civic Regalia (£35,000) and Exhibits (£261,000). There were no changes to these values in either 2021/22 or 2020/21.

18. Investment Properties

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

2020/21 £000		2021/22 £000
70	Rental Income from Investment Property	82
70	**Net Gain / (loss)**	**82**

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

The following table summarises the movement in the fair value of investment properties over the year:

2020/21 £000		2021/22 £000
1,315	Balance at start of the year	1,186
(129)	Net gains / (loss) from fair value adjustments	2
1,186	**Balance at end of year**	**1,188**

Fair Value Measurement of Investment Property

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

The fair value of the properties is based on Level 2 inputs in the fair value hierarchy. These have been based on the market approach using current market conditions and recent sales prices (where available to the market) and other relevant information for similar assets in the local authority area.

There have been no transfers between levels of the fair value hierarchy and valuation techniques from those used in 2020/21.

The fair value of the Council's investment properties is measured annually at each reporting date. All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

19. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets currently relate only to purchased licences as the Council does not currently have any internally generated intangible assets.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The carrying amount of intangible assets is amortised on a straight-line basis.

Due to the low value of the Council's intangible asset amortisation a detailed disclosure of where the charge is made to the Comprehensive Income and Expenditure Account is not provided.

The movement on purchased Intangible Asset balances during the year is as follows:

2020/21 Total £000		2021/22 Total £000
	Balance at start of year:	
578	Gross carrying amounts	578
(513)	Accumulated amortisation	(569)
65	**Net carrying amount at start of year**	**9**
	Additions:	
-	Purchases	349
(56)	Amortisation for the period	(9)
9	**Net carrying amount at end of year**	**349**
	Comprising:	
578	Gross carrying amounts	927
(569)	Accumulated amortisation	(578)
9		**349**

The table below shows the amortisation profile of the intangible assets.

Carrying Amount 31 March 2021 £000		Carrying Amount 31 March 2022 £000
	Remaining Amortisation Period	
9	1 Year	-
-	10 Years	349
9		**349**

The Council revalues intangible assets where there is an active market, however it is currently considered that there is no active market for the software held and they have consequently not been revalued.

20. Financial Instruments

Categories of Financial Instruments

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

	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022
	Non-current				Current				Total	Total
Financial Assets	Investments		Debtors		Investments		Debtors			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Amortised cost:										
Short Term Investments	-	-	-	-	9,502	22,019	-	-	**9,502**	**22,019**
Cash & Cash Equivalents	-	-	-	-	30,938	37,750	-	-	**30,938**	**37,750**
Long Term Debtors	-	-	57	57	-	-	-	-	**57**	**57**
Trade Debtors	-	-	-	-	-	-	4,839	2,926	**4,839**	**2,926**
Available for Sale	-	-	-	-	-	-	-	-	**-**	**-**
Total financial assets	**-**	**-**	**57**	**57**	**40,440**	**59,769**	**4,839**	**2,926**	**45,336**	**62,752**
Non-financial assets	-	-	-	-	-	-	5,683	3,835	**5,683**	**3,835**
Total	**-**	**-**	**57**	**57**	**40,440**	**59,769**	**10,522**	**6,761**	**51,019**	**66,587**

	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2020	31 March 2021
	Non-current				Current				Total	Total
Financial Liabilities	Borrowings		Creditors		Borrowings		Creditors			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Amortised cost										
Trade Creditors	-	-	-	-	-	-	3,750	4,173	**3,750**	**4,173**
Finance Lease	-	-	223	-	-	-	228	223	**451**	**223**
Long Term Creditors	-	-	17	14	-	-	-	-	**17**	**14**
Borrowing Accrued Interest	-	-	-	-	326	326	-	-	**326**	**326**
Long Term Borrowing	81,605	81,605	-	-	-	-	-	-	**81,605**	**81,605**
Total financial liabilities	**81,605**	**81,605**	**240**	**14**	**326**	**326**	**3,978**	**4,396**	**86,149**	**86,341**
Non-financial liabilities	-	-	-	-	-	-	8,397	14,371	8,397	14,371
Total	**81,605**	**81,605**	**240**	**14**	**326**	**326**	**12,375**	**18,767**	**94,546**	**100,712**

Reclassifications

There were no reclassifications during 2021/22.

Financial Instruments 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:

Income, Expense, Gains and Losses

	2020/21		2021/22	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Interest Revenue:				
Financial assets measured at amortised cost	(69)	-	(71)	-
Total interest Revenue	**(69)**	**-**	**(71)**	**-**
Interest Expense	**3,249**	**-**	**3,249**	**-**
(Surplus) / deficit arising on revaluation of financial assets in Other comprehensive Income	**-**	**-**	**-**	**-**
Net (gain)/loss for the year	**3,180**	**-**	**3,178**	**-**

Changes in the Valuation Technique

There has been no change in the valuation technique used during the year for the financial instruments.

The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value disclosures are required)

All of the Council's financial assets and liabilities have been classified as and are held in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- For loans from the PWLB, new loan borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer as an alternative this value is also disclosed.
- For loans receivable, prevailing benchmark rates have been used to provide the fair value;
- No early repayment or impairment is recognised
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Mark to Model Valuation for Financial Instruments

All the financial assets are classed at amortised cost and held with Money Market Funds and Notice Accounts. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, the Council has used a financial model valuation provided by Link Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future at todays terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. The Council's accounting policy is to use new borrowing rates to discount the future cash flows.

The fair values calculated are as follows:

31 March 2021 Carrying Amount £000	31 March 2021 Fair Value £000	Financial Liabilities	31 March 2022 Carrying Amount £000	31 March 2022 Fair Value £000
81,931	116,829	PWLB Debt	81,931	106,573
3,750	3,750	Trade Payables	4,173	4,173
228	228	Short Term Creditor - Finance Lease	223	223
17	17	Long Term Creditors	14	14
223	223	Other Long Term Liabilities - Finance Leases	-	-
86,149	**121,047**	**Total Financial Liabilities**	**86,341**	**110,983**

The fair value of liabilities is greater than the carrying amount because the Council's portfolio of loans includes a fixed rate loan where the interest payable is higher than the rates available for similar loans in the market place at 31 March 2022. This shows a notional loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above market rates.

The fair value of Public Works Loan Boards of £106.573m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at 31 March 2022. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loan under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

As the Council has a continued ability to borrow at concessionary rates from the PWLB rather than the market, the fair value calculated at premature repayment rate to reflect the interest that would be charged including a penalty charge for penalty interest would be £129.474m.

31 March 2021 Carrying Amount £000	31 March 2021 Fair Value £000	Financial Assets	31 March 2022 Carrying Amount £000	31 March 2022 Fair Value £000
9,502	9,502	Fixed Term Deposits	22,019	22,006
30,938	30,938	Cash & Cash Equivalents	37,750	37,750
57	57	Long Term Debtors	57	57
4,839	4,839	Trade Receivables	2,926	2,926
45,336	**45,336**	**Total Financial Assets**	**62,752**	**62,739**

There is a slight difference between the carrying amount and fair value as the investment rates on fixed term deposits made are lower than the market rate available at the 31 March 2022.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

21. Inventories

The Council carries stock as consumable stores and maintenance materials and the balance carried is not material, therefore detailed disclosure notes of movements are not required. At 31 March 2022 the balance of stocks held was £141,000, an increase of £43,000 from the previous financial year.

22. Debtors

Short Term Debtors

31 March 2021 £000		31 March 2022 £000
1,492	Central Government	644
4,838	Trade Debtors	2,926
958	Pre Payments	404
1,802	Local taxation - Council Tax	1,472
1,175	Local taxation - NNDR	995
315	Other Receivables	320
10,580		**6,761**

The balances detailed above are net of impairment allowances. The amount of impairment allowance per category is set out below:

31 March 2021 £000		31 March 2022 £000
(753)	Trade receivables	(866)
(795)	Local taxation - Council Tax	(830)
(605)	Local taxation - NNDR	(593)
(2,998)	Other receivable amounts	(2,716)
(5,151)		**(5,005)**

The balances below set out the debtors for Local Taxation gross of any impairment allowance.

Debtors for Local Taxation - Council Tax

31 March 2021 £000		31 March 2022 £000
199	Less than three months	150
151	Three to six months	107
152	Six months to one year	249
619	More than one year	728
1,121		**1,234**

Debtors for Local Taxation - NNDR

31 March 2021 £000		31 March 2022 £000
34	Less than three months	348
65	Three to six months	280
130	Six months to one year	17
589	More than one year	395
818		**1,040**

23. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2021 £000		31 March 2022 £000
	Current Assets	
30,000	Cash equivalents held by the Council	37,509
935	Bank current accounts	238
3	Cash held by the Council	3
30,938	**Total Cash and Cash Equivalents**	**37,750**

24. Assets Held For Sale

There were no Assets held for sale as at 31 March 2022 (31 March 2021 nil).

25. Short Term Creditors

31 March 2021 £000		31 March 2022 £000
7,868	Central Government	13,520
169	Local taxation - Council Tax	180
150	Local taxation - NNDR	556
3,750	Trade payables	4,173
438	Other payables	338
12,375		**18,767**

26. Provisions

(i) Current Liabilities

There are no short term provisions as at 31 March 2022 (2021 £nil).

(ii) Long Term Liabilities

	Insurance £000	Business Rates Appeals £000	Total £000
Balance at 1 April 2021	**199**	**2,021**	**2,220**
Additional provisions	50	969	**1,019**
Amounts used in 2021/22	(56)	(504)	**(560)**
Balance at 31 March 2022	**193**	**2,486**	**2,679**

The balance at 31 March 2022 of £2,486,000 reflects the Council's share of the provision for business rates appeals. The business rates provision is an estimate as detailed in note 4 to the accounts. It is included within long term liabilities as there is uncertainty on timing and amount.

27. Usable Reserves

31 March 2021 £000		31 March 2022 £000
(1,144)	General Fund Balance	(1,419)
(1,713)	HRA Balance	(1,833)
	Earmarked Reserves:	
(24,099)	General Fund	(21,754)
(11,029)	Housing Revenue Account	(12,513)
(10,168)	Capital Receipts Reserve	(10,184)
(2,571)	Capital Grants Unapplied	(4,771)
(6,459)	Housing Revenue Account - Major Repairs Reserve	(6,870)
(57,183)	**Total Usable Reserves**	**(59,344)**

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 11 and 12.

28. Unusable Reserves

31 March 2021 £000		31 March 2022 £000
(109,762)	Revaluation Reserve	(139,422)
(68,497)	Capital Adjustment Account	(68,773)
74,724	Pensions Reserve	49,552
(57)	Deferred Capital Receipts Reserve	(57)
6,514	Collection Fund Adjustment Account	3,564
161	Accumulated Absences Account	177
(96,917)	**Total Unusable Reserves**	**(154,959)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from the 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, or
- disposed of and the gains are realised.

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

	2020/21 £000			2021/22 £000
	(95,861)	**Balance at 1 April**		**(109,763)**
(19,593)		Upward revaluation of assets	(33,969)	
2,045		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	65	
	(17,548)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(33,904)
3,359		Difference between fair value depreciation and historical cost depreciation	4,197	
287		Accumulated gains on assets sold or scrapped	48	
	3,646	Amount written off to the Capital Adjustment Account		4,245
	(109,763)	**Balance at 31 March**		**(139,422)**

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 11 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2020/21 £000			**2021/22 £000**
	(69,548)	**Balance at 1 April**		**(68,498)**
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
8,334		Charges for depreciation and impairment of non-current assets	10,385	
56		Amortisation of Intangible Assets	9	
781		Revenue Expenditure Funded from Capital Under Statute	871	
1,695		Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	1,629	
129		Fair Value of Investment Property	(2)	
	10,995			12,892
	(3,647)	Adjusting amounts written out of the Revaluation Reserve		(4,245)
	(62,200)	Net written out amount of the cost of non-current assets consumed in the year		(59,851)
		Capital financing applied in the year:		
(1,448)		Use of the Capital Receipts Reserve to finance new capital expenditure	(1,754)	
(2,299)		Use of the Major Repairs Reserve to finance new capital expenditure	(3,899)	
(1,441)		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,180)	
(196)		Application of grants to capital financing from the Capital Grants Unapplied Account	(105)	
(485)		Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(529)	
(429)		Capital expenditure charged against the General Fund and HRA balances	(455)	
	(6,298)			(8,922)
	(68,498)	**Balance at 31 March**		**(68,773)**

Pensions Reserve

The Pensions Reserve absorbs the timing difference 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 pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2020/21 £000		2021/22 £000
61,764	**Balance at 1 April**	**74,724**
11,909	Remeasurements of the net defined benefit liability/(asset)	(27,111)
5,062	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	6,652
(4,011)	Employers pensions contributions and direct payments to pensioners payable in the year	(4,713)
74,724	**Balance at 31 March**	**49,552**

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.

2020/21 £000		2021/22 £000
(57)	**Balance at 1 April**	**(57)**
-	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	-
(57)	**Balance at 31 March**	**(57)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2020/21 £000		2021/22 £000
(32)	**Balance at 1 April**	**6,514**
201	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(134)
6,345	Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	(2,816)
6,514	**Balance at 31 March**	**3,564**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2020/21 £000	2020/21 £000		2021/22 £000	2021/22 £000
	86	**Balance at 1 April**		**161**
(86)		Settlement or cancellation of accrual made at the end of the preceding year	(161)	
161		Amounts accrued at the end of the current year	177	
	75	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		16
	161	**Balance at 31 March**		**177**

29. Cash flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2020/21 £000		2021/22 £000
(66)	Interest received	(63)
3,267	Interest paid	3,156

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2020/21 £000		2021/22 £000
	Adjust Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	
(6,924)	Depreciation	(6,947)
(1,410)	Impairment and downward valuations	(3,436)
(56)	Amortisation	(9)
(215)	Increase / (decrease) in impairments for bad debts	145
(3,623)	Increase / (decrease) in Creditors	(5,876)
2,318	Increase / (decrease) in Debtors	(583)
(4)	Increase / (decrease) in Stock	43
4,392	Movement in pension liability	(4,519)
(1,695)	Carrying amount of non-current assets sold or derecognised	(1,629)
(272)	Other non-cash items charged to the net surplus or deficit on the provision of services	(562)
(7,489)		**(23,373)**

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2020/21 £000		2021/22 £000
	Adjust for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	
2,026	Capital grants credited to Surplus / Deficit on the Comprehensive Income and Expenditure Statement	2,336
2,726	Proceeds from the sales of Plant, Property and Equipment, Investment Property and Intangible Assets	4,485
4,752		**6,821**

30. Cash flow Statement - Investing Activities

2020/21 £000		2021/22 £000
4,887	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	7,738
17,500	Purchase of short-term and long-term investments	43,500
(2,660)	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(2,336)
(11,500)	Proceeds from short-term and long-term investments	(31,000)
(2,518)	Capital grants and income from discounts	(7,528)
5,709	**Net cash flows from investing activities**	**10,374**

31. Cash flow Statement - Financing Activities

2020/21 £000		2021/22 £000
227	Cash payments for the reduction of the outstanding liabilities relating to finance leases	231
10	Repayment of short and long term borrowing	11
2,449	Billing authority - Council Tax and NNDR adjustments	(1,688)
2,686	**Net cash flows from financing activities**	**(1,446)**

Reconciliation of Liabilities Arising from Financing Activities

			Non-cash changes		
	1 April 2021 £000	Financing cash flows £000	Acquisition £000	Other non cash changes £000	31 March 2022 £000
Long term borrowings	81,616	(11)			81,605
Short term borrowings	-				-
Lease liabilities	472	(231)		(4)	237
Total liabilities from financing activities	**82,088**	**(242)**	**-**	**(4)**	**81,842**

			Non-cash changes		
	1 April 2020 £000	Financing cash flows £000	Acquisition £000	Other non cash changes £000	31 March 2021 £000
Long term borrowings	81,626	(10)	-	-	81,616
Short term borrowings	-	-	-	-	-
Lease liabilities	695	(223)	-	-	472
Total liabilities from financing activities	**82,321**	**(233)**	**-**	**-**	**82,088**

32. Acquired and Discontinued Operations

There are no significant operations which were acquired or discontinued during the year.

33. Agency Services

The Council undertook distribution of Covid business grants funds on behalf of the Government during 2021/22.

34. Members Allowances

Members allowances paid during 2021/22 totalled £3365,402.82 (2020/21 £352,052.64). Further details are available on the Council's website.

35. Officers Remuneration

The remuneration paid to the Council's senior employees is as follows:

Senior Officers emoluments 2021/22 - salary is between £50,000 and £150,000 per year

Post Title		Salary, Fees and Allowances £	Benefits in Kind £	Pension Contribution £	Total £
Interim Head of Finance	(i)	57,441	845	9,819	68,105
Interim Head of Environment & Healthy Lifestyles	(ii)	51,372	803	9,047	61,222
Head of Economic Prosperity		70,579	-	12,457	83,036
Head of Governance & Corporate Services		75,182	-	13,120	88,302
Head of Housing & Partnerships		70,579	963	12,385	83,927
		325,153	**2,611**	**56,828**	**384,592**

The Council had an interim Chief Executive for four months in 2021/22 whilst recruiting for a permanent appointment. The decision was made in 2021/22 to share Stafford Council's Chief Executive on a Shared Services basis.

(i) The Interim Head of Finance was in post until February 2022 after which the post was temporarily covered by agency.

(i) The Interim Head of Environment & Healthy Lifestyles started in post in July 2021.

The Council operates a number of shared services with Stafford Borough Council which operate on the basis of a lead authority. The posts set out below are responsible for the provision of services to the recipient authority:-

Post	Lead Authority	Recipient Authority
Interim Head of Finance	Cannock Chase District Council	Stafford Borough Council
Head of Governance & Corporate Services	Cannock Chase District Council	Stafford Borough Council

In addition the Council also receives services from Stafford Borough Council for provision of services to the recipient authority:-

Post	Lead Authority	Recipient Authority
Chief Executive	Stafford Borough Council	Cannock Chase District Council
Head of Human Resources	Stafford Borough Council	Cannock Chase District Council
Head of Law & Administration	Stafford Borough Council	Cannock Chase District Council
Head of Technology	Stafford Borough Council	Cannock Chase District Council

Senior Officers emoluments 2020/21 - salary is between £50,000 and £150,000 per year

Post Title		Salary, Fees and Allowances £	Benefits in Kind £	Pension Contribution £	Total £
Managing Director	(i)	111,035	882	17,186	129,103
Deputy Managing Director		90,234	963	15,810	107,007
Head of Environment & Healthy Lifestyles		69,546	963	12,271	82,780
Head of Economic Prosperity		69,536	963	12,212	82,711
Head of Governance & Corporate Services		69,536	963	12,277	82,776
Head of Housing & Partnerships		69,536	963	12,248	82,747
		479,423	**5,697**	**82,004**	**567,124**

(i) The post Managing Director became vacant on 28 February 2021. The decision has been made during 2021/22 for the Chief Executive of Stafford Borough Council to cover this role on a shared service basis.

There are no other employees within the Council receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) in 2021/22 or 2020/21.

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2020/21	**2021/22**	**2020/21**	**2021/22**	**2020/21**	**2021/2022**	**2020/21 £000**	**2021/22 £000**
£0 - £20,000	1	1	1	1	2	2	18	12
£20,001 - £40,000	1	-	-	-	1	-	24	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	1	-	1	-	148	-
£150,001+	-	-	-	-	-	-	-	-
TOTAL	**2**	**1**	**2**	**1**	**4**	**2**	**190**	**12**

36. External Audit Costs

The auditors for 2021/22 financial year were appointed by the PSAA (Public Sector Audit Appointments).
The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and non-audit services provided by the Council's external auditors:

2020/21 £000		2021/22 £000	
63	Fees payable to the Grant Thornton with regard to external audit services carried out by the appointed auditor	67	(i)
15	Fees payable to the Grant Thornton for the certification of grant claims and returns for the year	27	(ii)
-	Rebate from the Public Sector Audit Appointments during the year	(8)	
78	**Total**	**86**	

(i) This includes a scale fee for 21/22 of £43,124, a variations fee for 20/21 of £29,000 and an overaccrual for variation fee re 19/20 audit of (£5,500).

(ii) This relates to grant fees in respect of the 20/21 certification of grant fees.

37. Grant Income & Precepts on the Collection Fund

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22:

2020/21 £000	Credited to Taxation and Non Specific Grant Income	2021/22 £000
7,172	Precepts On The Collection Fund	7,464
5,268	NNDR	5,300
1,478	New Homes Bonus	1,417
32	Other general grants	139
1,390	Capital Grants-General Fund	4,221
636	Capital Grants-HRA	263
709	Sales Fees and Charges Support Grant	221
-	Lower tier grant	130
-	Council Tax Support	121
116	Covid 19 Hardship Fund	-
1,533	Covid 19 LA Support Grant	540
76	Self Isolation Payments	-
297	Local Authority Discretionary Grant	-
59	Business Rates New Burdens Grant	-
18,765	**Total**	**19,816**
	Credited to Services	
9,637	Rent Allowances	8,499
8,254	Housing Benefit Subsidy	7,652
253	Housing Benefit Admin Grant	244
136	Cost Of Collection Allowance	134
105	DCLG Local Council Tax Scheme Grant	122
117	Discretionary Housing Payments	112
65	Homelessness Reduction Grants	-
140	Flexible Homelessness Support Grant	-
-	Homelessness Prevention	254
-	Rough Sleeper Grant	85
72	Local Taxation (Grant Fund)	-
-	Elections	38
1,193	Covid 19	-
1,276	ARG	2,411
84	Covid Business Payments LRSG-O	-
-	Contain Outbreak Management Fund	140
-	National Leisure Recovery Fund	211
-	Reopening High Streets Safely	147
-	Levelling Up Fund	156
140	Other grants	190
21,472	**Total**	**20,395**
4	**Amounts not Reported to Management for Decision Making**	-
21,476		**20,395**

The other grants lines shown in the table above includes all grants received less than £50,000 each as these have not been identified separately.

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:

(i) **Current Liabilities**

31 March 2021 £000		31 March 2022 £000
	Revenue Grants Receipts in Advance	
190	Section 106 Developers Revenue Contributions	330
190	**Total**	**330**
	Capital Grants Receipts in Advance	
1,399	Section 106 Developers Capital Contributions	1,994
1,399	**Total**	**1,994**

The Council does not hold a donated assets account.

38. Related Parties

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

Central Government
Central government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 37 Grant Income and Precepts on the Collection Fund.

Members
Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2021/22 is shown in Note 34. Details of Members' interests are recorded in the Register of Members' Interest maintained by the Council. During 2021/22 there were no significant works and services commissioned from companies in which members had an interest.

Officers
During 2021/22 there were no significant works or services commissioned from companies in which senior officers had an interest.

Other Public Bodies (subject to common control by central government)
There are no transactions with other public bodies in 2021/22 that are required to be disclosed.

Entities Controlled or Significantly Influenced by the Council
As part of the shared services with Stafford Borough Council, Cannock Chase District Council paid £1.356 million for Stafford Borough Council hosted services and received £2.512 million for services hosted at Cannock.

39. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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 as assets used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2020/21 £000		2021/22 £000
92,088	**Opening Capital Financing Requirement**	**91,603**
	Capital Investment	
5,032	Property, Plant and Equipment	7,476
-	Intangible Assets	46
782	Revenue Expenditure Funded from Capital under Statute	871
	Sources of finance	
(1,449)	Capital receipts	(1,754)
(1,636)	Government grants and other contributions	(2,285)
(2,300)	Major Repairs Reserve	(3,899)
	Sums set aside from revenue:	
(429)	Direct revenue contributions	(455)
(252)	Minimum Revenue Provision (MRP)	(290)
(10)	Walsall Debt Repayment	(10)
(223)	Finance Lease Payment	(228)
91,603	**Closing Capital Financing Requirement**	**91,075**
	Explanation of movements in year	
	Increase / (Decrease) in underlying need to borrowing (unsupported by government financial assistance)	
(10)	HRA	(10)
(475)	General Fund	(518)
(485)	**Increase/(decrease) in Capital Financing Requirement**	**(528)**

40. Leases

Council as Lessee

Financing Lease of Vehicles
The Council has a number of leases for refuse vehicles. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet.

The Council is committed to making minimum lease payments under the lease comprising settlement of the long term liability for the interest in the property acquired by the Council and the 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 March 2021 £000		31 March 2022 £000
228	Current Finance lease Liabilities	223
223	Non Current	-
16	Finance costs payable in future years	5
467	**Minimum Lease Payments**	**228**

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

	Minimum lease Payments 2020/21 £000	Minimum lease Payments 2021/22 £000	Finance Lease Liabilities 2020/21 £000	Finance Lease Liabilities 2021/22 £000
Not later than one year	238	228	228	223
Later than one year not later than five years	229	-	223	-
Later than five years	-	-	-	-
Minimum Lease Payments	**467**	**228**	**451**	**223**

Operating Lease of Property
The Council has an operating lease of Rugeley Market Hall. The Council owns the freehold of this property.

The future minimum lease payments under non cancellable leases are:

2020/21 £000		2021/22 £000
231	Not later then one year	231
924	Later than one year and not later than five years	926
11,254	Later than five years	11,064
12,409		**12,221**

The expenditure charged to services in the Comprehensive Income and Expenditure Statement during the year in relation to this lease was:

2020/21 £000		2021/22 £000
231	Minimum Lease Payments	232
231		**232**

Finance Lease of Property
The Council has a finance lease of the land at Rugeley Leisure Centre for a period of 50 years from 2004 at a peppercorn rent. The asset acquired under this lease is carried as Other Land and Buildings in the Balance Sheet.

Council as Lessor

Finance Leases
The Council has a finance lease in respect of the Hednesford Gateway scheme where a 250 year lease has been granted on the assets. The Council does not receive any rentals but a premium on the disposal of £720,000 has been received. The Council retains the freehold.

Operating Leases
The Council leases out property and equipment under operating leases for the following purposes:

- for community services through the provision of various premises
- for economic development purposes by providing business premises for rental

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

31 March 2021 £000		31 March 2022 £000
529	Not later than one year	502
1,475	Later than one year and not later than five years	1,482
36,053	Later than five years	33,666
38,057		**35,650**

41. Impairment Losses

As set out in the accounting policy for impairment in note 1 xvii, assets are reviewed at each year end to determine whether there has been any impairment to their value during the year. This not does not relate to valuation changes due to market prices but where assets have had a change in value due other factors such as fire.

As a result of this review there were no impairment losses during 2021/22 (2020/21 £nil)

42. Termination Benefits

The Council terminated the contracts of 2 employees in 2021/22 incurring liabilities of £12,000 (£190,000 in 2020/21). See Note 35 for the number of exit packages and total cost per band.

The payments relate to redundancy (£4,000) and mutual agreement to termination of employment (£8,000).

43. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

The Staffordshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of SCC. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account, the amounts required by statute as described in Note 1 (accounting policies).

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

2020/21 £000		2021/22 £000
	Comprehensive Income and Expenditure Statement	
	Service Cost	
3,659	Current service cost	5,234
49	Past service cost (including curtailments)	3
3,708	**Total Service Cost**	5,237
	Financing and Investment Income and Expenditure	
(2,471)	Interest income on scheme assets	(2,742)
3,825	Interest cost on defined benefit obligation	4,157
1,354	**Total Net Interest**	1,415
5,062	**Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services**	**6,652**
	Remeasurements of the Net Defined Liability Comprising:	
(26,716)	Return on plan assets excluding amounts included in net interest	(13,924)
2,285	actuarial (gains) / losses arising from changes in demographic assumptions	(1,142)
37,944	actuarial (gains) / losses arising on changes in financial assumptions	(12,362)
(1,604)	Other	317
11,909	**Total remeasurements recognised in other comprehensive income**	**(27,111)**
16,971	**Total Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**(20,459)**
	Movement in Reserves Statement	
(5,062)	reversal of net charges made to the (surplus) or deficit on the provision of Services	(6,652)
4,011	**Employers Contributions Payable to the Scheme**	4,713

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

31 March 2021 £000		31 March 2022 £000
(138,764)	Fair value of employer assets	(152,259)
202,838	Present value of funded liabilities	194,123
5,207	Present value of unfunded liabilities	4,825
69,281	**Net Liability arising from the Defined Benefit Obligation**	**46,689**

Reconciliation of the Movements in the Fair Value of Scheme Assets

	2020/21 £000		2021/22 £000
	105,474	**Opening fair value of scheme assets**	**138,764**
	2,471	Interest income	2,742
		Remeasurement gain/(loss)	
	26,716	Return on plan assets excluding the amounts included in net interest	13,924
*	9,454	Contributions from employer	2,133
	682	Contributions from employees into the scheme	675
	(6,033)	Benefits paid	(5,979)
	138,764	**Closing Fair Value of Scheme Assets**	**152,259**

* This figure includes a lump sum contribution of £5.029 million in respect of pension past deficit payments. This covers the financial years 2020/21 to 2022/23 which has been paid as a lump sum to take advantage of reduced overall payments for early payment. The impact of this payment is to create a temporary timing difference between the pension reserve and the pension liability. This reflects the amount of the actual past deficit payment made to the pension fund as compared to the amount due under statutory arrangements as reflected in the Pension reserve. This is shown below:

	£000
Pension Liability	(46,689)
Pension Reserve	49,552
	2,863

The amount relates to 2022/23

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

2020/21 £000		2021/22 £000
167,238	**Opening fair value of scheme liabilities**	**208,045**
3,659	Current service cost	5,234
3,825	Interest cost	4,157
682	Contributions from scheme participants	675
	Remeasurement (gains)/losses:	
2,285	Actuarial (gains)/losses arising from changes in demographic assumptions	(1,142)
37,944	Actuarial (gains)/losses arising from changes in financial assumptions	(12,362)
(1,604)	Other	317
49	Past service cost	3
(6,033)	Benefits paid	(5,979)
208,045	**Closing Fair Value of Scheme Liabilities**	**198,948**

Local Government Pension Scheme Assets comprised:

	Period Ended 31 March 2021				Period Ended 31 March 2022			
	Quoted Prices in Active Markets £000	Quoted Prices not in Active Markets £000	Total £000	Percentage Total of Asset £000	Quoted Prices in Active Markets £000	Quoted Prices not in Active Markets £000	Total £000	Percentage Total of Asset £000
Equity Securities								
Consumer	5,396	-	5,396	4%	5,126	-	5,126	3%
Manufacturing	5,791	-	5,791	4%	4,183	-	4,183	3%
Energy and utilities	1,534	-	1,534	1%	1,149	-	1,149	1%
Financial Institutions	4,898	-	4,898	4%	5,456	-	5,456	4%
Health and Care	3,490	-	3,490	3%	5,762	-	5,762	4%
Information Technology	5,938	-	5,938	4%	6,626	-	6,626	4%
Other	150	-	150	0%	-		-	0%
Debt Securities								
Corporate Bonds investment grade	9,583	-	9,583	7%	8,945	-	8,945	6%
Private Equity								
All	-	6,013	6,013	4%	-	7,544	7,544	5%
Real Estate								
UK Property	-	10,629	10,629	8%	-	12,193	12,193	8%
Investment Funds and Unit Trusts								
Equities	66,662	-	66,662	47%	72,329		72,329	47%
Bonds	9,235	-	9,235	7%	9,529		9,529	6%
Hedge Funds	-	525	525	0%	-	56	56	0%
Infrastructure	-	56	56	0%	-	406	406	0%
Other	-	6,602	6,602	5%	-	6,987	6,987	5%
Cash and Cash Equivalents								
All	**2,262**	**-**	**2,262**	2%	**5,968**	**-**	**5,968**	4%
Total Assets	**114,939**	**23,825**	**138,764**	**100%**	**125,073**	**27,186**	**152,259**	**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 Local Government Pension Scheme liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for SCC operated Fund are based on the latest full valuation of the scheme as at 1 April 2020.

The significant assumptions used by the actuary have been:

2020/21		2021/22
	Mortality assumptions	
	Longevity at 65 for current pensioners:	
21.4	Men	21.2
24.0	Women	23.8
	Longevity at 65 for future pensioners:	
22.5	Men	22.2
25.7	Women	25.5
	Rate of Inflation	
3.25%	**Rate of increase in salaries**	3.60%
2.85%	**Rate of increase in pensions**	3.20%
2.00%	**Rate for discounting scheme liabilities**	2.70%

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 the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is 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, i.e. 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 2020/21, although information now shown as 0.1% instead of 0.5% change and a change in life expectancy added.

Change in Assumptions at 31 March 2022	**Approximate % Increase to Employee Liability**	**Approximate Monetary Value**
	%	**£000**
0.1% decrease in real discount rate	2%	3,388
1 year increase in member life expectancy	4%	7,958
0.1% increase in the salary increase rate	0%	292
0.1% increase in the pension increase rate	2%	3,072

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. SCC has agreed a strategy with the scheme's actuary to recoup the past deficit over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed in 2022/23 financial year.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Authority anticipates to pay £1,793,000 expected contributions to the scheme in 2022/23.

The weighted average duration of the defined benefit obligation for the funding scheme members is 18 years in 2021/22. (2020/21 18 years).

44. Contingent Liabilities

Municipal Mutual Insurance

Under the Municipal Mutual Insurance Limited Scheme of Arrangement, the Council has a potential claw-back should there be a deficit in the winding up of the company. An initial payment was made in 2013/14 for £63,000 based on a 15% levy notice, in 2015/16 a further creditor provision of £44,897 has been made to increase to a 25% levy. As there is no certainty on the remaining liability this has been left as a contingent liability. It is the view of the Board at the 31 March 2022 that a solvent run off of the Company's business cannot be guaranteed.

45. Contingent Assets

There are no contingent assets at 31 March 2022.

46. Nature and Extent of Risks Arising from Financial Instruments

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

- 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
- market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Overall procedures for managing risks

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks.

Risk management is carried out by a central treasury section, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written 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 & Poors Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The Annual Investment Strategy for 2021/22 was approved by Full Council on 10 February 2021 and is available on the Council's website.

Credit Risk Management Practices

The Council`s credit risk management practices are set out in the Annual Investment Strategy. The key elements are:

- It requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standards & Poors Credit Rating Services.

- sets out maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

This Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three ratings agencies - Fitch, Moodys and Standard and Poors, 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;

- sovereign ratings to select counterparties from only the most creditworthy countries

- Credit Default Swaps spreads to give early warning of likely changes in credit ratings

Customers for goods and services are assessed taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

Due to the nature of the financial assets held by the Council it is considered that the credit risk is low. Set out below is the key overview of financial assets held, an assessment of their credit risk and methodology for calculation of credit loss:

Long Term Debtors
These relate to loans which are a charge on property therefore no credit losses are calculated or defaults and write offs have taken place.

Investments
This category includes Money Market Funds, Fixed Term deposits and Cash held at bank. Recent experience has shown that it is rare for such entities to be unable to meet there commitments. To date there has been no default or write off in relation to this category of financial asset.

Previously loss allowances were not calculated for these instruments. However going forward there will be a calculation for expected credit losses are based on a 12 month expected credit loss based on historical experience of default.

Short Term Debtors
The short term debtors are split into two elements being non financial assets and financial assets. The non financial assets relate to transactions with the Government, Local authorities and statutory debt. For transactions with government and local authorities no loss allowance is calculated on these elements. For statutory debt loss allowance is calculated based on historic experience which has remained unchanged.

The financial assets primarily relate to sundry debtors and capital payments due. The criteria in relation to these assets are set out below:

- The Council's definition of default is that the counterparty has failed to make the payment and all enforcement action has been unsuccessful

- Debts are written off by the Council where the debt is greater than 6 years old, or where all enforcement has been unsuccessful. Debts below £2,500 are authorised by the Head of Finance and above that value by Council.

- In determining the expected credit losses this is based on experience of default and uncollectability over the last five years based on a lifetime expected credit loss model. There has been no material impact of adopting a forward looking model or changes in the estimation technique.

Amounts Arising from Expected Credit Losses

The Council's investments have been assessed and concluded that the expected credit loss is not material therefore no allowances have been made.

A summary of the credit quality of the Council's investments at 31 March 2022 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and uncollectability.

	Lowest Long Term Rating	Principal Balance at 31 March 2022 £000	Historical Exper-ience of Default £000	Estimated maximum exposure to default and uncollect-ability at 31 March 2022 £000
Deposits with Banks and Financial Institutions				
Deutsche MMF *	AAA	6,000	0.000%	
Aberdeen Standard Investments MMF *	AAA	6,000	0.000%	
Federated Investors (UK) MMF *	AAA	6,000	0.000%	
Invesco MMF*	AAA	6,000	0.000%	
Handelsbanken Plc	AA-	6,000	0.000%	0.004
Morgan Stanley MMF*	AAA	5,000	0.000%	
Nationwide Building Society	A	2,500	0.002%	0.044
Landesbank Hessen-Thueringen Girozentrale (Helaba	A	2,000	0.006%	0.124
Landesbank Hessen-Thueringen Girozentrale (Helaba	A	4,000	0.010%	0.409
Nationwide Building Society	A	2,500	0.010%	0.256
National Bank of Kuwait (International) Plc	A	4,000	0.014%	0.556
Al Rayan Bank Plc	A+	2,000	0.017%	0.346
Al Rayan Bank Plc	A+	4,000	0.022%	0.869
Santander UK Plc	A	3,500	0.023%	0.796
Total		**59,500**		**3.404**

* Money Market Fund

The historic rates of default are from the following agencies as set out below: -

Agency	Years
Fitch	1990 - 2020
Moody's	1983 - 2020
Standard and Poors	1981 - 2020

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

In relation to Expected Credit Losses for debtors, the Council does not generally allow extended credit for customers, but some of the current balance is past its due date for payment.

Trade debtors are based on lifetime expected credit losses. The trade debtors expected credit losses have been calculated based on debt type and recovery stage of debt. The expected credit loss is approximately £202,000. (2020/21 £147,000). The principal reason for increase is a widening of the areas of recovery in the current climate.

Collateral and Other Credit Enhancements

During the period the Council held no collateral as security.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through 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 risk that it will be unable to raise finance to meet its commitments under financial instruments.

All sums owing £59.5m are due to be paid in less than one year.

Refinancing and Maturity Risk

The Council maintains a debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing the 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 central treasury section address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and

- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity of financial liabilities is as follows:

31 March 2021 £000		31 March 2022 £000
326	Less than one year	326
-	Between one and two years	-
4,400	Between two and five years	4,400
77,205	More than five years	77,205
81,931		**81,931**

All debtors and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

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

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise

- borrowings at fixed rates - the fair value of the borrowings will fall (no impact on revenue balances)

- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services 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, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus and 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 quoted market price will be reflected in Other Comprehensive Income and Expenditure.

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 planned 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 finance department monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance 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 rates borrowing would be postponed.

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

	£000
Increase in interest payable on variable rate borrowings	
Increase in interest receivable on variable rate investments	618
Impact on Surplus or Deficit on the Provision of Services	**618**
Decrease in fair value of fixed rate investment assets	
Impact on Other Comprehensive Income and Expenditure	**-**
Increase in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	**(18,631)**

The fair values for fixed assets have been calculated at carrying value as the instruments are held for less than 1 year and the difference in rates is not material.

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

Price Risk

The Council has not invested in any equity shares and therefore has no exposure to price risk.

Foreign Exchange Risk

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

47. Heritage Assets Five Year Summary of Transactions

There have been no acquisitions or disposals of the Council's heritage assets in the five year period ended 31 March 2022.

48. Heritage Assets - Further Information on the Collections

Museum

The Museum of Cannock Chase has a collection of artefacts in relation to local services, industrial and military history along with items relating to the history of toys. The total number of items on display or held in collections is approximately 20,000. The majority of artefacts are held in trust for public benefit.

The Museum operates within the terms required by Museum Accreditation. The Collections Management Policy for the Museum provides guidance on preservation and management of artefacts. The Museum also holds a manual governing control of documentation concerning artefacts.

Access to artefacts is available to items being on display during the Museum opening hours or by appointment with the Museum Collections Officer for items held in store.

Civic Regalia

The Council's Civic Regalia includes items such as civic chains and items in connection with civic duties. Items are held and governed under Council regulations and procedures governing all Council assets.

49. Trust Funds

The Council as at 31 March 2022 administers two Trust Funds on behalf of third parties which do not form part of the Council's Consolidated Balance Sheet.

The funds are:

- **Benton's Trust**
  To provide a drinking trough for animals and improvements to the public conveniences in or near the Market Place, Cannock.

- **Cannock Park Trust**
  Cannock Park is run by Cannock Chase Council as Trustees for the Cannock Park Trust. The land was placed in Trust in 1930 to be held by the Council for the purpose of providing a public recreation or pleasure ground for the use and benefit of the inhabitants of Cannock Chase Council. All revenue and income accruing from the land is used for the upkeep and maintenance of the land. Income is derived from the various sporting activities undertaken on the land. Expenditure by the Council on grounds maintenance and upkeep exceeds income. The Trust is registered with the Charity Commission.

	Income	Expenditure	Assets	Liabilities
2021/22	**£000**	**£000**	**£000**	**£000**
Benton's Trust	(0.013)	-	(9.279)	-
Total	**(0.013)**	**-**	**(9.279)**	**-**

	Income	Expenditure	Assets	Liabilities
2020/21	**£000**	**£000**	**£000**	**£000**
Benton's Trust	(0.010)	-	(9.266)	-
Total	**(0.010)**	**-**	**(9.266)**	**-**

50. Deferred Liabilities

This relates to transferred assets loan debt that was part of the Local Government Reorganisation involving the transfer of assets between Aldridge/Brownhills UDC and Cannock Chase Council. The debt is administered by Walsall MBC, there is no outstanding loan as at 31 March 2022 (£10,628 outstanding as at 31 March 2021).

2020/21		**2021/22**
£000		**£000**
12	Principal and Interest - OLA's	12
12		**12**

51. Long Term Borrowing

Balance 31 March 2021 £000	Source Of Loan	Ranges Of Interest Rates Payable %	Balance 31 March 2022 £000
60,745	Public Works Loan Board	3.48 - 3.92	60,745
14,100	Public Works Loan Board	4.05 - 4.97	14,100
1,400	Public Works Loan Board	6	1,400
5,360	Public Works Loan Board	7.375 - 8	5,360
81,605			**81,605**

Balance 31 March 2021 £000	Analysis of Loans by Maturity	Balance 31 March 2021 £000
-	1 to 2 years	-
4,400	2 to 5 years	4,400
-	5 to 10 years	3,000
77,205	over 10 years	74,205
81,605		**81,605**

52. Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by the Deputy Chief Executive - Resources (S151) on 23/5/23. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

53. Prior Period Adjustment - Restatement of 2020/21 Comprehensive Income and Expenditure statement

The Council has undergone a review of all of its portfolios during 201/22.
There is no change to the overall service expenditure or income but has necessitated a restatement of the following statements for 2020/21.

a) Comprehensive Income and Expenditure Account
b) Note 6 Expenditure and Funding Analysis
c) Note 7 Expenditure and Funding Analysis
d) Note 8 Segmental Income

Set out below are the changes by portfolio for the Comprehensive Income and Expenditure Account, these adjustments flow through to the other statements detailed above.

Expenditure	Corporate	Environment	Culture	Economic Dev	Housing general fund	Health & Wellbeing	Town Centre	Leader of the Council	Crime & Partnerships	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening	3,076	5,988	5,199	3,643	672	24,476	442	2,591	543	46,630
Revised Portfolios										
Leader of the Council								1,296		1,296
Environment		5,243		160						5,403
Community Safety and Partnerships									543	543
Innovation and Resources	3,076	153		1,211		20,793	(11)	587		25,809
Community Engagement Health & Wellbeing						2,177		708		2,885
Housing, Heritage and Leisure		592	5,199		672	229				6,692
District and High Street Development				2,272		1,277	453			4,002
Total Expenditure	3,076	5,988	5,199	3,643	672	24,476	442	2,591	543	46,630

Income	Corporate	Environment	Culture	Economic Dev	Housing general fund	Health & Wellbeing	Town Centre	Leader of the Council	Crime & Partnerships	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening	(555)	(1,667)	(265)	(1,636)	(349)	(23,349)	(116)	(953)	(100)	(28,990)
Revised Portfolios										-
Leader of the Council								(12)		(12)
Environment		(1,525)		(513)						(2,038)
Community Safety and Partnerships									(100)	(100)
Innovation and Resources	(555)	(18)		(309)		(20,244)	(14)	(941)		(22,081)
Community Engagement Health & Wellbeing						(1,813)				(1,813)
Housing, Heritage and Leisure		(124)	(265)	-	(349)	(15)	-			(753)
District and High Street Development				(814)		(1,277)	(102)			(2,193)
Total Income	(555)	(1,667)	(265)	(1,636)	(349)	(23,349)	(116)	(953)	(100)	(28,990)

Net	Corporate	Environment	Culture	Economic Dev	Housing general fund	Health & Wellbeing	Town Centre	Leader of the Council	Crime & Partnerships	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening	2,521	4,321	4,934	2,007	323	1,127	326	1,638	443	17,640
Revised Portfolios										-
Leader of the Council	-	-	-	-	-	-	-	1,284	-	1,284
Environment	-	3,718	-	(353)	-	-	-	-	-	3,365
Community Safety and Partnerships	-	-	-	-	-	-	-	-	443	443
Innovation and Resources	2,521	135	-	902	-	549	(25)	(354)	-	3,728
Community Engagement Health & Wellbeing	-	-	-	-	-	364	-	708	-	1,072
Housing, Heritage and Leisure	-	468	4,934	-	323	214	-	-	-	5,939
District and High Street Development	-	-	-	1,458	-	-	351	-	-	1,809
Total Net	2,521	4,321	4,934	2,007	323	1,127	326	1,638	443	17,640

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT

2020/21 £000		Notes	2021/22 £000
	Income		
19,341	Dwelling rents (gross)		19,440
348	Non-dwelling rents (gross)		352
115	Charges for Service & Facilities		111
260	Contributions towards Expenditure		209
20,064			**20,112**
	Expenditure		
5,054	Repairs and Maintenance		6,131
2,937	Supervision and Management-General		2,971
850	Supervision and Management-Specific		962
55	Rents, rates, taxes and other charges		65
5,354	Depreciation and Impairment of non current assets	4	7,249
14,250	**Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement.**		**17,378**
745	HRA share of Corporate and Democratic Core		775
(5,069)	**Net Cost of HRA Services**		**(1,959)**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(909)	(Gain) / Loss on sale of HRA non current assets		(610)
523	Pooling of Capital Receipts		523
3,245	Interest payable and similar charges		3,245
15	Expected Credit Loss Allowance		101
(636)	Capital Grants and Contributions Receivable		(263)
(2,831)	**(Surplus) / Deficit for the year on HRA Services**		**1,037**

STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

2020/21 £000		2021/22 £000
(2,831)	**HRA Income and Expenditure (Surplus) / Deficit**	**1,037**
909	Gain / (Loss) on sale of HRA Non current assets	610
(523)	Pooling of Capital Receipts	(523)
636	Reversal of Capital Grants & Contributions receivable	263
2,585	Transfer to Reserves	1,483
(5,354)	Reversal of Depreciation / Impairment Charge	(7,249)
4,249	Transfer to / from Major Repairs Reserve	4,310
10	HRA Principal	11
158	Pension Adjustment	(209)
(18)	Holiday Pay Adjustment	(6)
129	General Fund Recharges	153
(50)	**(Surplus) / Deficit for the year on HRA Services**	**(120)**
1,663	**Balance Brought Forward**	**1,713**
1,713	**Balance Carried Forward**	**1,833**

NOTES TO THE HOUSING FINANCIAL STATEMENTS

1. HRA Account

Housing Revenue Account Income and Expenditure Statement reflects a statutory obligation to account separately for local authority housing provision. Income and Expenditure on Council housing is 'ring fenced' within the HRA. The statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations, this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA statement.

The specific requirements for notes to the HRA financial statements are derived from the HRA (Accounting Practices) Directions 2011.

2. Housing Stock

(i) Council Dwellings Analysis

As at 31 March 2022 the Council was responsible for 5,076 Council dwellings analysed as follows:

Dwelling Type	Stock as at 1 April 2021	Increase/ Decrease	Stock as at 31 March 2022
Flats			
1 Bedroom	802	8	810
2 Bedroom	241		241
3 Bedroom	11		11
4 Bedroom	1		1
Total	**1,055**	**8**	**1,063**
Houses & Bungalows			
1 Bedroom	1,273	5	1,278
2 Bedroom	1,202	2	1,204
3 Bedroom	1,495	(24)	1,471
4+ Bedroom	61	(1)	60
Total	**4,031**	**(18)**	**4,013**
Total HRA Dwellings	**5,086**	**(10)**	**5,076**

(ii) Valuation of Housing Property, Plant & Equipment

Net Book Value 31 March 2021 £000		Net Book Value 31 March 2022 £000
204,551	Council Dwellings	229,129
9,668	Other Land & Buildings	9,661
372	Vehicles, Plant & Equipment	310
1,525	Assets under construction	1,646
-	Intangibles	
216,116		**240,746**

The vacant possession value of dwellings within the Housing Revenue Account as at 1 April 2021 was £505,803,000 and as at 31 March 2022 was £567,567,000. The vacant possession value and balance sheet value of dwellings within the Housing Revenue Account show the economic cost to Government of providing council housing at less than open market rents.

3. Rent Arrears

Arrears at 31 March 2022 were £0.832 million (31 March 2021 £0.744 million).

31 March 2021 £000		31 March 2022 £000
255	Tenants Arrears - Current	280
489	Tenants Arrears - Former	552
744	**Total Arrears**	**832**

The provision for bad debts as at 31 March 2022 is £0.665 million (31 March 2021 £0.606m).

4. Depreciation and Impairment Charges

(i) Depreciation

2020/21 £000		2021/22 £000
2,824	Dwellings	2,985
1,242	Other Operational Assets	1,219
136	Plant and Equipment	107
47	Intangible Assets	-
4,249		**4,311**

(ii) Impairment Charges

2020/21 £000		2021/22 £000
* 1,106	Impairment	2,938 *
1,106		**2,938**

* This figure is included within the Revaluation increase/(decrease) figure of (£3,436) shown in note 16.

Impairment charges are made in relation to the treatment of stock held for demolition or disposal at reduced value. In accordance with Central Government Policy the Housing properties were valued on a 'Beacon Property' basis. This is where sample properties of differing size and from different locations are valued and these values are then applied to the remaining housing stock. Built into beacon valuation is an element for impairment in recognition that at any one time the total of the housing stock cannot be maintained to the highest state of repair.

The valuation of dwellings is derived by taking the cost of buying a vacant dwelling of similar type, and applying an adjustment factor according to the type of tenancy and regional factors to reflect the fact that the property is used as social housing. Revised guidance now reduces or adjusts valuations for the West Midlands area to 40% of their gross value.

5. Capital

(i) Summary of Capital Expenditure

2020/21 £000		2021/22 £000
	Expenditure	
2,854	On Housing Properties	5,217
1	On Housing Equipment	-
155	On Housing Vehicles	45
3,010		**5,262**
	Financing	
74	Usable Capital Receipts	1,100
2,299	Major Repairs Reserve	3,899
637	Grants and other contributions	263
3,010		**5,262**
-	**Increase in underlying borrowing**	-

(ii) Major Repairs Reserve

As part of the introduction of resource accounting to the Housing Revenue Account the Government introduced a new funding mechanism called the Major Repairs Allowance. Local authorities have the flexibility to spend the resource outside the financial year in which they are allocated, enabling more efficient planning of works.

	£000
Balance at 1 April 2021	6,459
Transfer to Major Repairs Reserve	4,310
Financing of Capital spend	(3,899)
Balance at 31 March 2022	**6,870**

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

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

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 National Non Domestic Rates. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund (surpluses) / deficits for Council Tax declared by the billing authority (15 January in each year) are apportioned to the relevant precepting authorities in the subsequent financial year. The major precepting authorities are Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire, Staffordshire Commissioner Fire & Rescue Service, (formerly Stoke-on-Trent and Staffordshire Fire and Rescue Authority).

In 2013/2014 the local government finance regime was revised with the introduction of the Business Rates Retention (50%) Scheme. Business Rates now forms part of the funding of local authorities whereby the income is shared between the Government/County Council/Fire Authority and the District Council. Stafford Borough are set a predetermined overall level of Business Rates income and retain 40% of that figure; any growth above that level is then subject to a 50% levy that is paid to the Staffordshire and Stoke-on-Trent Business Rates Pool.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure Account is included in the Council's accounts. The Collection Fund Balance Sheet is incorporated into the Council's consolidated Balance Sheet.

2020/21		2021/22		
Total £000		Business Rates £000	Council Tax £000	Total £000
	Income			
53,661	Council Tax Receivable	-	57,220	57,220
18,405	Business Rates Receivable	29,525	-	29,525
72,066	**Total Income**	**29,525**	**57,220**	**86,745**
	Expenditure			
	Precepts and Demands			
40,990	Staffordshire County Council	3,206	39,644	42,850
20,218	Cannock Chase District Council	14,247	6,575	20,822
750	Parishes	-	792	792
2,603	Staffordshire Commissioner Fire & Rescue Service	356	2,296	2,652
6,582	Office of the Police and Crime Commissioner Staffordshire	-	6,951	6,951
17,182	Payments to Central Government	17,809	-	17,809
88,325		**35,618**	**56,258**	**91,876**
	Charges to Collection Fund			
(10)	Write offs of uncollectable amounts	61	(38)	23
1,274	Increase / (reduction) in bad debts provision	(31)	404	373
(33)	Transitional Protection Payments Payable	51	-	51
249	Increase / (reduction) in provision for appeals	1,162	-	1,162
136	Costs of Collection	134	-	134
(595)	S13A(1)(c) Discretionary Reliefs Funded by General Fund	-	(128)	(128)
68	Distribution of previous years Collection Fund Surplus / (Deficit)	(14,511)	(276)	(14,787)
89,414	**Total Expenditure**	**22,484**	**56,220**	**78,704**
17,348	**(Surplus)/Deficit for Year**	**(7,041)**	**(1,000)**	**(8,041)**
	Movement of Collection Fund Balances			
(729)	**Balance brought Forward**	**16,117**	**502**	**16,619**
17,348	Add (Surplus)/Deficit for the Year	**(7,041)**	**(1,000)**	**(8,041)**
16,619	**Balance Carried Forward**	**9,076**	**(498)**	**8,578**

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

1. Council Tax Base and Council Tax Levels

Council Tax income is derived from charges made to taxpayers according to the value of residential properties. Charges are levied in accordance with the valuation band assigned to a property.

The calculation of the Council Tax chargeable in any year is obtained by dividing the total of the precepts and the demands made on the fund by the Council's Tax Base, which represents the total equivalent number of Band D properties as adjusted for discounts and an estimated collection rate of 97.4%. The following shows how the tax base for the year was calculated and the amount of tax chargeable for the year.

Council Tax Base 2021/22

Band		Number of Properties (adj for discounts)	Ratio	Band D Equivalent
A	Disabled	54.51	5/9	30.27
A		12,177.30	6/9	8,118.21
B		12,642.11	7/9	9,832.75
C		7,748.98	8/9	6,887.98
D		4,897.96	1	4,897.96
E		1,823.76	11/9	2,229.04
F		596.50	13/9	861.61
G		251.25	15/9	418.75
H		8.75	2	17.50
		40,201.10		33,294.07
	Other Adjustments and Discounts			(4,157.25)
				29,136.82

The actual tax base for 2021/2022 was 29,635.14 an increase of 498.32 (1.7%)

2. Council Tax Chargeable for a Band D Property

2020/21 Council Tax £		2021/22 Precept £000	2021/22 Council Tax £
1,295.95	Staffordshire County Council	39,644	1,360.62
221.32	Cannock Chase District Council	6,575	225.64
25.67	Parish Council (Average)	792	27.20
225.09	Office of the Police and Crime Commissioner - Staffordshire	2,296	238.57
77.24	Staffordshire Commissioner Fire & Rescue Service	6,951	78.78
1,845.27	**Total**	**56,258**	**1,930.81**

Individual amounts chargeable are derived from the above according to property banding and individual Parish Demands.

3. Non-Domestic Rates (NDR)

The Council is responsible for the collection of Non-Domestic Rates from businesses in its area.

The rates payable, subject to reliefs and reductions, are calculated on the basis of Rateable Value of individual properties (provided by the Valuation Office Agency) multiplied by a specified rate as determined by Central Government. The specified rate for 2021/22 was 51.2p (2020/21 51.2p).

The total non-domestic rateable value at 31 March 2022 was £91.281M (£85.189M at 31 March 2021).

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the VOA and hence business rates outstanding as at 31 March 2022. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares.

4. The Fund Balance

The movement in the Council Tax Collection Fund Balance is summarised as follows:

Fund Balance 31 March 2021 £000		(Surplus)/ Deficit in year (Net Position) £000	Fund Balance 31 March 2022 £000
67	Cannock Chase District Council	(134)	(67)
353	Staffordshire County Council	(704)	(351)
61	Office of the Police and Crime Commissioner - Staffordshire	(120)	(59)
21	Staffordshire Commissioner Fire & Rescue Service	(42)	(21)
502		**(1,000)**	**(498)**

The movement in the Business Rates Collection Fund Balance is summarised as follows:

Fund Balance 31 March 2021 £000		(Surplus)/ Deficit in year (Net Position) £000	Fund Balance 31 March 2022 £000
6,447	Cannock Chase District Council	(2,816)	3,631
1,254	Staffordshire County Council	(436)	818
8,255	Central Government	(3,719)	4,536
161	Staffordshire Commissioner Fire & Rescue Service	(70)	91
16,117		**(7,041)**	**9,076**

The deficit for the year includes a distribution of the estimated deficit of £14.511 million as at 15 January 2022 position.

5. Precepts and Demands on the Collection Fund

The following authorities have made a Precept / Demand on the Collection Fund:

2020/21 Precept/ Demand for year plus share of surplus £000	Council Tax	2021/22 Precept/ Demand for Year £000	Plus Share of Surplus £000	Total Paid in year £000
6,622	Cannock Chase District Council	6,575	(37)	6,538
750	Parishes	792	-	792
38,675	Staffordshire County Council	39,644	(193)	39,451
6,717	Office of the Police and Crime Commissioner - Staffordshire	6,951	(34)	6,917
				-
2,306	Staffordshire Commissioner Fire & Rescue Service	2,296	(12)	2,284
55,070		**56,258**	**(276)**	**55,982**

The following authorities have made a demand on the Collection Fund for Business Rates (the Demand is determined in accordance with regulations) and reflects the estimate outturn reported to Government and other precepting bodies in the NNDR1 return and the designated percentage share:

2020/21 Precept/ Demand for Year £000	Business Rates	2021/22 Precept/ Demand for Year £000
13,746	Cannock Chase District Council (40%)	14,247
3,093	Staffordshire County Council (9%)	3,206
17,182	Central Government (50%)	17,809
344	Staffordshire Commissioner Fire & Rescue Service (1%)	356
34,365		**35,618**

The precept demand for the year includes the distribution of the deficit recorded in NNDR1 of £14.511 million in accordance with statutory requirements.

The amount in relation to Cannock Chase District Council forms part of the General Fund accounts and is subject to the Tariffs and Levy arrangements of the Business Rates Funding Regime.

6. Provision for Appeals

As at 31 March 2022 the estimated value of appeals provision against Rateable Value amounts to £6.214 million. The provision is split into two periods covering 1 April 2010 to 31 March 2017 £0.905 million for the 2010 List and a period covering 1 April 2017 to 31 March 2020 £5.309 million for the 2017 List.

GLOSSARY OF FINANCIAL TERMS

For the purpose of the Statement of Accounts and the interpretation of CIPFA's Code of Practice, where appropriate, the following definitions have been adopted.

Accounting Concepts

The fundamental accounting principles that are applied to ensure that the Statement of Accounts 'present fairly' the financial performance and position of the local authority.

Accounting Policies

Accounting policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy, for example, will specify the estimation basis for accruals where there is uncertainty over the amount.

Accruals

The concept that items of income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Agent

This is where the Council when providing a service is acting as an intermediary which is not part of the Councils core business.

Balance Sheet

This shows a summary of the overall financial position of the Council at the end of the financial year.

Balances

The total level of funds an authority has accumulated over the years available to support the revenue expenditure within the year.

Business Rates

The level of business rates income eligible for pooling under the business rates retention funding regime.

Capital Adjustment Account

This reflects the difference between the cost of property, plant and equipment consumed and the capital financing set aside to pay for them.

Capital Charges

Charges to service revenue accounts to reflect the cost of property, plant and equipment used in the provision of services.

Capital Expenditure

Expenditure on the acquisition of assets or expenditure, which adds to and does not merely maintain existing assets.

Capital Receipts Reserve

Income received from the sale of capital assets a specified proportion of which may be used to finance new capital expenditure. The balance is set aside in the form of a provision to meet credit liabilities.

Carrying Amount

This is the amount at which an asset is recognised on the balance sheet after deducting any accumulated depreciation and impairment.

Cash Equivalents

Short term highly liquid investments that are convertible into cash within 24 hours and are subject to insignificant risk of changes in value. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is one of the leading accountancy bodies in the United Kingdom and specialises in public services.

Code of Practice

This is the Statement of Recommended Practice which was the framework for published accounts to 31 March 2021.

Collection Fund

A fund accounting for Council Tax and Non-Domestic Rates received by the Council and the payments which are made from the fund including precepts to other authorities, the Council's own demand and payments to the NNDR pool.

Collection Fund Adjustment Account

This account represents the Council's share of deficit on the Collection Fund and absorbs timing differences in distribution of surplus / deficits between statutory requirements and full accruals accounting.

Community Assets

Assets which the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Commuted Sums

Monies which are given to the Council as part of the section 106 agreements for planning towards the maintenance of the are for a number of years.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would have been incurred by a series of independent, single purpose, nominated bodies managing the same services.

Current Service Cost

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Curtailment

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- termination of employees' services earlier than expected
- termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Creditors

Amounts owed by the Council for goods and services, where payments have not been made at the end of the financial year.

Debtors

Amounts owed to the Council for goods and services, where the income has not been received at the end of the financial year.

Deferred Credits

These consist of deferred capital receipts, which are amounts derived from the sales of assets which will be received in instalments over agreed periods of time.

Defined Benefit Pension Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

Depreciable Replacement Cost (DRC)

This is a method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence.

Depreciation

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Discontinued Operations

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. An operation should be classified as discontinued if all of the following conditions are met:

- the termination of the operation is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- the activities related to the operation have ceased permanently;
- the termination of the operation has a material effect on the nature and focus of the local authority's operations and represents a material reduction in its provision of local services resulting either from its withdrawal from a particular activity (whether a service or division of service or its provision in a specific geographical area) or from a material reduction in net expenditure in the local authority's continuing operations;
- the assets, liabilities, income and expenditure of operations and activities are clearly distinguishable physically, operationally and for financial reporting purposes. Operations not satisfying these conditions are classified as continuing.
- activities are discontinued where they cease completely and are not simply transferred to another part of the public sector.

Emoluments

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

Expected Rate of Return on Pension Assets

For a funded defined benefit pension scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

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.

Fees and Charges

Income arising from the provision of services.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee from the lessor. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term includes trade receivables and payables, borrowings, financial guarantees, bank deposits, investments, swaps, forwards and options, debt instruments with embedded swaps or embedded options.

Financial Reporting Standards (FRS)

Statements prepared by the Accounting Standards Committee. Many of the Financial Reporting Standards (FRS) and the earlier Statements of Standard Accounting Practice (SSAP) apply to local authorities and any departure from these must be disclosed in the published accounts.

Financial Year

Period of time to which a Statement of Accounts relates. The financial year of the Council runs from 1st April to 31st March.

GAAP

GAAP (Generally Accepted Accounting Principles), is the standard framework of guidelines for financial accounting. It includes standards, conventions and rules accountants follow in recording and summarising transactions, and in the preparation of financial statements.

General Fund

The total services of the Council except for the Housing Revenue Account and the Collection Fund, the net cost of which is met by Council Tax, Government Grants and NNDR.

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfer of assets to a local authority in return for past or future compliance with certain conditions relating to the activities of the local authority.

Heritage assets

These are assets held by the Council principally for their contribution to knowledge and culture, it does not relate to assets used in the delivery of services.

Housing Revenue Account (HRA)

A separate account that details the expenditure and income arising from the provision of council housing.

HRA Subsidy

Grant paid by Central Government to support the provision of rented housing.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Income and Expenditure Account

The Income and Expenditure account combines the income and expenditure relating to all the Council's functions including the General Fund and the Collection Fund. It is structured on the basis of the private sector and thereby excludes calculations done due to statutory and non statutory practices e.g. gains and losses on the sale of losses on the sale of property, plant and equipment and statutory provision for the repayment of debt.

Infrastructure Assets

These are non-transferable assets, expenditure on which is recoverable only by continued use of the asset created. Examples of such assets are bus stations and car parks.

Intangible Assets

Intangible assets are those assets whereby access to the future economic benefits that it represents is controlled by the reporting entity, either through custody or legal protection. Examples include development expenditure and goodwill.

Infrastructure Assets

Property, plant and equipment that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure are highways and footpaths.

Interest Cost

For a defined benefit pension scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investment Properties

Interest in land and/or buildings:

- in respect of which construction work and development have been completed and
- is held for its investment potential, any rental income being negotiated at arms length

Investments

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments which do not meet the above criteria should be qualified as current assets.

Leasing

Method of financing the provision of various capital assets, usually in the form of an operating lease, which do not provide for the title to the asset to pass to the Council.

Liabilities

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

Liquid Resources

Current investments that are readily disposable by the Council without disrupting its business and are readily convertible to cash.

Materiality

An item is material if its omission, non-disclosure or misstatement in financial statements could be expected to lead to a distortion of the view given by the financial statements.

Major Repairs Allowance

This is part of the Housing Subsidy calculation which provides a capital grant for Housing Revenue Account properties. It is used to match the depreciation charge on Housing Revenue Account dwellings.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to the Council's revenue accounts each year and set aside as a provision to meet the Council's credit liabilities.

National Non-Domestic Rate (NNDR)

Amounts payable to local authorities from non-domestic properties. The rate poundage is set nationally and amounts collected by local authorities are subject to arrangements as determined under the business rates retention scheme.

Net Book Value

Amount at which property, plant and equipment is included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost

Cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Debt

The Council's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

Net Realisable Value

Open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non Distributed Costs

These are overheads that are not apportioned to services to accord with CIPFA's Best Value Accounting Code of Practice.

Non-Operational Assets

Property, plant and equipment held by a local authority but not directly occupied, used or consumed in the delivery of service. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Leases

A lease other than a finance lease.

Operational Assets

Property, plant and equipment held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Past Service Cost

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Post Balance Sheet Events

Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precept

Demands made upon the collection fund by other authorities (Staffordshire County, Police and Fire Authorities) for the services that they provide.

Principal

This is when the council is providing a service as part of its own core business.

Prior Year Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.

Property, plant and equipment

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Provisions

Amounts set aside to meet liabilities or losses which are likely to be incurred but where the amount remains uncertain.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Public Works Loan Board (PWLB)

Central Government Agency which lends money to local authorities usually at interest rates which are more favourable than those found elsewhere.

RCCO (Revenue Contribution to Capital Outlay)

This is where funding is provided from the revenue account to support capital expenditure.

Related Party

Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.

Reserves

Sums set aside to meet future expenditure for specific purposes.

Revaluation Reserve

This is used to record the net gain from revaluations made after 1 April 2007.

Revenue Expenditure

Expenditure on the day-to-day running of the Council, including employee costs, running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (Formerly Deferred Charges)

Expenditure that is not capital in accordance with generally accepted accounting principles but which statute allows to be funded from capital resources.

Revenue Support Grant (RSG)

Grant paid to local authorities by Central Government to help finance its general expenditure. It is determined under the SSA system.

Section 106

Planning agreement between the Council and a Developer which requires them to provide specific funding as a result of development in the area (i.e. new homes).

Scheme Liabilities

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Settlement

An irrevocable action that relieves the employer (or the defined benefit pension scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
- the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Stocks

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Termination Benefits

These are employee benefits payable as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Useful Life

Period over which the local authority will derive benefits from the use of property, plant and equipment.

Item No. 4.105

Appendix 2

Cannock Chase COUNCIL

STATEMENT OF ACCOUNTS

2022/2023

Subject to Audit

Cannock Chase District Council – Statement of Accounts

CONTENTS

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Narrative Report

The Statement of Accounts for the year ended 31 March 2023 has been prepared in accordance with the requirements of the Accounts and Audit Regulations 2015. The format reflects the requirements of the Code of Practice in Local Authority Accounting in the United Kingdom 2022/23 published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is supported by the International Financial Reporting Standards (IFRS). The Statement of Accounts therefore aims to provide information for the 2022/23 financial year so that members of the public (including electors and residents of Cannock Chase Council), Members, partners, stakeholders and other interested parties are able to:

- See the performance of the Council including progress against its strategic objectives;
- Understand the overarching financial position of the Council;
- Have confidence that the public money with which the Council has been entrusted, has been used and accounted for in an appropriate manner; and
- Are aware of the key risks faced by the Council.

This **Narrative Report** is structured as follows:

1. An Overview of Cannock Chase District and its Council;
2. The Council's Priorities and Performance 2022/23
3. Financial strategy and resource allocation
4. Future Outlook and Issues Facing the Council
5. Explanation of the Financial Statements.

1. An Overview of Cannock Chase District and its Council

1.1 The District

Cannock Chase District covers over 7,000 hectares on the northern border of the West Midlands conurbation and forms one of the eight districts of the county of Staffordshire. The District incorporates the towns of Cannock, Rugeley and Hednesford. Cannock Chase itself is a designated Area of Outstanding Natural Beauty, and 60% of the District is designated as Green Belt. The District has a strong transport infrastructure including the M6, M6 Toll and A5 trunk road, alongside rail connections to Walsall and Birmingham.

There are a variety of factors which affect the Council's services and its finances. Some key statistics are highlighted below which impact the Council's financial position and which provide a basis for our ongoing priorities and strategic objectives.

The Council has an important part to play in its role as a place shaper in planning for future growth and opportunities to create new jobs, affordable new homes and re-purpose our town centres.

1.2 Political Composition and Leadership

There are 41 Councillors representing 15 wards, who are democratically elected representatives responsible for setting the policy direction and budgets of the Council.

All councillors meet as the Council. Here councillors decide the Council's overall policies and set the budget each year.

The Cabinet is responsible for most day-to-day decisions and when major decisions are to be discussed these are published in the forward plan. Decisions are made by the Cabinet in line with the Council's overall policies and budget. If the Cabinet wishes to make a decision which is outside the budget or policy framework, then this is referred to the Council as a whole to decide.

There are three scrutiny committees in place which hold the Cabinet to account for delivery of the Council's priorities, operational service deliver and support the development of polices.

Following direction from the political leadership, the Council's Leadership Team is responsible for delivering priorities and operational services. The Leadership Team comprises a Chief Executive* and eight Heads of Service, of which five are part of a shared services arrangement with Stafford Borough Council.

The Chief Executive was being shared with Stafford Borough Council on an interim basis as part of the development of a business case to consider extending the current shared services arrangements between the two Councils. The business case was approved in December 2022 and as part of this the sharing of the Chief Executive was made permanent.

The Council employs approximately 415 staff.

1.3 Purpose

The Council provides a number of statutory and discretionary services. These services include:

Arts and Culture - Supporting and developing arts and culture through the Prince of Wales Theatre, the Museum of Cannock Chase and other events held in the District. These services are provided on the Council's behalf by Inspiring Healthy Lifestyles, a not for profit organisation.

Leisure and Healthy Lifestyles - Encouraging and supporting residents to be active, look after their health through the provision of leisure centres and sports developments (these services are also provided by Inspiring Healthy Lifestyles), with the Council also providing and maintaining parks and green spaces, allotments and playing pitches, including The Stadium site at Pye Green.

Environmental Services - Providing refuse collection, recycling, street cleaning and noise / pest control services to help keep the community clean and protected.

Environmental Health - Aiming to improve the lives of those who live and work in the Cannock Chase District and those who visit the area and to protect the environment; helping businesses, individuals and families across the District to provide safe food and providing licenses for a wide range of activities.

Economic Development - Encouraging business development and growth within the District, promoting town centre regeneration and tourism, while continuing to support local public transport and maintaining Council car parks.

Partnership / Community Safety / CCTV - Working with a wide range of partners and adopting a multi-agency approach to help reduce crime and anti-social behaviour in the District and support an increasing number of vulnerable people. As an authority we also fund, maintain, and monitor a 24-hour CCTV service across the District.

Housing - Supporting the provision of affordable housing and improving accommodation standards for private tenants as well as supporting residents experiencing issues of homelessness.

Planning and Building Control - Dealing efficiently with planning applications and providing building control services across the District.

Revenues and Benefits - Collecting council tax and business rates and helping people access financial support through housing benefit and council tax discounts

Internal functions - All the above services are supported by a number of internal functions including customer services, HR, IT, policy and communications, finance, and legal services. Some of these services are shared with Stafford Borough Council.

In addition, the Council acts as a **landlord for its housing stock** and provides for the maintenance, management, and investment in its stock of properties.

Cannock Chase Council operates in a two-tier local government structure with Staffordshire County Council which is responsible for services including social care, education, children's services, highways, and libraries.

1.4 Governance

Cannock Chase Council recognises that it is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively.

The Council has a Governance framework in place to ensure that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner.

The framework is underpinned by a Code of Corporate Governance which identifies six principles that the Council adheres to:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining the vision and outcomes for the local area and determining the actions necessary to achieve the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The Council undertakes an annual review of its governance arrangements and this is summarised in the Annual Governance Statement.

2 The Council's Priorities and Performance 2022/23

2.1 Corporate Plan

A new corporate plan was developed for 2022-26 setting out a new vision underpinned by ambition for the District.

Vision:

We want a Cannock Chase that local residents are proud to call home:

- Rejuvenated town centres, local businesses that are supported and an environment where entrepreneurship is encouraged.

- Empowered residents encouraged to lead healthy and independent lives.

- A local environment that is protected, preserved, and enhanced for future generations.

We will be a forward-thinking Council, making best use of our assets, living within our means, and ensuring we are accountable for our decisions.

Our Priorities for 2022-26

Priority 1 - Economic Prosperity

\`To reinvigorate the economy and create a District that thrives\`

We aim to:

- Attract investment to develop the District's economy.
- Encourage entrepreneurship, promote apprenticeships, and support business.
- Attract modern, green, and skilled industries and create jobs.
- Rejuvenate our town centres.
- Support the development of our visitor economy.

We want to create an environment that supports and encourages growth and people's ambition to set up and run their own businesses. Our aim is to attract investment and businesses that will create skilled jobs for local people and businesses that use green technology to support our commitment to reducing the impact of climate change. We want to encourage businesses and people into our town centres and attract visitors to the District.

Priority 2- Health & Wellbeing

\`To encourage and support residents to lead healthy and independent lives\`

We aim to:

- Provide opportunities for residents to lead healthy and active lifestyles and recognise the importance of mental health and wellbeing.
- Embed health and wellbeing into all of our policies and everything that we do.
- Work with partners to address health inequalities across the District.
- Support residents that need our help.

We want to create opportunities for all of our residents to lead healthy and active lifestyles. For some, this may be by using our leisure centre facilities, for others it may be walking our parks, or on the Chase, or by cycling around the District. We want to reach out to those residents who may find this daunting and help them to try out new activities in their local communities, that will support their physical and mental health and wellbeing.

Priority 3 - The Community

\`To ensure Cannock Chase is a place that residents are proud to call home\`

We aim to:

- Ensure our neighbourhoods are safe, clean and tidy.
- Maintain our local parks and green spaces.
- Encourage residents to live a sustainable lifestyle.
- Improve the housing offer across the District.
- Ensure our communities are well designed, accessible, and are inclusive environments.
- Support and build strong connections within our local communities.

We want our District to be an attractive and safe place to live. We will preserve our open spaces and local parks. We aim to build on the existing and new communities across our District so that residents feel connected and supported. We want to ensure that our residents have a choice in their housing accommodation and that it is safe.

Priority 4 - Responsible Council

`To be a modern, forward thinking and responsible Council`

We aim to:

- Improve our customers' access to services.
- Enhance the use of technology and new ways of working.
- Develop our workforce to ensure they are suitably skilled.
- Be a responsible Council that lives within its means and is accountable for its actions.
- Make the best use of our assets.

We want to improve the ways in which customers can access our services and at a time that suits them through better use of technology; while continuing to provide contact via the telephone or face-to-face for those customers who need more personal support.

Building on the lessons we have learned during the pandemic; we will develop a hybrid working model that supports employees to continue to work flexibly and in a way that best suits their role. Alongside this we want to ensure that our staff are trained to deliver the services that our residents need. The Council faces a challenging financial future, so it is important that we live within our means and make the best use of the assets we have. We will communicate with our residents to provide updates on the progress we are making in delivering our priorities and key decisions that affect the future of services.

Prudent financial management has meant there has been no service reductions for a number of years, but this is now looking challenging to maintain. We will continue look to deliver efficiency savings by doing things differently wherever we can, but this alone will not be enough. We will also need to look at reducing or stopping some services. The Council is committed to maintaining the services that matter the most to the public and those we have a statutory duty to provide. We will look to protect the services as much as we can and make savings from non-essential services or by increasing the income we collect.

Delivery of the Medium Term Financial Strategy has necessitated the identification of significant savings over the next 2 years.

2.2. The Council's Performance 2022-23

The key successes during 2022-23 for each of the 4 priorities are highlighted below:

Economic Prosperity:	
Development of Cannock town centre (Levelling Up Fund scheme)	Outline planning application submitted, land in process of being assembled, RIBA Stage 2 design report signed off, regular communication to residents and stakeholders on progress including managing expectations through surveys, FAQs on website and press updates.
McArthurGlen Designer Outlet	Planning application submitted for Phase 2 of this highly successful retail and leisure offer, which is attracting healthy numbers.
Delivery of UKSPF Projects	Progression of priority projects in year 1 of the UKSPF Investment Plan i.e. Net Zero project with Staffordshire University, Constructing Excellence initiative with South Staffordshire College.

Health & Wellbeing:	
Commonwealth Games	Successful mountain biking event staged and the passing of the Queen's Baton Relay through the district, helping to raise the profile of Cannock Chase and engage local communities. Legacy projects being pursued include improved Heritage Trail linking Cannock to Rugeley, and further development of the Cannock Chase Can activities.
Cannock Chase Can App	The health and wellbeing app has been recognised in the national LGC Awards 2023 and has made it to the finals for the Innovation Award to be held in June 2023.
The Community:	
Improvements to the local environment and awareness of its importance to health and wellbeing	The Council's 4-year play area improvement programme has been published, tree planting has taken place with volunteers from companies and local community involvement. The Council's environmental and recycling campaigns 'Binworld' and 'Small Change Big Difference' have reached significant audiences, particularly young people.
Encourage residents to live a sustainable lifestyle	Social Housing Decarbonisation Fund: in partnership with West Midlands Combined Authority, the Council has been successful in securing £750k (50% match funding) to help in our climate change goals of reducing carbon emissions from our housing portfolio for 112 properties in three locations around the district. The works will be not only be around reducing carbon emissions but will have a direct affect and provide savings to our residents' energy bills by providing additional insulation to properties.
Responsible Council:	
Shared Services	The business case for extending the sharing of services was completed and approved by both Councils. Work is underway to implement it; beginning with the creation of a joint Leadership Team which came into operation on 1 April 2023.

3. Financial Strategy and resource allocation

3.1 Overview of Portfolio Spending

The following pages provide a brief overview of the financial position of the Council for 2022-23, in terms of the Council's management accounting framework, rather than the statutory IFRS framework.

The Council undertakes two distinct roles;

- The provider of services, functions and responsibilities for all its residents as a District Council (General Fund); and as
- A landlord for its housing stock (Housing Revenue Account)

In addition to the former role the Council also acts as the billing and collecting authority for Council Tax and Business Rates for precepting and other bodies via its Collection Fund.

3.2 General Fund- Revenue spending

The General Fund records all the day-to-day spending on Council services. The net cost of services contained within the General Fund are met primarily by Council Tax payers and central government funds including income derived from business rates under the Business Rates Retention scheme.

The Council Portfolio spending was £15.729 million for 2022-23 as reflected in its Portfolio outturn in the table below. The following table sets out the overall net revenue budget outturn of £12.851 million compared with the budget set for the year of £13.788 million, a variance of £0.937 million:

Cannock Preliminary Outturn 2022/23

		Revised Budget £'000	Actual £'000	Variance to Revised £'000
	Portfolios			
1	Community Engagement	605	566	39
2	Community safety	451	443	8
3	District Development	1,223	1,472	-249
4	Environment & Climate change	3,622	3,441	181
5	Housing, Heritage & Leisure	4,909	4,679	230
6	Innovation & Resources	4,090	3,962	128
7	Leader	1,279	1,166	113
8	Total Portfolios	**16,179**	**15,729**	**450**
9	Investment Income	-718	-1,070	352
10	Interest Payable	2	20	-18
11	Technical Items	103	299	-196
12	Net Expenditure	**15,566**	**14,978**	**588**
13	Use of Government Grants	-1,778	-2,127	349
14	**Net Revenue Budget**	**13,788**	**12,851**	**937**
	Financed by:			
	Business Rates			
15	Core funding	-3,046	-3,046	0
16	Growth	-1,750	-2,119	369
17	Business Rates Pool	-915	-1,069	154
18	Transfer from balances	-1,300	-361	-939
19	Council Tax	-6,777	-6,777	0
20	Total Financing	**-13,788**	**-13,372**	**-416**
21	**Trf to/(from) working balances**	**0**	**521**	**-521**
22	**Net Revenue Budget**	**13,788**	**12,851**	**937**

The table above shows the budget anticipated net expenditure of £13.788 million, to be principally funded from Council Taxpayers (£6.777 million) and Business Rates (£5.711 million).

The overall position, (actual net expenditure and financing), resulted in a transfer to working balances of £0.521 million compared to the budgeted figure of £0. The detail and explanations of expenditure are in the outturn report.

3.4 Collection Fund

Cannock Chase is the billing authority and as such has a statutory requirement to establish and maintain a separate fund covering the collection and distribution of amounts due in respect of council tax and national non-domestic rates (NNDR). Net Business Rates attributable to the Council are accounted for as part of the General Fund under the new Business Rates regime.

The net position on the Collection Fund for the year was a deficit of £1.898 million for Council Tax after taking into account distribution of previous year surplus in year. The overall position for Council tax leaves a net deficit on the fund of £1.400 million at 31 March 2023 (of which £0.182 million relates to this Council).

A deficit of £1.154 million exists in relation to Business Rates as at 31 March 2023. The deficit is however notional and represents a timing difference between estimated Business Rates returns and actual returns. This Council's actual retained Business Income is in line with the Income and Expenditure account after taking into account the timing deficit required as part of the Collection Fund Statutory requirements.

3.5 General Fund Reserves

The outturn shows a contribution to working balances to the General Fund of £0.521 million with a resultant £1.941 million balance as at the 31 March 2023. As the Council policy is to retain a working balance of £1.0 million the £0.941 million transfer will be able to support future budgets.

3.6 Pensions

Councils are required to account for pension costs to show any deficit, or surplus, on the Pension Fund in the balance sheet. The fund is administered by Staffordshire County Council and the actuarial valuation at 31 March 2023 showed the Council's share of the fund to be a deficit of £7.244 million, a decrease of £39.445 million as compared to the 31 March 2022. The fund deficit has no impact on the level of Council Tax. The remaining deficit on the scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.

3.7 General Fund Capital Expenditure

The Council approves the Capital Programme for the financial year as part of the budget process and the amount that can be spent is limited by the amount of capital resources available to the Council.

Many of the schemes within the Capital Programme take some time to develop and implement, the detailed programme can experience many changes, including delays due to the impact of the pandemic. Considerable variation can therefore arise over the 18 month period from the time the Capital Programme for the financial year is initially considered, right through to the end of March of the relevant year.

The Council spent £2.696 million on capital projects in 2022/23, which was £2.731 million less than budget. The spend was profiled as below:

Capital Outturn Position			
	Budget	**Actual**	**Variance from Budget**
	£'000	**£'000**	**£'000**
Leader of the Council	70	-	70
Environment & Climate Change	105	91	14
Innovation & Resources	9	1	8
Housing, Heritage & Leisure	3,054	1,781	1,273
District Development	2,189	823	1,366
Total	**5,427**	**2,696**	**2,731**

The major items of capital spend in the year were:

- **£1.512 million** on Disabled Facilities Grants.
- **£0.791 million** on Levelling Up Fund
- **£0.123 million** on Stadium Development Phase 2
- **£0.091 million** on Wheeled bins

The capital programme of £2.696 million was financed in the following way:-

	£'000
Grants and contributions	2,531
Capital Receipts	141
Direct Revenue Financing	24
Total	**2,696**

3.8 Treasury Management

During 2022/23 most investment decisions were driven by cash flow considerations and funds were placed in Money Market Funds for easy access. However, opportunities were also taken to place funds in higher interest bearing investments when cash flow requirements would allow.

3.9 Housing Revenue Account

The Housing Revenue position is slightly different. Rents are determined in accordance with the Government's national rent policy.

From 2020 the policy permits rent increases of CPI+1%. The new policy recognises the need for a stable financial environment to support the delivery of new homes and to enable the Council to plan ahead.

Income from Rents and associated items amounted to £20.956 million with expenditure of £22.381 million resulting in a deficit £1.425 million. This is then adjusted for technical items which results in a final position of £150k surplus for the year and an increase in reserves of £120k from £1.833 million to £1.983 million.

In addition to the Working Balance the Housing Revenue Account maintains earmarked reserves that are held for specific purposes. They are provided to meet future and known commitments, support the budget in the future and capital programme, and in some cases, to spread expenditure over a number of years.

The Housing Revenue Account spent £3.725 million on capital projects in 2022/23.

4. Future Outlook and issues facing the Council

4.1 Future investments

Provision exists within the General Fund Capital Programme for a District Investment Fund (£5,645,000). The Fund is seen as vital if we are to improve our Town Centres and Train Stations and facilitate further economic growth. Skills and Infrastructure are important ingredients for economic growth in the future. Additional resource has also been included within the revenue budget for Economic Development in order to progress this investment strategy.

Similarly, the Housing Revenue Account includes initiatives whereby in addition to its normal housing investment programme for its existing stock, provision is included within the medium term capital programme.

4.2 Financially sustainable

The Council plans its finances over a medium-term for revenue and capital and it includes all known financial pressures that it faces over the medium term in its Financial Plan.

The Council approved its three-year budget to 2025/26 in February 2023 however like all other authorities a great deal of uncertainty exists with single year financial settlements.

Detailed figures are only available for 2023-24 pending the implementation of changes to the local Government funding regimes and material deficits exist in 2024-25 and 2025-26 based upon the implications of such changes. The Council have set aside previously earmarked reserves to provide transitional funding pending the development of a sustainable medium-term budget following the outcome of the proposed changes.

The Council continues to progress the areas within its direct control with balanced budgets set for 2023/24. However, a great deal of uncertainty exists post 2023/24 with the key risks arising from fundamental changes to Government Funding-

- Fair Funding and Business Rates Reset were due to be implemented in each of the years since 20/21. There is now considerable uncertainty as to whether this will still be taking place and if so when.

- Ongoing uncertainty that exists in relation to the longevity of the New Homes Bonus grant scheme.

In particular the proposed Reset of Business Rates Growth and changes to the New Home Bonus scheme are likely to change a previously ongoing balanced budget to one of material deficits. However, this is based upon the council's own assumptions rather than actual Government proposals.

The Financial risks to the Council can therefore be summarised as follows:

- Central government funding –The Provisional Settlement is for one year only with the changes to the Local Government Finance Regime now facing considerable uncertainty. No details are available from 2023-24 onwards with Local Government funding expected to be subject to considerable change.

- New Homes Bonus - in relation to New Homes Bonus (NHB) the Provisional Settlement reiterates the Government's commitment to reforming the NHB.

  Based upon the uncertain nature of this funding stream and in order to promote sustainability, future budgets only reflect the entitlement based upon existing legacy commitments.

- Business Rates

  The actual baseline or minimum level of business rates will be reassessed based upon a fair funding review and its distribution is likely to change between the two tiers of local government in county areas.

  The biggest risk however is in relation to the planned Reset of growth achieved to date. Three potential options exist in relation to the basis of the reset, notably No Reset (All growth retained); Full Reset (No growth retained) or Partial Reset (Proportion of growth retained) with the growth not retained being redistributed across the local government sector.

  Robust figures will be determined as further details become available from the Government however actual details for this Council for Business rates; Fair Funding and New Homes Bonus will not be known until the late autumn of 2023 at the earliest.

- Income levels – a number of main income streams are subject to demand, in particular parking, bereavement services and planning. The Council has limited means to address issues of demand. however, income is an area that receives particular budget monitoring attention.

- Interest rates – The high interest rates have led to a windfall in investment income on council balances held. This cannot be depended on for the base position due to potential volatility, as rates decrease income will decrease and vice versa.

- Inflationary pressures – price inflation presently volatile.

- Pension's costs – the Council continues to face the pressure of the rising costs of pension's provision.

4.3 **Auditors Annual Report on the Council**

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), the external auditors Grant Thornton (GT) are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria. 2020-21 was the first year that findings were reported in this way. The NAO have issued guidance to auditors which states that a commentary covering more than one financial year can be issued where it is more efficient and effective to do so. Therefore the auditors decided to report a combined commentary on the Council's arrangements for 2021-22 and 2022-23 given the similarity in issues between years and also the timing when the work was undertaken.

The audit findings were that the Council have faced significant resource challenges since the pandemic which has meant that choices had to be made on how resources that were available were used. In 2020-21 the Council initiated the implementation of a new financial ledger system which placed significant pressure on the capacity of the finance team. The Council bought in no specialist resource or additional support to scope or implement the new system or to programme manage its implementation. This lack of capacity resulted in several statutory recommendations (below) being made, which is below, and several key recommendations (full details are in the auditors annual report):

The statutory recommendations made are:

- The Council needs to urgently address its significant weaknesses in compliance with statutory HRA obligations.
- The Council needs to significantly improve its HRA management, business planning and financial sustainability
- The Council needs to improve its financial planning and financial monitoring arrangements

Plans have been put in place to address this which are detailed in the council's response to the annual audit report.

5. Explanation of Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below:

5.1 Statements to the Accounts

Statement of Responsibilities for the Statement of Accounts sets out the responsibilities of the Council.

Auditor's report gives the auditor's opinion of the financial statements and of the council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

5.2 Core Financial Statements

Comprehensive Income and Expenditure Account– This shows the cost of providing services in the year in accordance with International Financial Reporting Standards, rather than the amount funded from Council Tax and other government grants. The amount funded from Council Tax and grants differ from this by a series of adjustments made in accordance with regulations. These adjustments are made in the Movement in Reserves Statement.

Movement in Reserves Statement - This statement provides a summary of the changes that have taken place in the Council's reserves over the financial year by analysing the increase or decrease. Reserves are divided into 'Usable' that can be invested in capital projects or service improvements, and 'Unusable' which must be set aside for specific purposes and cannot be used to fund expenditure.

Balance Sheet – shows the value of the Council's assets and liabilities at the Balance Sheet date. These are matched by reserves which are split into two categories, Usable and Unusable reserves. Unusable reserves are not available to support services and are in the main used to hold unrealised gains and losses, where the actual gain or loss will only become available once another event has occurred. For example, the Revaluation Reserve for Non-Current assets will only become available if the asset is sold and the full value of the asset realised.

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

5.3 Supplementary Statements

Housing Revenue Account – This statement reflects a statutory obligation to account separately for local authority housing provision. Income and expenditure on Council Housing is 'ring fenced' within the HRA. The statement shows the economic cost in the year of providing housing services rather than the amount to be funded from rent and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised is shown in the Movement on the HRA statement. The Account is self-financing, and contributions from the General Fund Account are not permitted.

Collection Fund - is an agents' statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to precepting bodies.

Glossary - This provides an explanation of the technical terms contained within the Statement of Accounts.

5.4 Notes to the Accounts

Expenditure & Funding Analysis - This note was a new requirement for the 2016/17 accounts and shows the expenditure and income which is reported to management as part of the final accounts outturn and scrutiny reports. It then seeks to demonstrate the adjustments which are made to comply with International Financial Standards to arrive at the figures reported within the Comprehensive Income and Expenditure Statement (these are analysed in more detail in note 7 to the accounts).

5.5 Main Changes to the Core Statements and Significant Transactions in 2022/23

There were no major changes to the statements for 2022/23.

Comprehensive Income and Expenditure Account (page 19)

- The net cost of services show an increase of £2.510 million compared with 22/22. This principally relates to changes in capital transactions, staff and the waste contract. Further details are included within note 5 to the accounts.
- There is a decrease in other operating expenditure of £0.484 million. This is primarily due to a reduction in the amount of pooling of capital receipts.
- There is an decrease in financing and investment expenditure of £1.236 million, this relates to changes in pension interest costs which is offset by an increase in investment income. (note 14)
- There is an actuarial change of £16.476 million in the pension asset which is primarily due to changes in the financial assumptions (note 28)

Balance Sheet (page 22)

- Property, Plant and Equipment have increased by £17.559 million; this is due to the revaluation of assets, additions in year less disposals.
- Short term investments have decreased by £14.502 million reflecting a change in year-end holdings.
- Short term debtors have increased by £3.272 million relating primarily to an increase in trade debtors (£1.008 million) and Council tax debtors (£2.425 million).
- Cash and cash equivalents have increased by £12.948 million which reflects the year end holdings of money market and call account funds
- Short term creditors have decreased by £4.903 million; this principally reflects an decrease in central government creditors of £5.912 million.
- The pension fund liability has decreased from £46.689 million to £7.244 million, a decrease of £39.445 million which is largely due to the changes in financial assumptions on discounts and pension interest rates. The discounts, salary and pension rates assumptions are determined by the Actuary and represent the market conditions at the reporting date.

Cash Flow Statement (page 23)

- There is an increase of £12.948 million in cash and cash equivalents at the end of the reporting period. This is due partly to the non-cash movements of Pension liability relating to the payments made to the fund and deficit on post-employment benefits and also due to the increased purchase of short term investments.

CERTIFICATION OF ACCOUNTS
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Deputy Chief Executive - Resources with S151 responsibilities;

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

- approve the Statement of Accounts.

The Deputy Chief Executive - Resources with S151 Responsibilities

The Deputy Chief Executive - Resources (S151) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("The Code of Practice").

In preparing this Statement of Accounts, the Deputy Chief Executive - Resources (S151) 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 Deputy Chief Executive - Resoures (S151) has also:

- kept proper accounting records which were up to date;

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification by Deputy Chief Executive - Resources (S151)

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its income and expenditure for the year ended 31 March 2023.

C Forrester Date 09/10/2024

C Forrester CPFA - Deputy Chief Executive - Resources (S151)

* original signed certificate held in Finance

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COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

	2021/22				**2022/23**	
Gross Expend £000	**Gross Income £000**	**Net Expend £000**		**Gross Expend £000**	**Gross Income £000**	**Net Expend £000**
1,174	(56)	1,118	Leader of the Council	1,211	(23)	1,188
5,604	(2,033)	3,571	Environment and Climate Change	5,871	(2,479)	3,392
525	(106)	419	Community Safety and Partnerships	552	(107)	445
23,872	(20,349)	3,523	Innovation and Resources	23,938	(19,671)	4,267
4230	(3,080)	1,150	Community Engagement Health & Wellbeing	2,531	(321)	2,210
7,464	(1,340)	6,124	Housing, Heritage and Leisure	7,073	(1,142)	5,931
2,684	(1,377)	1,307	District and High Street Development	2,768	(1,152)	1,616
45,553	(28,341)	17,212		43,944	(24,895)	19,049
18,153	(20,112)	(1,959)	Housing Revenue Account	19,670	(20,956)	(1,286)
63,706	(48,453)	15,253	**Cost of Services**	63,614	(45,851)	17,763
		664	Other operating expenditure (Note 13)			180
		4,711	Financing and investment income and expenditure (Note 14)			3,475
		(19,816)	Taxation and non-specific grant income (Note 15)			(17,435)
		812	**(Surplus) / Deficit on Provision of Services**			**3,983**
		(33,904)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets (Note 28)			(24,273)
		-	(Surplus) or deficit on revaluation of available for sale financial assets (Note 28)			-
		(27,111)	Remeasurement of the net defined benefit liability / asset (Note 28)			(43,587)
		(61,015)	**Other Comprehensive Income and Expenditure**			**(67,860)**
		(60,203)	**Total Comprehensive Income and Expenditure**			**(63,877)**

MOVEMENT IN RESERVES STATEMENT

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

The balance at 31 March for Usable Reserves represents the amount available for use in the delivery of services.

	General Fund Balance £000	Housing Revenue Account Balance £000	Earmarked General Fund Reserves £000	Earmarked Housing Revenue Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2022	**(1,419)**	**(1,833)**	**(21,754)**	**(12,513)**	**(10,184)**	**(6,870)**	**(4,771)**	**(59,344)**	**(154,959)**	**(214,303)**
Other transfers (Note 12)								-		-
Movement in reserves during 2022/23										
(Surplus)/deficit on the provision of services	2,558	1,425						**3,983**		**3,983**
Other Comprehensive Income and Expenditure								-	(67,860)	**(67,860)**
Total Comprehensive Income and Expenditure	**2,558**	**1,425**	-	-	-	-	-	**3,983**	**(67,860)**	**(63,877)**
Adjustments between accounting basis & funding basis under regulations (Note 11)	(202)	(2,380)			(1,472)	(1,692)	1,165	(4,581)	4,581	-
			-	-						-
Net (Increase)/Decrease before Transfer to Earmarked Reserves	**2,356**	**(955)**	-	-	**(1,472)**	**(1,692)**	**1,165**	**(598)**	**(63,279)**	**(63,877)**
Transfers to/from Earmarked Reserves (Note 12)	(2,752)	678	2,752	(678)	-	-	-	-	-	-
Internal recharges to HRA	(127)	127								
(Increase)/Decrease in 2022/23	**(523)**	**(150)**	**2,752**	**(678)**	**(1,472)**	**(1,692)**	**1,165**	**(598)**	**(63,279)**	**(63,877)**
Balance at 31 March 2023	**(1,942)**	**(1,983)**	**(19,002)**	**(13,191)**	**(11,656)**	**(8,562)**	**(3,606)**	**(59,942)**	**(218,238)**	**(278,180)**

The Total General Fund balance at 31 March 2023 is £20.944 million, comprising a working balance of £1.942 million and earmarked reserves of £19.002 million.

The Total Housing Revenue Account balance at 31 March 2023 is £15.174 million, comprising a working balance of £1.983 million and earmarked reserves of £13.191 million.

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £000	Housing Revenue Account Balance £000	Earmarked General Fund Reserves £000	Earmarked Housing Revenue Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2021	**(1,144)**	**(1,713)**	**(24,098)**	**(11,030)**	**(10,168)**	**(6,459)**	**(2,571)**	**(57,183)**	**(96,917)**	**(154,100)**
Other transfers (Note 12)								**-**		**-**
Movement in reserves during 2021/22										
(Surplus)/deficit on the provision of services	(225)	1,037						**812**		**812**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	**-**	(61,015)	**(61,015)**
Total Comprehensive Income and Expenditure	**(225)**	**1,037**	**-**	**-**	**-**	**-**	**-**	**812**	**(61,015)**	**(60,203)**
Adjustments between accounting basis & funding basis under regulations (Note 11)	2,447	(2,793)			(16)	(411)	(2,200)	**(2,973)**	2,973	**-** -
Net (Increase)/Decrease before Transfer to Earmarked Reserves	**2,222**	**(1,756)**	**-**	**-**	**(16)**	**(411)**	**(2,200)**	**(2,161)**	**(58,042)**	**(60,203)**
Transfers to/from Earmarked Reserves (Note 12)	(2,344)	1,483	2,344	(1,483)				-	-	-
Internal recharges to HRA	(153)	153						-		**-**
(Increase)/Decrease in 2021/22	**(275)**	**(120)**	**2,344**	**(1,483)**	**(16)**	**(411)**	**(2,200)**	**(2,161)**	**(58,042)**	**(60,203)**
Balance at 31 March 2022	**(1,419)**	**(1,833)**	**(21,754)**	**(12,513)**	**(10,184)**	**(6,870)**	**(4,771)**	**(59,344)**	**(154,959)**	**(214,303)**

The Total General Fund balance at 31 March 2022 is £23.173 million, comprising a working balance of £1.419 million and earmarked reserves of £21.754 million.

The Total Housing Revenue Account balance at 31 March 2022 is £14.346 million, comprising a working balance of £1.833 million and earmarked reserves of £12.513 million.

BALANCE SHEET

The Balance Sheet shows the value as at 31 March 2023 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories:

The first category of reserves are Usable Reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves includes reserves that hold unrealised gains and losses (for example Revaluation Reserve) where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2022 £000		Notes	31 March 2023 £000
298,146	Property, Plant & Equipment	16	315,705
296	Heritage Assets	17	296
1,188	Investment Properties	18	1,212
349	Intangible Assets	19	314
57	Long Term Debtors	20	51
300,036	**Long Term Assets**		**317,578**
22,019	Short Term Investments	20	7,517
141	Inventories	21	162
6,761	Short Term Debtors	22	10,033
37,750	Cash and Cash Equivalents	23	50,698
66,671	**Current Assets**		**68,410**
(326)	Short Term Borrowing	20	(326)
(18,767)	Short Term Creditors	25	(13,864)
(330)	Grants Receipts in Advance-Revenue	37	(336)
(1,994)	Grants Receipts in Advance-Capital	37	(2,056)
(21,417)	**Current Liabilities**		**(16,582)**
(14)	Long Term Creditors	20	(10)
(81,605)	Long Term Borrowing	51	(81,605)
(2,679)	Provisions	26	(2,367)
-	Other Long Term Liabilities	50	
(46,689)	Pensions	43	(7,244)
(130,987)	**Long Term Liabilities**		**(91,226)**
214,303	**Net Assets**		**278,180**
(59,344)	Usable Reserves	27	(59,942)
(154,959)	Unusable Reserves	28	(218,238)
(214,303)	**Total Reserves**		**(278,180)**

CASH FLOW STATEMENT

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

2021/22 £000		2022/23 £000
812	Net (surplus) or deficit on the provision of services	**3,983**
(23,373)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 29)	**(3,914)**
6,821	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 29)	**3,543**
(15,740)	Net cash flows from Operating Activities	**3,612**
10,374	Investing Activities (Note 30)	**(13,660)**
(1,446)	Financing Activities (Note 31)	**(2,900)**
(6,812)	Net (increase) / decrease in cash and cash equivalents	**(12,948)**
30,938	Cash and cash equivalents at the beginning of the reporting period	**37,750**
37,750	**Cash and cash equivalents at the end of the reporting period (Note 23)**	**50,698**

NOTES TO THE ACCOUNTS

1. Accounting Policies

i 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 by the Accounts and Audit Regulations 2015, which is required to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

In compiling the disclosure notes the Council has given due regard to materiality and therefore detailed disclosures are not given for items below £50,000 unless there is a statutory override. The general principle used for rounding is to the nearest £000's.

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 accounts have been prepared on a going concern basis.

ii Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.
The Council operates a de minimus for accruals of £2,000. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations of the contract.

- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

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

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

iii Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months 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 Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

iv Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future year affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

v Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding property, plant and equipment 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 service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. 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 amortisations are therefore replaced by the contribution in the General Fund Balance Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vi 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, bonuses and non-monetary benefits (for example, leased cars) for current employees are recognised as an expense for services in the year in which employees render the service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, for example, 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 the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which holiday absence occurs.

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 and are charged on an accruals basis to the relevant Portfolio 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 the 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 of Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Staffordshire County Council. The scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

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

- The liabilities of the Staffordshire County Council (SCC) pension fund attributable to the Council are included on the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using an appropriate discount rate determined by the actuary.

- The assets of the SCC 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 pensions liability is analysed into seven components:

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

    - past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement within the Leader of The Council line as part of Non-distributed costs.

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

    - the return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

    - actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions -charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

    - contributions paid to the SCC pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

vii Events After the Balance Sheet Date

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

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events

- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

viii Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Discounts on the early repayment of loans are apportioned between the General Fund and HRA with the General Fund element being credited immediately and the HRA share being amortised over 10 years.

Financial Assets

Financial assets are classified based on the business model for holding the assets and based on the make up of the cashflows. There are three main classes of financial asset measured at:

- amortised cost

- fair value through profit or loss (FVPL)

- fair value through other comprehensive income (FVOCI)

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

Financial Assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying value of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest).

Any gains/losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the Council. The Council has also extended lifetime losses to lease receivables.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly or remains low, losses are assessed on the basis of 12 month expected credit losses.

ix 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 where 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 transferred to the transferor.

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

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

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy which is a planning charge. The income from the levy will be used to fund infrastructure projects to support the development of the area.

CIL is received without outstanding conditions, it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund expenditure. However a small proportion of the charges may be used to fund revenue expenditure.

x Heritage Assets

Tangible and Intangible Heritage Assets
The Council's heritage assets comprise the Civic Regalia and Museum artefacts. The collections are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Council's history and local area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant & equipment. However some of the measurement rules are relaxed in relation to heritage assets as detailed below.

Civic Regalia
These items are reported in the Balance Sheet based on the latest valuation available which for this item is insurance valuation.

Museum Artefacts
These items are reported in the Balance Sheet based on the latest valuation available which for this item is insurance valuation.

Heritage Assets - General
The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment (see note xvii in this summary of significant accounting policies). The Council may occasionally dispose of heritage assets if unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see notes xvii in this summary of significant accounting policies).

xi Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research and development expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xii Interests in Companies and Other Entities

The Council has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts.

xiii Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xiv 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 services.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms-length. They are not depreciated but are revalued annually at fair value. Gains and losses on revaluation and disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xv Leases

Leases are classified as finance leases where the lease terms 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 building 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.

The Council as Lessee:

Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset 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.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and

- a finance charge (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 (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 therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement In Reserves Statement for the difference between the two.

Operating Leases

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

The Council as Lessor:

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property - applied to write down the lease debtor (together with any premiums received), and

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the 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 Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of property, plant and equipment is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xvi Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance. This means that the majority of the recharges are excluded as the budgets are produced and reported on within service segments at a controllable level for the General Fund, with only a small number of recharges included within the reported performance. The Housing Revenue Account (HRA) includes all recharges from support services as this is the basis on which this is reported.

xvii Property, Plant and Equipment

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

Recognition

Expenditure 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. The de-minimus value for items to be treated as capital expenditure is £20,000.

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 Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a 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 then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets - depreciated historical cost (DHC)
- assets under construction - cost
- surplus assets - the current value measurement basis is fair value, estimated at highest and best use from a market participant's perspective
- all other assets - current value, determined as the amount that would be paid for the asset in its existing use (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.

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the 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 by:

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

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

Impairment

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

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

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

Depreciation is calculated on the following bases:-

- dwellings and other buildings - straight-line allocation over the life of the property as estimated by the valuer

- council housing - 75 years

- vehicles, plant and equipment - straight-line allocation on historic cost over 5 years or over the period of the lease

- infrastructure - straight-line allocation on historic cost over 25 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a deminimus threshold in relation to componentisation of £1 million or 10% of the total asset value.

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 and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or 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.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are 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 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.

xviii Provisions, Contingent Liabilities and Contingent Assets

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. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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 at the Balance Sheet date of the expenditure required to settle the obligation, 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 now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly with 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.

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

Contingent Assets

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

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

ix Reserves

The Council sets 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 to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council - these reserves are explained in the relevant policies.

xx Revenue Expenditure Funded from Capital under Statute

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

xxi 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.

xxii Debt Redemption

In accordance with the requirements of the Local Government Act 2003, the Council is required to set aside a Minimum Revenue Provision (MRP) for the repayment of debt. This is equal to 4% of the General Fund Capital Financing requirement adjusted for an opening year balance. If depreciation on the General Fund does not equal this amount, than a transfer either to or from the Capital Adjustment Account (CAA) is required for the difference. Amounts set aside as transfers to reserves are disclosed separately on the face of the Movement in Reserves statement.

xxiii Interest Charges

The amount of interest chargeable to the HRA is calculated in accordance with a calculation prescribed by Central Government.

xxiv Tax Income (Council Tax, Non-Domestic Rates (NDR) and Rates)

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

Accounting for Council Tax and NDR

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

xxv Fair Value Measurement

The Council measures some of its non-financials assets such as surplus assets and investment properties and it's financial instruments for certificates of deposit 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:

(a) in the principal market for the asset or liability, or

(b) in the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements 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
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability.

2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2023/24 Code. The Code also requires that changes in accounting policy are applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

New standards introduced in the Code that apply from 1 April 2023 are:

- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 financial year)
- Where an Authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 Statement of Account
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued issued in May 2021
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

The Council has not decided to implement IFRS 16 early so there is no impact in relation to the first two items. As the Council does not have any group accounts there will be no impact in relation to the Deferred Tax change and it is not considered that the other items will have a material impact

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- **Future levels of government funding**
  There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

4. Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty

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

The items in the Council's Balance Sheet as at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependant on assumptions about the level of repairs and maintenance that will be incurred to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge would reduce by £257,000 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. The actuary has provided sensitivity information about the effects of changes in assumptions. The financial effects of these changes are detailed in note 43 to the accounts.
Sundry debt arrears	At 31 March 2023 the Council's balance of sundry debts was £2.826m. A review of significant balances suggested that an impairment of doubtful debts of 81.32% was appropriate (£2.298m). However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate by 1% an additional £28,000 would need to be set aside as allowance.
Council tax arrears	At 31 March 2023 the Council's share of the council tax debtors included in the councils accounts was £1.372m. A review of significant balances suggested that an impairment of doubtful debts of 62.54% (£0.858m) was appropriate. However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £14,000 to be set aside as an allowance.
Business rate arrears	At 31 March 2023 the Council's share of the business rates debtors included in the councils accounts was £1.056m. A review of significant balances suggested that an impairment of doubtful debts of 59.67% (£0.630m) was appropriate. However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £11,000 to be set aside as an allowance.
Business rates appeals	At 31 March 2022 the Council's share of the business rates appeals included in the Council's accounts was £2.168m.	If there was an increase of 1% in the appeals percentages this would require an additional £64,000 to be set aside.

5. Material Items of Income and Expense

The Code requires that where items are not disclosed on the face of the Comprehensive Income and Expenditure Account, that the nature and amount of material items should be disclosed in a note to the accounts. The material items of income and expenses for 2022/2023 are as follows:

There has been an increase in the net cost of services of £2.510 million this is primarily due to the following:

	£000	£000
General Fund:		
Capital Charges	-226	
Bad Debts	131	
Utility costs	180	
Covid spend	-54	
Covid outbreak grant funding	284	
Staff costs	523	
Waste Contract	520	
District Elections	145	
Housing Benefits	142	
CRM system costs	115	
Cil receipts	-49	
Other Movements	126	**1,837**
Housing Revenue Account:		
Capital Charges	642	
Rates	114	
Other Movements	-83	**673**
		2,510

6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.
It also shows how this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2021/2022 Net Expend Chargeable to the General Fund	2021/2022 Ear-marked Reserves	2021/2022 Adjust's between the Funding and Accounting Basis	2021/2022 Internal Recharge	2021/2022 Net Expend in the CIES		2022/2023 Net Expend Chargeable to the General Fund	2022/2023 Ear-marked Reserves	2022/2023 Adjust's between the Funding and Accounting Basis	2022/2023 Internal Recharge	2022/2023 Net Expend in the CIES
£000	**£000**	**£000**	**£000**	**£000**		**£000**	**£000**	**£000**	**£000**	**£000**
1,159	(65)	24	-	1,118	Leader of the Council	1,166	19	3		1,188
3,002	(197)	589	177	3,571	Environment and Climate Change	3,441	(254)	25	180	3,392
393	7	24	(5)	419	Community Safety and Partnerships	443	(6)	14	(6)	445
3,851	(691)	182	181	3,523	Innovation and Resources	3,963	16	111	177	4,267
613	(156)	710	(17)	1,150	Community Engagement Health & Wellbeing	566	139	1,523	(18)	2,210
4,444	(401)	2,261	(180)	6,124	Housing, Heritage and Leisure	4,679	(300)	1,755	(203)	5,931
1,161	(253)	402	(3)	1,307	District and High Street Development	1,472	(103)	250	(3)	1,616
14,623	(1,756)	4,192	153	17,212		15,730	(489)	3,681	127	19,049
(4,429)	(1,483)	4,106	(153)	(1,959)	Housing Revenue Account	(5,038)	(678)	4,557	(127)	(1,286)
10,194	(3,239)	8,298	-	15,253	**Net Cost of Services**	10,692	(1,167)	8,238	-	17,763
(10,589)	4,100	(7,952)	-	(14,441)	Other Income and Expenditure	(11,363)	3,240	(5,657)		(13,780)
(395)	**861**	**346**	**-**	**812**	**(Surplus)/Deficit on Provision of Services**	**(671)**	**2,073**	**2,581**	**-**	**3,983**
(2,858)	(35,128)				Opening General Fund & HRA Balance Balance	(3,253)	(34,267)			
-	-				Transfer to Earmarked Reserves	-	-			
(395)	861				Less/Plus Surplus or Deficit on General Fund & HRA Balance in year	(671)	2,073			
(3,253)	**(34,267)**				**Closing General Fund & HRA Balance at 31 March 2023 ***	**(3,924)**	**(32,194)**			

* For a split of this balance between the General Fund and the HRA - see the Movement in Reserves Statement

7. Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2022/23

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Statutory Adjustments £000	Total Statutory Adjustments £000	Other Non-Statutory Adjustments £000	Total Adjustments £000
Leader of the Council	-	6	(3)	3	-	3
Environment and Climate Change	(19)	20	10	11	14	25
Community Safety and Partnerships	10	4	-	14	-	14
Innovation and Resources	274	(116)	26	184	(73)	111
Community Engagement Health & Wellbeing	1,523	7	(7)	1,523	-	1,523
Housing, Heritage and Leisure	1,736	23	3	1,762	(7)	1,755
District and High Street Development	41	14	(13)	42	208	250
Sub Total	3,565	(42)	16	3,539	142	3,681
Housing Revenue Account	7,891	23	(24)	7,890	(3,333)	4,557
Net Cost of Services	**11,456**	**(19)**	**(8)**	**11,429**	**(3,191)**	**8,238**
Other income and expenditure from the Expenditure and Funding Analysis	(7,226)	1,298	(2,920)	(8,848)	3,191	(5,657)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the the Provision of Services	**4,230**	**1,279**	**(2,928)**	**2,581**	**-**	**2,581**

Adjustments between Funding and Accounting Basis 2021/22

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Statutory Adjustments £000	Total Statutory Adjustments £000	Other Non-Statutory Adjustments £000	Total Adjustments £000
Leader of the Council	-	25	(1)	24	-	24
Environment and Climate Change	494	82	3	579	10	589
Community Safety and Partnerships	8	17	(1)	24	-	24
Innovation and Resources	271	(2)	(3)	266	(84)	182
Community Engagement Health & Wellbeing	683	31	(4)	710	-	710
Housing, Heritage and Leisure	2,167	98	3	2,268	(7)	2,261
District and High Street Development	163	64	14	241	161	402
Sub Total	3,786	315	11	4,112	80	4,192
Housing Revenue Account	7,238	209	6	7,453	(3,347)	4,106
Net Cost of Services	**11,024**	**524**	**17**	**11,565**	**(3,267)**	**8,298**
Other income and expenditure from the Expenditure and Funding Analysis	(9,683)	1,415	(2,951)	(11,219)	3,267	(7,952)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the the Provision of Services	**1,341**	**1,939**	**(2,934)**	**346**	**-**	**346**

Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure - adjusts for capital disposals with a transfer of income on disposal of assets 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 from those receivable in the year to those receivable without conditions or for which conditions were satisfied through the year. The Taxation and Non specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

For the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and Income:

- Services - This represents the removal of the employer pension contributions made by the Council as allowed by statute and the 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 CIES.

Other Statutory Adjustments

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

- Financing and investment income and expenditure - the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- Taxation and non-specific grant income and expenditure - represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- Financing and investment income and expenditure - the other non-statutory adjustments column recognises adjustments to Portfolios e.g. for interest income and expenditure.
- Taxation and non-specific grant income and expenditure - the other non-statutory adjustments column recognises adjustments to Portfolios e.g. for unringfenced government grants.
- The Council's reportable segments are based on the portfolios of the Council as structured by members and service departments.

8. Segmental Income

Income received from external customers (excluding grants) on a segmental basis is analysed below:

2021/22 £000		2022/23 £000
18	Leader of the Council	3
2,053	Environment and Climate Change	2,499
107	Community Safety and Partnerships	107
3,589	Innovation and Resources	3,655
524	Community Engagement Health & Wellbeing	318
684	Housing, Heritage and Leisure	754
1,243	District and High Street Development	1,186
8,218	**Sub Total**	8,522
20,113	Housing Revenue Account	20,940
28,331	**Total income analysed on a segmental basis**	**29,462**

9. Expenditure and Income Analysed by Nature

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

2021/22 £000		2022/23 £000
	Expenditure	
18,611	Employee benefits expenses	19,465
34,108	Other services expenses	32,723
11,261	Depreciation, amortisation, impairment	11,656
4,677	Interest payments	4,553
804	Precepts and levies	826
(141)	Gain / loss on the disposal of assets	(646)
69,320	**Total Expenditure**	**68,577**
	Income	
(28,331)	Fees, charges and other service income	(29,462)
34	Interest and investment income	(1,002)
(12,763)	Income from council tax and non-domestic rates	(14,351)
(27,448)	Government grants and contributions	(19,779)
(68,508)	**Total Income**	**(64,594)**
812	**Surplus or Deficit on the Provision of Services**	**3,983**

10. Revenue from Contracts with Service Recipients

The Council exposure to this area is only in relation to a limited number of areas. These are:

a) Planning fees
b) Land charges fees
c) Building control

These amounts occur due to timings from receipt of monies to processing of application. There are no contract assets or liabilities held for either 2022/23 or 2021/22.

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:

2021/22 £000		2022/23 £000
82	Revenue from contracts with service recipients	78
82	**Total Included in Comprehensive Income and Expenditure Statement**	**78**

Amounts included in the Balance Sheet for contracts with service recipients:

2021/22 £000		2022/23 £000
82	Receivables, which are included within debtors (note 22)	78
82	**Total Included in Net Assets**	**78**

The value of revenue that is expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the year is:

31 March 2022 £000		31 March 2023 £000
82	Not later than one year	78
-	Later than one year	-
82	**Amounts of transaction price, partially or fully unsatisfied**	**78**

11. Adjustments Between Accounting Basis And Funding Basis Under Regulations

This note details the adjustments that are made to the Comprehensive Income and Expenditure Account recognised by the Council in 2022/23 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

The General Fund is the statutory fund into which all the receipts of an authority 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 (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Housing Revenue Account Balance

The Housing Revenue Account (HRA) Balance 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 as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which 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 Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside 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.

Capital Grants Unapplied

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

2022/23	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Movement in Unusable Reserves £000
	Usable Reserves						
Adjustments to the Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
o Pension costs (transferred to / (or from) the Pensions Reserve)	(1,257)	(22)				(1,279)	1,279
o Council Tax and NDR (transfer to / (or from) Collection Fund)	2,920					2,920	(2,920)
o Holiday pay (transferred to the Accumulated Absences Reserve)	(16)	24				8	(8)
o Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account	(2,399)	(9,383)			(86)	(11,868)	11,868
Total Adjustments to the Revenue Resources	**(752)**	**(9,381)**	**-**	**-**	**(86)**	**(10,219)**	**10,219**
Adjustments between Revenue and Capital Resources							
o Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	24	2,153	(2,177)			-	-
o Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)		(39)	39			-	-
o Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)						-	-
o Posting of HRA resources from revenue to the Major Repairs Reserve		4,887		(4,887)		-	-
o Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	502					502	(502)
o Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	24					24	(24)
Total Adjustments between Revenue and Capital Resources	**550**	**7,001**	**(2,138)**	**(4,887)**	**-**	**526**	**(526)**
Adjustments to Capital Resources							
o Use of Capital Receipts Reserve to finance capital expenditure			672			672	(672)
o Use of the Major Repairs Reserve to finance capital expenditure				3,195		3,195	(3,195)
o Application of capital grants to finance capital expenditure					1,251	1,251	(1,251)
o Cash payments in relation to deferred capital receipts			(6)			(6)	6
Total Adjustments to Capital Resources	**-**	**-**	**666**	**3,195**	**1,251**	**5,112**	**(5,112)**
Total Adjustments	**(202)**	**(2,380)**	**(1,472)**	**(1,692)**	**1,165**	**(4,581)**	**4,581**

2021/22	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Movement in Unusable Reserves
	Usable Reserves						
	£000	£000	£000	£000	£000	£000	£000
Adjustments to the Revenue Resources							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
o Pension costs (transferred to / (or from) the Pensions Reserve)	(1,730)	(209)				(1,939)	1,939
o Council Tax and NDR (transfer to / (or from) Collection Fund)	2,950					2,950	(2,950)
o Holiday pay (transferred to the Accumulated Absences Reserve)	(11)	(6)				(17)	17
o Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account	86	(8,490)			(2,305)	(10,709)	10,709
Total Adjustments to the Revenue Resources	**1,295**	**(8,705)**	**-**	**-**	**(2,305)**	**(9,715)**	**9,715**
Adjustments between Revenue and Capital Resources							
o Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	180	2,156	(2,336)			-	-
o Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(1)	(42)	43			-	-
o Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)		(523)	523			-	-
o Posting of HRA resources from revenue to the Major Repairs Reserve		4,310		(4,310)		-	-
o Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	518	11				529	(529)
o Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	455	-				455	(455)
Total Adjustments between Revenue and Capital Resources	**1,152**	**5,912**	**(1,770)**	**(4,310)**	**-**	**984**	**(984)**
Adjustments to Capital Resources							
o Use of Capital Receipts Reserve to finance capital expenditure			1,754			1,754	(1,754)
o Use of the Major Repairs Reserve to finance capital expenditure				3,899		3,899	(3,899)
o Application of capital grants to finance capital expenditure					105	105	(105)
o Cash payments in relation to deferred capital receipts						-	-
Total Adjustments to Capital Resources	**-**	**-**	**1,754**	**3,899**	**105**	**5,758**	**(5,758)**
Total Adjustments	**2,447**	**(2,793)**	**(16)**	**(411)**	**(2,200)**	**(2,973)**	**2,973**

12. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2022/23.

	Balance at 31 March 2021 £000	Transfer out 2021/22 £000	Transfers in 2021/22 £000	Balance at 31 March 2022 £000	Transfer out 2022/23 £000	Transfers in 2022/23 £000	Balance at 31 March 2023 £000
General Fund							
Revenue							
General	7,542	(986)	1,764	8,320	(1,643)	2,955	9,632
Section 106	4,032	(559)	278	3,751	(155)	281	3,877
Commuted Sums	553	(47)	-	506	(64)	41	483
Grants	1,709	127	285	2,121	(190)	470	2,401
Business Rates Reserve	6,447	(6,447)	3,631	3,631	(3,631)	462	462
Sub Total	**20,283**	**(7,912)**	**5,958**	**18,329**	**(5,683)**	**4,209**	**16,855**
Capital							
RCCO	15	-	-	15			15
Capital	3,800	(510)	120	3,410	(160)	(1,118)	2,132
Sub Total	**3,815**	**(510)**	**120**	**3,425**	**(160)**	**(1,118)**	**2,147**
General Fund Sub Total	**24,098**	**(8,422)**	**6,078**	**21,754**	**(5,843)**	**3,091**	**19,002**
HRA							
Housing	1,918	-	86	2,004	(106)	103	2,001
RCCO	9,112	-	1,397	10,509	-	681	11,190
HRA Sub Total	**11,030**	**-**	**1,483**	**12,513**	**(106)**	**784**	**13,191**
Total Revenue Reserves	**35,128**	**(8,422)**	**7,561**	**34,267**	**(5,949)**	**3,875**	**32,193**

General Reserves relate to monies earmarked for future superannuation increases, building maintenance, internal leasing and IT, insurance liabilities and future budget support.

The Business Rates Reserve balance is not available for general use. This represents the Council's share of the deficit on the Collection Fund for 2022/23. This reserve has been set aside to absorb the timing difference in accounting for collection fund balances.

13. Other Operating Expenditure

2021/22 £000		2022/23 £000
797	Parish council precepts	819
(663)	(Gains)/Losses on the disposal of non-current assets:	(646)
7	Levies	7
523	Pooling of Capital Receipts	-
664	**Total**	**180**

14. Financing and Investment Income and Expenditure

2021/22 £000		2022/23 £000
3,261	Interest Payable & Similar Charges	3,255
(2,742)	Net interest on the net defined benefit liability (asset)	(4,068)
4,157	Remeasurements of the net defined benefit liability/(asset)	5,366
34	Interest Receivable and similar income	(1,002)
(2)	Investment properties changes in fair value	(24)
(82)	Income and Expenditure in relation to investment properties	(104)
266	(Gain) / loss on trading accounts	203
(181)	Expected credit loss allowance	(151)
4,711	**Total**	**3,475**

15. Taxation and Non Specific Grant Incomes

2021/22 £000		2022/23 £000
(4,484)	Capital grants and contributions	(1,366)
(7,464)	Precepts on the Collection Fund	(7,708)
(5,300)	Non domestic rates	(6,643)
(2,568)	Non ring-fenced government grants	(1,718)
(19,816)	**Total**	**(17,435)**

16. Property, Plant and Equipment

Movements on Balances

Movements in 2022/23	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Leased Plant & Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation									
o at 1 April 2022	230,264	65,286	3,356	1,313	105	241	334	2,207	303,106
o Additions	3,586	184	140					973	4,883
o Revaluation increases/(decreases) recognised in the Revaluation Reserve	15,458	2,613					(138)		17,933
o Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,949)	158							(2,791)
o Derecognition - disposals	(1,484)	(19)							(1,503)
o Derecognition - other	(58)								(58)
o Assets reclassified (to)/from Held For Sale									-
o Other movements in cost or valuation		549						(549)	-
at 31 March 2023	**244,817**	**68,771**	**3,496**	**1,313**	**105**	**241**	**196**	**2,631**	**321,570**
Accumulated Depreciation and Impairment									
o at 1 April 2022	(1,135)	(590)	(2,131)	(1,091)	(13)	-	-	-	(4,960)
o Depreciation charge	(3,322)	(3,474)	(407)	(222)	(4)		(6)		(7,435)
o Depreciation written out to the Revaluation Reserve	2,945	3,389					6		6,340
o Depreciation written out to the Surplus/Deficit on the Provision of Services	63	57							120
o Impairment losses/(reversals) recognised in the Revaluation Reserve									-
o Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services									-
o Derecognition - disposals	29								29
o Derecognition - other	40								40
o Other movements in depreciation and impairment									-
at 31 March 2023	**(1,380)**	**(618)**	**(2,538)**	**(1,313)**	**(17)**	**-**	**-**	**-**	**(5,866)**
Net Book Value									
at 31 March 2023	**243,437**	**68,153**	**958**	**-**	**88**	**241**	**196**	**2,631**	**315,704**
at 31 March 2022	**229,129**	**64,696**	**1,225**	**222**	**92**	**241**	**334**	**2,207**	**298,146**

Movements in 2021/22	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Leased Plant & Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation									
o at 1 April 2021	205,402	59,151	3,057	1,313	105	319	371	3,286	273,004
o Additions	3,657	1,707	322	-	-	-	-	1,790	7,476
o Revaluation increases/(decreases) recognised in the Revaluation Reserve	24,189	3,807	-	-	-	-	40	-	28,036
o Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,978)	(380)	-	-	-	(78)	-	-	(3,436)
o Derecognition - disposals	(1,490)	(124)	-	-	-	-	-	-	(1,614)
o Derecognition - other	(34)		(23)						(57)
o Assets reclassified (to)/from Held For Sale									-
o Other movements in cost or valuation	1,518	1,125	-	-	-	-	(77)	(2,869)	(303)
at 31 March 2022	**230,264**	**65,286**	**3,356**	**1,313**	**105**	**241**	**334**	**2,207**	**303,106**
Accumulated Depreciation and Impairment									
o at 1 April 2021	(850)	(418)	(1,775)	(870)	(9)	-	-	-	(3,922)
o Depreciation charge	(2,985)	(3,353)	(379)	(221)	(4)	-	(5)	-	(6,947)
o Depreciation written out to the Revaluation Reserve	2,682	3,181	-	-	-	-	5	-	5,868
o Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
o Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
o Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
o Derecognition - disposals	16	-	-	-	-	-	-	-	16
o Derecognition - other	2	-	23	-	-	-	-	-	25
o Other movements in depreciation and impairment	-	-	-	-	-	-	-	-	-
at 31 March 2022	**(1,135)**	**(590)**	**(2,131)**	**(1,091)**	**(13)**	**-**	**-**	**-**	**(4,960)**
Net Book Value									
at 31 March 2022	**229,129**	**64,696**	**1,225**	**222**	**92**	**241**	**334**	**2,207**	**298,146**
at 31 March 2021	**204,552**	**58,733**	**1,282**	**443**	**96**	**319**	**371**	**3,286**	**269,082**

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings - 75 years
- Council Dwellings components - 7.5 to 20 years
- Other Land and Buildings - 1 to 65 years
- Vehicles - 5 to 6 years
- Equipment - 5 to 7 years
- Infrastructure Assets - 25 years

Capital Commitments

At 31 March 2023 the Council held contracts for the construction or enhancement of Property, Plant and Equipment in 2022/23 and future years budgeted to cost £19,900,000. This included £19,200,000 for HRA Kitchen and Bathroom replacements and £580,000 External Envelope works. Similar commitments as at 31 March 2022 were £50,600.

Valuation Information

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Land and Buildings are subject to detailed valuation every 5 years.

The valuations are carried out by the external valuer, Lambert Smith Hampton (Director TD Sandford BSc MRICS).

The Housing Revenue fixed assets valuations were completed by Mrs R. Holland Dip, Est. Man. M.R.I.C.S who is employed by the Council.

For operational properties, valuations have been arrived at by reference to one of the following bases of valuation:

- Market Value for Existing Use (MVEU) where there is sufficient market evidence of market transactions for that use;
- Depreciated Replacement Cost (DRC) where the asset is of a specialised nature or where there is no evidence of market value of suitable comparable properties;
- Non-operational properties have been valued on an open market basis;
- The valuation of the housing stock has been undertaken on the basis of Existing Use Value - Social Housing. The Council have now used the DCLG value reduction on social housing which is a discount rate of 60%.

The significant assumptions applied in estimating the fair values are:

- The apportionment between land and buildings has been undertaken in accordance with RICS Valuation Standards by deducting the value of the land for existing use from the valuation with the residual sum being the depreciable amount attributable to the building.
- In the appraisal of useful life regard is had to the Council's continuing use of the asset being equal to the physical and economic life of the building assuming a programme of reasonable maintenance.

As set out above the Council undertakes an annual review of all assets to ensure not materially mistated which it will do again for the 31 March 2023.

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Leased Plant & Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets under construction £000	Total Property, plant and Equipment £000
Carried at historical cost	-	-	958	-	88	241		2,631	3,918
valued at fair value as at :									
31 March 2019		3,967							3,967
31 March 2020		2,803							2,803
31 March 2021		2,141							2,141
31 March 2022		1,535							1,535
31 March 2023	243,437	57,707					196		301,340
Total Cost or Valuation	**243,437**	**68,153**	**958**	**-**	**88**	**241**	**196**	**2,631**	**315,704**

17. Heritage Assets

Heritage Assets are held by the authority of £296,000 comprising Civic Regalia (£35,000) and Exhibits (£261,000). There were no changes to these values in either 2022/23 or 2021/22.

18. Investment Properties

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

2021/22 £000		2022/23 £000
82	Rental Income from Investment Property	104
82	**Net Gain / (loss)**	**104**

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

The following table summarises the movement in the fair value of investment properties over the year:

2021/22 £000		2022/23 £000
1,186	Balance at start of the year	1,188
2	Net gains / (loss) from fair value adjustments	24
1,188	**Balance at end of year**	**1,212**

Fair Value Measurement of Investment Property

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

The fair value of the properties is based on Level 2 inputs in the fair value hierarchy. These have been based on the market approach using current market conditions and recent sales prices (where available to the market) and other relevant information for similar assets in the local authority area.

There have been no transfers between levels of the fair value hierarchy and valuation techniques from those used in 2021/22.

The fair value of the Council's investment properties is measured annually at each reporting date. All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

19. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets currently relate only to purchased licences as the Council does not currently have any internally generated intangible assets.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The carrying amount of intangible assets is amortised on a straight-line basis.

Due to the low value of the Council's intangible asset amortisation a detailed disclosure of where the charge is made to the Comprehensive Income and Expenditure Account is not provided.

The movement on purchased Intangible Asset balances during the year is as follows:

2021/22 Total £000		**2022/23 Total £000**
	Balance at start of year:	
578	Gross carrying amounts	927
(569)	Accumulated amortisation	(578)
9	**Net carrying amount at start of year**	**349**
	Additions:	
349	Purchases	-
(9)	Amortisation for the period	(35)
349	**Net carrying amount at end of year**	**314**
	Comprising:	
927	Gross carrying amounts	927
(578)	Accumulated amortisation	(613)
349		**314**

The table below shows the amortisation profile of the intangible assets.

Carrying Amount 31 March 2022 £000		**Carrying Amount 31 March 2023 £000**
	Remaining Amortisation Period	
	1 Year	-
	9 Years	314
349	10 Years	
349		**314**

The Council revalues intangible assets where there is an active market, however it is currently considered that there is no active market for the software held and they have consequently not been revalued.

20. Financial Instruments

Categories of Financial Instruments

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

Financial Assets	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022 Total	31 March 2023 Total
	Non-current				Current					
	Investments		Debtors		Investments		Debtors			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Amortised cost:										
Short Term Investments					22,019	7,517			**22,019**	**7,517**
Cash & Cash Equivalents					37,750	50,698			**37,750**	**50,698**
Long Term Debtors			57	51					**57**	**51**
Trade Debtors							2,926	3,934	**2,926**	**3,934**
Total financial assets	**-**	**-**	**57**	**51**	**59,769**	**58,215**	**2,926**	**3,934**	**62,752**	**62,200**
Non-financial assets	-	-	-	-	-	-	3,835	6,099	**3,835**	**6,099**
Total	**-**	**-**	**57**	**51**	**59,769**	**58,215**	**6,761**	**10,033**	**66,587**	**68,299**

Financial Liabilities	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022 Total	31 March 2023 Total
	Non-current				Current					
	Borrowings		Creditors		Borrowings		Creditors			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Amortised cost										
Trade Creditors	-	-	-	-	-	-	4,173	4,503	**4,173**	**4,503**
Finance Lease	-	-	-	-	-	-	223	-	**223**	**-**
Long Term Creditors	-	-	14	10	-	-	-	-	**14**	**10**
Borrowing Accrued Interest	-	-	-	-	326	326	-	-	**326**	**326**
Long Term Borrowing	81,605	81,605	-	-	-	-	-	-	**81,605**	**81,605**
Total financial liabilities	**81,605**	**81,605**	**14**	**10**	**326**	**326**	**4,396**	**4,503**	**86,341**	**86,444**
Non-financial liabilities	-	-	-	-	-	-	14,371	9,361	14,371	9,361
Total	**81,605**	**81,605**	**14**	**10**	**326**	**326**	**18,767**	**13,864**	**100,712**	**95,805**

Reclassifications

There were no reclassifications during 2022/23.

Financial Instruments 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:

Income, Expense, Gains and Losses

	2021/22		2022/23	
	Surplus or Deficit on the Provision of Services £000	**Other Comprehensive Income and Expenditure £000**	**Surplus or Deficit on the Provision of Services £000**	**Other Comprehensive Income and Expenditure £000**
Interest Revenue:				
Financial assets measured at amortised cost	(71)	-	(1,237)	-
Total interest Revenue	**(71)**	**-**	**(1,237)**	**-**
Interest Expense	**3,249**	**-**	**3,249**	**-**
(Surplus) / deficit arising on revaluation of financial assets in Other comprehensive Income	**-**	**-**	**-**	**-**
Net (gain)/loss for the year	**3,178**	**-**	**2,012**	**-**

Changes in the Valuation Technique

There has been no change in the valuation technique used during the year for the financial instruments.

The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value disclosures are required)

All of the Council's financial assets and liabilities have been classified as and are held in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- For loans from the PWLB, new loan borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer as an alternative this value is also disclosed.
- For loans receivable, prevailing benchmark rates have been used to provide the fair value;
- No early repayment or impairment is recognised
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Mark to Model Valuation for Financial Instruments

All the financial assets are classed at amortised cost and held with Money Market Funds and Notice Accounts. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, the Council has used a financial model valuation provided by Link Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future at todays terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. The Council's accounting policy is to use new borrowing rates to discount the future cash flows.

The fair values calculated are as follows:

31 March 2022 Carrying Amount £000	31 March 2022 Fair Value £000	Financial Liabilities	31 March 2023 Carrying Amount £000	31 March 2023 Fair Value £000
81,931	106,573	PWLB Debt	81,931	73,100
4,173	4,173	Trade Payables	4,503	4,503
223	223	Short Term Creditor - Finance Lease	-	-
14	14	Long Term Creditors	10	10
86,341	**110,983**	**Total Financial Liabilities**	**86,444**	**77,613**

The fair value of liabilities is lower than the carrying amount because the Council's portfolio of loans includes a fixed rate loan where the interest payable is lower than the rates available for similar loans in the market place at 31 March 2023. This shows a notional gain (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders below market rates.

The fair value of Public Works Loan Boards of £73.100m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the balance sheet date. The difference between the carrying amount and the fair value measures the reduced interest that the authority will pay over the remaining terms of the loan under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

As the Council has a continued ability to borrow at concessionary rates from the PWLB rather than the market, the fair value calculated at premature repayment rate to reflect the interest that would be charged including a penalty charge for penalty interest would be £85.477m.

31 March 2022 Carrying Amount £000	31 March 2022 Fair Value £000	Financial Assets	31 March 2023 Carrying Amount £000	31 March 2023 Fair Value £000
22,019	22,006	Fixed Term Deposits	7,517	7,517
37,750	37,750	Cash & Cash Equivalents	50,698	50,698
57	57	Long Term Debtors	51	51
2,926	2,926	Trade Receivables	3,934	3,934
62,752	**62,739**	**Total Financial Assets**	**62,200**	**62,200**

There is no difference in Fixed term deposits held as all are for less than 1 year and are therefore carried at deposit plus accrued interest.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

21. Inventories

The Council carries stock as consumable stores and maintenance materials and the balance carried is not material, therefore detailed disclosure notes of movements are not required. At 31 March 2023 the balance of stocks held was £162,000, an increase of £21,000 from the previous financial year.

22. Debtors

Short Term Debtors

31 March 2022 £000		31 March 2023 £000
644	Central Government	824
2,926	Trade Debtors	3,934
404	Pre Payments	544
1,472	Local taxation - Council Tax	3,897
995	Local taxation - NNDR	426
320	Other Receivables	408
6,761		**10,033**

The balances detailed above are net of impairment allowances. The amount of impairment allowance per category is set out below:

31 March 2022 £000		31 March 2023 £000
(866)	Trade receivables	(920)
(830)	Local taxation - Council Tax	(858)
(593)	Local taxation - NNDR	(630)
(2,716)	Other receivable amounts	(2,472)
(5,005)		**(4,880)**

The balances below set out the debtors for Local Taxation gross of any impairment allowance.

Debtors for Local Taxation - Council Tax

31 March 2022 £000		31 March 2023 £000
150	Less than three months	364
107	Three to six months	144
249	Six months to one year	42
728	More than one year	822
1,234		**1,372**

Debtors for Local Taxation - NNDR

31 March 2022 £000		31 March 2023 £000
348	Less than three months	479
280	Three to six months	224
17	Six months to one year	31
395	More than one year	322
1,040		**1,056**

23. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2022 £000		31 March 2023 £000
	Current Assets	
37,509	Cash equivalents held by the Council	49,441
238	Bank current accounts	1,251
3	Cash held by the Council	6
37,750	**Total Cash and Cash Equivalents**	**50,698**

24. Assets Held For Sale

There were no Assets held for sale as at 31 March 2023 (31 March 2022 nil).

25. Short Term Creditors

31 March 2022 £000		31 March 2023 £000
13,520	Central Government	7,608
180	Local taxation - Council Tax	197
555	Local taxation - NNDR	1,371
4,173	Trade payables	4,503
338	Other payables	185
18,766		**13,864**

26. Provisions

(i) **Current Liabilities**

There are no short term provisions as at 31 March 2023 (2021/22 £nil).

(ii) **Long Term Liabilities**

	Insurance	Business Rates Appeals	Total
	£000	£000	£000
Balance at 1 April 2022	**193**	**2,486**	**2,679**
Additional provisions	50	424	**474**
Amounts used in 2022/23	(44)	(742)	**(786)**
Balance at 31 March 2023	**199**	**2,168**	**2,367**

The balance at 31 March 2023 of £2,168,000 reflects the Council's share of the provision for business rates appeals. The business rates provision is an estimate as detailed in note 4 to the accounts. It is included within long term liabilities as there is uncertainty on timing and amount.

27. Usable Reserves

31 March 2022 £000		31 March 2023 £000
(1,419)	General Fund Balance	(1,942)
(1,833)	HRA Balance	(1,983)
	Earmarked Reserves:	
(21,754)	General Fund	(19,002)
(12,513)	Housing Revenue Account	(13,191)
(10,184)	Capital Receipts Reserve	(11,656)
(4,771)	Capital Grants Unapplied	(3,606)
(6,870)	Housing Revenue Account - Major Repairs Reserve	(8,562)
(59,344)	**Total Usable Reserves**	**(59,942)**

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 11 and 12.

28. Unusable Reserves

31 March 2022 £000		31 March 2023 £000
(139,422)	Revaluation Reserve	(159,564)
(68,773)	Capital Adjustment Account	(66,680)
49,552	Pensions Reserve	7,244
(57)	Deferred Capital Receipts Reserve	(51)
3,564	Collection Fund Adjustment Account	644
177	Accumulated Absences Account	169
(154,959)	**Total Unusable Reserves**	**(218,238)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from the 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, or
- disposed of and the gains are realised.

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

	2021/22 £000			2022/23 £000
	(109,763)	**Balance at 1 April**		**(139,422)**
(33,969)		Upward revaluation of assets	(25,534)	
65		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	1,262	
	(33,904)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(24,272)
4,197		Difference between fair value depreciation and historical cost depreciation	4,130	
48		Accumulated gains on assets sold or scrapped	-	
	4,245	Amount written off to the Capital Adjustment Account		4,130
	(139,422)	**Balance at 31 March**		**(159,564)**

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 11 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2021/22 £000			2022/23 £000
	(68,498)	**Balance at 1 April**		**(68,773)**
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
10,385		Charges for depreciation and impairment of non-current assets	10,106	
9		Amortisation of Intangible Assets	35	
871		Revenue Expenditure Funded from Capital Under Statute	1,538	
1,629		Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	1,492	
(2)		Fair Value of Investment Property	(24)	
	12,892			13,147
	(4,245)	Adjusting amounts written out of the Revaluation Reserve		(4,130)
	(59,851)	Net written out amount of the cost of non-current assets consumed in the year		(59,756)
		Capital financing applied in the year:		
(1,754)		Use of the Capital Receipts Reserve to finance new capital expenditure	(672)	
(3,899)		Use of the Major Repairs Reserve to finance new capital expenditure	(3,195)	
(2,180)		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,280)	
(105)		Application of grants to capital financing from the Capital Grants Unapplied Account	(1,251)	
(529)		Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(502)	
(455)		Capital expenditure charged against the General Fund and HRA balances	(24)	
	(8,922)			(6,924)
	(68,773)	**Balance at 31 March**		**(66,680)**

Pensions Reserve

The Pensions Reserve absorbs the timing difference 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 pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2021/22 £000		2022/23 £000
74,724	**Balance at 1 April**	**49,552**
(27,111)	Remeasurements of the net defined benefit liability/(asset)	(43,587)
6,652	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	6,350
(4,713)	Employers pensions contributions and direct payments to pensioners payable in the year	(5,071)
49,552	**Balance at 31 March**	**7,244**

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.

2021/22 £000		2022/23 £000
(57)	**Balance at 1 April**	**(57)**
-	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	6
(57)	**Balance at 31 March**	**(51)**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2021/22 £000		2022/23 £000
6,514	**Balance at 1 April**	**3,564**
(134)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	249
(2,816)	Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	(3,169)
3,564	**Balance at 31 March**	**644**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2021/22 £000			2022/23 £000
	161	**Balance at 1 April**		**177**
(161)		Settlement or cancellation of accrual made at the end of the preceding year	(177)	
177		Amounts accrued at the end of the current year	169	
	16	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(8)
	177	**Balance at 31 March**		**169**

29. Cash flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2021/22 £000		2022/23 £000
(63)	Interest received	(1,154)
3,156	Interest paid	3,255

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2021/22 £000		2022/23 £000
	Adjust Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	
(6,947)	Depreciation	(7,435)
(3,436)	Impairment and downward valuations	(2,671)
(9)	Amortisation	(35)
145	Increase / (decrease) in impairments for bad debts	125
(5,876)	Increase / (decrease) in Creditors	9,733
(583)	Increase / (decrease) in Debtors	1,646
43	Increase / (decrease) in Stock	21
(4,519)	Movement in pension liability	(4,142)
(1,629)	Carrying amount of non-current assets sold or derecognised	(1,492)
(562)	Other non-cash items charged to the net surplus or deficit on the provision of services	336
(23,373)		**(3,914)**

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2021/22 £000		2022/23 £000
	Adjust for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	
2,336	Capital grants credited to Surplus / Deficit on the Comprehensive Income and Expenditure Statement	2,177
4,485	Proceeds from the sales of Plant, Property and Equipment, Investment Property and Intangible Assets	1,366
6,821		**3,543**

30. Cash flow Statement - Investing Activities

2021/22 £000		2022/23 £000
7,738	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	4,649
43,500	Purchase of short-term and long-term investments	34,500
(2,336)	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(2,183)
(31,000)	Proceeds from short-term and long-term investments	(49,000)
(7,528)	Capital grants and income from discounts	(1,626)
10,374	**Net cash flows from investing activities**	**(13,660)**

31. Cash flow Statement - Financing Activities

2021/22 £000		2022/23 £000
231	Cash payments for the reduction of the outstanding liabilities relating to finance leases	227
11	Repayment of short and long term borrowing	-
(1,688)	Billing authority - Council Tax and NNDR adjustments	(3,127)
(1,446)	**Net cash flows from financing activities**	**(2,900)**

Reconciliation of Liabilities Arising from Financing Activities

			Non-cash changes		
	1 April 2022 £000	Financing cash flows £000	Acquisition £000	Other non cash changes £000	31 March 2023 £000
Long term borrowings	81,605				81,605
Short term borrowings	-				-
Lease liabilities	237	(227)			10
Total liabilities from financing activities	**81,842**	**(227)**	**-**	**-**	**81,615**

			Non-cash changes		
	1 April 2021 £000	Financing cash flows £000	Acquisition £000	Other non cash changes £000	31 March 2022 £000
Long term borrowings	81,616	(11)			81,605
Short term borrowings	-				-
Lease liabilities	472	(231)		(4)	237
Total liabilities from financing activities	**82,088**	**(242)**	**-**	**(4)**	**81,842**

32. Acquired and Discontinued Operations

There are no significant operations which were acquired or discontinued during the year.

33. Agency Services

The Council undertook distribution of Ukraine payments on behalf of Staffordshire County Council.

34. Members Allowances

Members allowances paid during 2022/23 totalled £353,985.66 (2021/22 £365,402.82). Further details are available on the Council's website.

35. Officers Remuneration

The remuneration paid to the Council's senior employees is as follows:

Senior Officers emoluments 2022/23 - salary is between £50,000 and £150,000 per year

Post Title	Salary, Fees and Allowances £	Benefits in Kind £	Pension Contribution £	Total £
S151 Officer and Deputy Chief Executive	27,997	303	5,044	33,344
Head of Environment & Healthy Lifestyles	68,721	963	12,017	81,701
Head of Economic Prosperity	72,504	963	12,708	86,175
Head of Governance & Corporate Services	84,145	963	14,837	99,945
Head of Housing & Partnerships	72,504	963	12,753	86,220
	325,871	**4,155**	**57,359**	**387,385**

The Council had a Head of Finance post which was temporaily covered by agency until the end of November 2022 this post was then recruited to in December 2022 permanently with a revised role as a S151 Officer and Deputy Chief Executive.

The Council operates a number of shared services with Stafford Borough Council which operate on the basis of a lead authority. The posts set out below are responsible for the provision of services to the recipient authority:-

Post	Lead Authority	Recipient Authority
S151 Officer and Deputy Chief Executive	Cannock Chase District Council	Stafford Borough Council
Head of Governance & Corporate Services	Cannock Chase District Council	Stafford Borough Council

In addition the Council also receives services from Stafford Borough Council for provision of services to the recipient authority:-

Post	Lead Authority	Recipient Authority
Chief Executive	Stafford Borough Council	Cannock Chase District Council
Head of Human Resources	Stafford Borough Council	Cannock Chase District Council
Head of Law & Administration	Stafford Borough Council	Cannock Chase District Council
Head of Technology	Stafford Borough Council	Cannock Chase District Council

Senior Officers emoluments 2021/22 - salary is between £50,000 and £150,000 per year

Post Title		Salary, Fees and Allowances £	Benefits in Kind £	Pension Contribution £	Total £
Interim Head of Finance	(i)	57,441	845	9,819	68,105
Interim Head of Environment & Healthy Lifestyles	(ii)	51,372	803	9,047	61,222
Head of Economic Prosperity		70,579	-	12,457	83,036
Head of Governance & Corporate Services		75,182	-	13,120	88,302
Head of Housing & Partnerships		70,579	963	12,385	83,927
		325,153	**2,611**	**56,828**	**384,592**

The Council had an interim Chief Executive for four months in 2021/22 whilst recruiting for a permanent appointment. The decision was made in 2021/22 to share Stafford Council's Chief Executive on a Shared Services basis.

(i) The Interim Head of Finance was in post until February 2022 after which the post was temporarily covered by agency.

(i) The Interim Head of Environment & Healthy Lifestyles started in post in July 2021.

The Council operates a number of shared services with Stafford Borough Council which operate on the basis of a lead authority. The posts set out below are responsible for the provision of services to the recipient authority:-

Post	Lead Authority	Recipient Authority
Interim Head of Finance	Cannock Chase District Council	Stafford Borough Council
Head of Governance & Corporate Services	Cannock Chase District Council	Stafford Borough Council

In addition the Council also receives services from Stafford Borough Council for provision of services to the recipient authority:-

Post	Lead Authority	Recipient Authority
Chief Executive	Stafford Borough Council	Cannock Chase District Council
Head of Human Resources	Stafford Borough Council	Cannock Chase District Council
Head of Law & Administration	Stafford Borough Council	Cannock Chase District Council
Head of Technology	Stafford Borough Council	Cannock Chase District Council

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22 £000	2022/23 £000
£0 - £20,000	1	1	1	1	2	2	12	12
£20,001 - £40,000	-	-	-	1	-	1	-	21
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,001+	-	-	-	-	-	-	-	-
TOTAL	**1**	**1**	**1**	**2**	**2**	**3**	**12**	**33**

36. External Audit Costs

The auditors for 2022/23 financial year were appointed by the PSAA (Public Sector Audit Appointments).
The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and non-audit services provided by the Council's external auditors:

2021/22 £000		2022/23 £000	
67	Fees payable to the Grant Thornton with regard to external audit services carried out by the appointed auditor	77	(i)
27	Fees payable to the Grant Thornton for the certification of grant claims and returns for the year	29	(ii)
(8)	Rebate from the Public Sector Audit Appointments during the year	-	
86	**Total**	**106**	

(i) This includes a scale fee for 22/23 of £47,625 and a variation fee for 21/22 of £29,101.

(ii) This relates to grant fees in respect of the 21/22 certification of grant fees.

37. Grant Income & Precepts on the Collection Fund

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22:

2021/22 £000	**Credited to Taxation and Non Specific Grant Income**	2022/23 £000
7,464	Precepts On The Collection Fund	7,708
5,299	NNDR	6,643
1,417	New Homes Bonus	1,273
139	Other general grants	96
4,221	Capital Grants-General Fund	1,366
263	Capital Grants-HRA	-
221	Sales Fees and Charges Support Grant	-
-	Services Grant	210
130	Lower tier grant	139
121	Council Tax Support	-
541	Covid 19 LA Support Grant	-
19,816	**Total**	**17,435**
	Credited to Services	
8,499	Rent Allowances	7,843
7,652	Housing Benefit Subsidy	7,346
244	Housing Benefit Admin Grant	240
134	Cost Of Collection Allowance	138
122	DCLG Local Council Tax Scheme Grant	121
112	Discretionary Housing Payments	81
-	Council tax rebate new burdens	61
254	Homelessness Prevention	302
85	Rough Sleeper Grant	55
-	Local Taxation (Grant Fund)	108
38	Elections	3
-	UK Shared Prosperity Fund	78
-	Levelling Up Fund	80
2,411	ARG	-
140	Contain Outbreak Management Fund	-
211	National Leisure Recovery Fund	-
147	Reopening High Streets Safely	-
156	Levelling Up Fund	-
190	Other grants	239
20,395	**Total**	**16,695**

The other grants lines shown in the table above includes all grants received less than £50,000 each as these have not been identified separately.

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:

(i) **Current Liabilities**

31 March 2022 £000		31 March 2023 £000
	Revenue Grants Receipts in Advance	
330	Section 106 Developers Revenue Contributions	336
330	**Total**	**336**
	Capital Grants Receipts in Advance	
1,994	Section 106 Developers Capital Contributions	2,056
1,994	**Total**	**2,056**

The Council does not hold a donated assets account.

38. Related Parties

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

Central Government
Central government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 37 Grant Income and Precepts on the Collection Fund.

Members
Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2022/23 is shown in Note 34. Details of Members' interests are recorded in the Register of Members' Interest maintained by the Council. During 2022/23 there were no significant works and services commissioned from companies in which members had an interest.

Officers
During 2022/23 there were no significant works or services commissioned from companies in which senior officers had an interest.

Other Public Bodies (subject to common control by central government)
There are no transactions with other public bodies in 2022/23 that are required to be disclosed.

Entities Controlled or Significantly Influenced by the Council
As part of the shared services with Stafford Borough Council, Cannock Chase District Council paid £1.372 million for Stafford Borough Council hosted services and received £2.697 million for services hosted at Cannock.

39. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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 as assets used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2021/22 £000		2022/23 £000
91,603	**Opening Capital Financing Requirement**	**91,075**
	Capital Investment	
7,476	Property, Plant and Equipment	4,883
46	Intangible Assets	-
871	Revenue Expenditure Funded from Capital under Statute	1,539
	Sources of finance	
(1,754)	Capital receipts	(672)
(2,285)	Government grants and other contributions	(2,531)
(3,899)	Major Repairs Reserve	(3,195)
	Sums set aside from revenue:	
(455)	Direct revenue contributions	(24)
(290)	Minimum Revenue Provision (MRP)	(278)
(10)	Walsall Debt Repayment	-
(228)	Finance Lease Payment	(223)
91,075	**Closing Capital Financing Requirement**	**90,574**
	Explanation of movements in year	
	Increase / (Decrease) in underlying need to borrowing (unsupported by government financial assistance)	
(10)	HRA	-
(518)	General Fund	(501)
(528)	**Increase/(decrease) in Capital Financing Requirement**	**(501)**

40. Leases

Council as Lessee

Financing Lease of Vehicles
The Council has a number of leases for refuse vehicles. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet.

The Council is committed to making minimum lease payments under the lease comprising settlement of the long term liability for the interest in the property acquired by the Council and the 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 March 2022 £000		31 March 2023 £000
223	Current Finance lease Liabilities	-
-	Non Current	
5	Finance costs payable in future years	-
228	**Minimum Lease Payments**	**-**

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

	Minimum lease Payments		Finance Lease Liabilities	
	2021/22	2022/23	2021/22	2022/23
	£000	£000	£000	£000
Not later than one year	228	-	223	-
Later than one year not later than five years	-	-	-	-
Later than five years	-	-	-	-
Minimum Lease Payments	**228**	**-**	**223**	**-**

Operating Lease of Property
The Council has an operating lease of Rugeley Market Hall. The Council owns the freehold of this property.

The future minimum lease payments under non cancellable leases are:

2021/22		2022/23
£000		£000
231	Not later then one year	234
926	Later than one year and not later than five years	936
11,064	Later than five years	10,836
12,221		**12,006**

The expenditure charged to services in the Comprehensive Income and Expenditure Statement during the year in relation to this lease was:

2021/22		2022/23
£000		£000
232	Minimum Lease Payments	232
232		**232**

Finance Lease of Property
The Council has a finance lease of the land at Rugeley Leisure Centre for a period of 50 years from 2004 at a peppercorn rent. The asset acquired under this lease is carried as Other Land and Buildings in the Balance Sheet.

Council as Lessor

Finance Leases
The Council has a finance lease in respect of the Hednesford Gateway scheme where a 250 year lease has been granted on the assets. The Council does not receive any rentals but a premium on the disposal of £720,000 has been received. The Council retains the freehold.

Operating Leases
The Council leases out property and equipment under operating leases for the following purposes:

- for community services through the provision of various premises
- for economic development purposes by providing business premises for rental

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

31 March 2022		31 March 2023
£000		£000
502	Not later than one year	531
1,482	Later than one year and not later than five years	1,384
33,666	Later than five years	33,673
35,650		**35,588**

41. Impairment Losses

As set out in the accounting policy for impairment in note 1 xvii, assets are reviewed at each year end to determine whether there has been any impairment to their value during the year. This not does not relate to valuation changes due to market prices but where assets have had a change in value due other factors such as fire.

As a result of this review there were no impairment losses during 2022/23 (2021/22 £nil)

42. Termination Benefits

The Council terminated the contracts of 3 employees in 2022/23 incurring liabilities of £33,201.74 (£12,000 in 2021/22). See Note 35 for the number of exit packages and total cost per band.

The payments relate to redundancy (£3,637.77) and mutual agreement to termination of employment (£29,563.97).

43. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

The Staffordshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of SCC. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account, the amounts required by statute as described in Note 1 (accounting policies).

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

2021/22 £000		2022/23 £000
	Comprehensive Income and Expenditure Statement	
	Service Cost	
5,234	Current service cost	4,956
3	Past service cost (including curtailments)	96
5,237	**Total Service Cost**	5,052
	Financing and Investment Income and Expenditure	
(2,742)	Interest income on scheme assets	(4,068)
4,157	Interest cost on defined benefit obligation	5,366
1,415	**Total Net Interest**	1,298
6,652	**Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services**	**6,350**
	Remeasurements of the Net Defined Liability Comprising:	
(13,924)	Return on plan assets excluding amounts included in net interest	6,840
(1,142)	actuarial (gains) / losses arising from changes in demographic assumptions	(3,895)
(12,362)	actuarial (gains) / losses arising on changes in financial assumptions	(63,330)
317	Other	16,798
(27,111)	**Total remeasurements recognised in other comprehensive income**	**(43,587)**
(20,459)	**Total Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**(37,237)**
	Movement in Reserves Statement	
(6,652)	reversal of net charges made to the (surplus) or deficit on the provision of Services	(6,350)
4,713	**Employers Contributions Payable to the Scheme**	5,071

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

31 March 2022 £000		31 March 2023 £000
(152,259)	Fair value of employer assets	(142,450)
194,123	Present value of funded liabilities	145,804
4,825	Present value of unfunded liabilities	3,890
46,689	**Net Liability arising from the Defined Benefit Obligation**	**7,244**

Reconciliation of the Movements in the Fair Value of Scheme Assets

2021/22 £000		2022/23 £000
138,764	**Opening fair value of scheme assets**	**152,259**
2,742	Interest income	4,068
	Remeasurement gain/(loss)	
13,924	Return on plan assets excluding the amounts included in net interest	(6,840)
-	Other	(4,064)
2,133	Contributions from employer	2,208
675	Contributions from employees into the scheme	714
(5,979)	Benefits paid	(5,895)
152,259	**Closing Fair Value of Scheme Assets**	**142,450**

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

2021/22 £000		2022/23 £000
208,045	**Opening fair value of scheme liabilities**	**198,948**
5,234	Current service cost	4,956
4,157	Interest cost	5,366
675	Contributions from scheme participants	714
	Remeasurement (gains)/losses:	
(1,142)	Actuarial (gains)/losses arising from changes in demographic assumptions	(3,895)
(12,362)	Actuarial (gains)/losses arising from changes in financial assumptions	(63,330)
317	Other	12,734
3	Past service cost	96
(5,979)	Benefits paid	(5,895)
198,948	**Closing Fair Value of Scheme Liabilities**	**149,694**

Local Government Pension Scheme Assets comprised:

	Period Ended 31 March 2022				Period Ended 31 March 2023			
	Quoted Prices in Active Markets £000	Quoted Prices not in Active Markets £000	Total £000	Percentage Total of Asset £000	Quoted Prices in Active Markets £000	Quoted Prices not in Active Markets £000	Total £000	Percentage Total of Asset £000
Equity Securities								
Consumer	5,126	-	5,126	3%	4,796		4,796	3%
Manufacturing	4,183	-	4,183	3%	3,914		3,914	3%
Energy and utilities	1,149	-	1,149	1%	1,075		1,075	1%
Financial Institutions	5,456	-	5,456	4%	5,105		5,105	4%
Health and Care	5,762	-	5,762	4%	5,390		5,390	4%
Information Technology	6,626	-	6,626	4%	6,199		6,199	4%
Other	-	-	-	0%	-		-	0%
Debt Securities								
Corporate Bonds investment grade	8,945	-	8,945	6%	8,368		8,368	6%
Private Equity								
All	-	7,544	7,544	5%		7,058	7,058	5%
Real Estate								
UK Property	-	12,193	12,193	8%		11,408	11,408	8%
Investment Funds and Unit Trusts								
Equities	72,329		72,329	47%	67,670		67,670	47%
Bonds	9,529		9,529	6%	8,915		8,915	6%
Hedge Funds	-	56	56	0%		52	52	0%
Infrastructure	-	406	406	0%		380	380	0%
Other	-	6,987	6,987	5%		6,537	6,537	5%
Cash and Cash Equivalents								
All	**5,968**	**-**	**5,968**	4%	**5,583**	**-**	**5,583**	4%
Total Assets	**125,073**	**27,186**	**152,259**	**100%**	**117,015**	**25,435**	**142,450**	**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 Local Government Pension Scheme liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for SCC operated Fund are based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

2021/22		2022/23
	Mortality assumptions	
	Longevity at 65 for current pensioners:	
21.2	Men	20.7
23.8	Women	24.2
	Longevity at 65 for future pensioners:	
22.2	Men	21.6
25.5	Women	25.9
	Rate of Inflation	
3.60%	**Rate of increase in salaries**	3.50%
3.20%	**Rate of increase in pensions**	3.00%
2.70%	**Rate for discounting scheme liabilities**	4.75%

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 the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is 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, i.e. 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 2021/22.

Change in Assumptions at 31 March 2023	**Approximate % Increase to Employee Liability**	**Approximate Monetary Value**
	%	**£000**
0.1% decrease in real discount rate	1%	2,243
1 year increase in member life expectancy	4%	5,988
0.1% increase in the salary increase rate	0%	265
0.1% increase in the pension increase rate	1%	2,010

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. SCC has agreed a strategy with the scheme's actuary to recoup the past deficit over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed in 2024/25 financial year.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Authority anticipates to pay £4,821,000 expected contributions to the scheme in 2023/24

The weighted average duration of the defined benefit obligation for the funding scheme members is 16 years in 2022/23. (2021/22 18 years).

44. Contingent Liabilities

Municipal Mutual Insurance

Under the Municipal Mutual Insurance Limited Scheme of Arrangement, the Council has a potential claw-back should there be a deficit in the winding up of the company. An initial payment was made in 2013/14 for £63,000 based on a 15% levy notice, in 2015/16 a further creditor provision of £44,897 has been made to increase to a 25% levy. As there is no certainty on the remaining liability this has been left as a contingent liability. It is the view of the Board at the 31 March 2023 that a solvent run off of the Company's business cannot be guaranteed.

45. Contingent Assets

There are no contingent assets at 31 March 2023.

46. Nature and Extent of Risks Arising from Financial Instruments

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

- 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
- market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Overall procedures for managing risks

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks.

Risk management is carried out by a central treasury section, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written 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 & Poors Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The Annual Investment Strategy for 2022/23 was approved by Full Council on 16 February 2022 and is available on the Council's website.

Credit Risk Management Practices

The Council`s credit risk management practices are set out in the Annual Investment Strategy. The key elements are:

- It requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standards & Poors Credit Rating Services.

- sets out maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

This Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three ratings agencies - Fitch, Moodys and Standard and Poors, 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;

- sovereign ratings to select counterparties from only the most creditworthy countries

- Credit Default Swaps spreads to give early warning of likely changes in credit ratings

Customers for goods and services are assessed taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

Due to the nature of the financial assets held by the Council it is considered that the credit risk is low. Set out below is the key overview of financial assets held, an assessment of their credit risk and methodology for calculation of credit loss:

Long Term Debtors
These relate to loans which are a charge on property therefore no credit losses are calculated or defaults and write offs have taken place.

Investments
This category includes Money Market Funds, Fixed Term deposits and Cash held at bank. Recent experience has shown that it is rare for such entities to be unable to meet there commitments. To date there has been no default or write off in relation to this category of financial asset.

Previously loss allowances were not calculated for these instruments. However going forward there will be a calculation for expected credit losses are based on a 12 month expected credit loss based on historical experience of default.

Short Term Debtors
The short term debtors are split into two elements being non financial assets and financial assets. The non financial assets relate to transactions with the Government, Local authorities and statutory debt. For transactions with government and local authorities no loss allowance is calculated on these elements. For statutory debt loss allowance is calculated based on historic experience which has remained unchanged.

The financial assets primarily relate to sundry debtors and capital payments due. The criteria in relation to these assets are set out below:

- The Council's definition of default is that the counterparty has failed to make the payment and all enforcement action has been unsuccessful

- Debts are written off by the Council where the debt is greater than 6 years old, or where all enforcement has been unsuccessful. Debts below £2,500 are authorised by the Head of Finance and above that value by Council.

- In determining the expected credit losses this is based on experience of default and uncollectability over the last five years based on a lifetime expected credit loss model. There has been no material impact of adopting a forward looking model or changes in the estimation technique.

Amounts Arising from Expected Credit Losses

The Council's investments have been assessed and concluded that the expected credit loss is not material therefore no allowances have been made.

A summary of the credit quality of the Council's investments at 31 March 2023 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and uncollectability.

	Lowest Long Term Rating	Principal Balance at 31 March 2023 £000	Historical Experience of Default £000	Estimated maximum exposure to default and uncollect-ability at 31 March 2023 £000
Deposits with Banks and Financial Institutions				
Deutsche MMF *	AAA	9,000		
Aberdeen Standard Investments MMF *	AAA	8,000		
Federated Investors (UK) MMF *	AAA	3,800		
Handelsbanken Plc	AA-	6,000	0.000%	0.004
Morgan Stanley MMF*	AAA	9,000		
Landesbank Hessen-Thueringen Girozentrale (Helaba	A+	4,000	0.000%	0.015
Landesbank Hessen-Thueringen Girozentrale (Helaba	A+	1,500	0.003%	0.045
National Bank of Kuwait (International) Plc	A	4,000	0.002%	0.099
National Bank of Kuwait (International) Plc	A	2,000	0.003%	0.059
Al Rayan Bank Plc	A+	2,000	0.006%	0.111
Al Rayan Bank Plc	A+	4,000	0.021%	0.856
Santander UK Plc	A	3,500	0.022%	0.779
Total		**56,800**		**1.968**

* Money Market Fund

The historic rates of default are from the following agencies as set out below: -

Agency	Years
Fitch	1990 - 2020
Moody's	1983 - 2020
Standard and Poors	1981 - 2020

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

In relation to Expected Credit Losses for debtors, the Council does not generally allow extended credit for customers, but some of the current balance is past its due date for payment.

Trade debtors are based on lifetime expected credit losses. The trade debtors expected credit losses have been calculated based on debt type and recovery stage of debt. The expected credit loss is approximately £233,000. (2021/22 £203,000). The principal reason for increase is a widening of the areas of recovery in the current climate.

Collateral and Other Credit Enhancements

During the period the Council held no collateral as security.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through 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 risk that it will be unable to raise finance to meet its commitments under financial instruments.

All sums owing £56.8m are due to be paid in less than one year.

Refinancing and Maturity Risk

The Council maintains a debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing the 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 central treasury section address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and

- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity of financial liabilities is as follows:

31 March 2022 £000		31 March 2023 £000
326	Less than one year	326
-	Between one and two years	1,400
4,400	Between two and five years	3,000
77,205	More than five years	77,205
81,931		**81,931**

All debtors and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

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

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise

- borrowings at fixed rates - the fair value of the borrowings will fall (no impact on revenue balances)

- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services 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, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus and 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 quoted market price will be reflected in Other Comprehensive Income and Expenditure.

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 planned 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 finance department monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance 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 rates borrowing would be postponed.

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

	£000
Increase in interest payable on variable rate borrowings	
Increase in interest receivable on variable rate investments	600
Impact on Surplus or Deficit on the Provision of Services	**600**
Decrease in fair value of fixed rate investment assets	-
Impact on Other Comprehensive Income and Expenditure	**-**
Increase in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	**(10,293)**

The fair values for fixed assets have been calculated at carrying value as the instruments are held for less than 1 year and the difference in rates is not material.

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

Price Risk

The Council has not invested in any equity shares and therefore has no exposure to price risk.

Foreign Exchange Risk

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

47. Heritage Assets Five Year Summary of Transactions

There have been no acquisitions or disposals of the Council's heritage assets in the five year period ended 31 March 2023.

48. Heritage Assets - Further Information on the Collections

Museum
The Museum of Cannock Chase has a collection of artefacts in relation to local services, industrial and military history along with items relating to the history of toys. The total number of items on display or held in collections is approximately 20,000. The majority of artefacts are held in trust for public benefit.

The Museum operates within the terms required by Museum Accreditation. The Collections Management Policy for the Museum provides guidance on preservation and management of artefacts. The Museum also holds a manual governing control of documentation concerning artefacts.

Access to artefacts is available to items being on display during the Museum opening hours or by appointment with the Museum Collections Officer for items held in store.

Civic Regalia
The Council's Civic Regalia includes items such as civic chains and items in connection with civic duties. Items are held and governed under Council regulations and procedures governing all Council assets.

49. Trust Funds

The Council as at 31 March 2023 administers two Trust Funds on behalf of third parties which do not form part of the Council's Consolidated Balance Sheet.

The funds are:

- **Benton's Trust**
  To provide a drinking trough for animals and improvements to the public conveniences in or near the Market Place, Cannock.

- **Cannock Park Trust**
  Cannock Park is run by Cannock Chase Council as Trustees for the Cannock Park Trust. The land was placed in Trust in 1930 to be held by the Council for the purpose of providing a public recreation or pleasure ground for the use and benefit of the inhabitants of Cannock Chase Council. All revenue and income accruing from the land is used for the upkeep and maintenance of the land. Income is derived from the various sporting activities undertaken on the land. Expenditure by the Council on grounds maintenance and upkeep exceeds income. The Trust is registered with the Charity Commission.

	Income	Expenditure	Assets	Liabilities
2022/23	**£000**	**£000**	**£000**	**£000**
Benton's Trust	(0.117)	5.610	(3.786)	-
Total	**(0.117)**	**5.610**	**(3.786)**	**-**

	Income	Expenditure	Assets	Liabilities
2021/22	**£000**	**£000**	**£000**	**£000**
Benton's Trust	(0.013)	-	(9.279)	-
Total	**(0.013)**	**-**	**(9.279)**	**-**

50. Deferred Liabilities

This relates to transferred assets loan debt that was part of the Local Government Reorganisation involving the transfer of assets between Aldridge/Brownhills UDC and Cannock Chase Council. The debt is administered by Walsall MBC, there is no outstanding loan as at 31 March 2022 onwards.

2021/22 £000		2022/23 £000
12	Principal and Interest - OLA's	
12		**-**

51. Long Term Borrowing

Balance 31 March 2022 £000	Source Of Loan	Ranges Of Interest Rates Payable %	Balance 31 March 2023 £000
60,745	Public Works Loan Board	3.48 - 3.92	60,745
14,100	Public Works Loan Board	4.05 - 4.97	14,100
1,400	Public Works Loan Board	6	1,400
5,360	Public Works Loan Board	7.375 - 8	5,360
81,605			**81,605**

Balance 31 March 2022 £000	Analysis of Loans by Maturity	Balance 31 March 2023 £000
-	1 to 2 years	1,400
4,400	2 to 5 years	3,000
3,000	5 to 10 years	3,000
74,205	over 10 years	74,205
81,605		**81,605**

52. Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by the Deputy Chief Executive (Resources) on 9/10/24. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT

2021/22 £000		Notes	2022/23 £000
	Income		
19,440	Dwelling rents (gross)		20,244
352	Non-dwelling rents (gross)		363
111	Charges for Service & Facilities		127
209	Contributions towards Expenditure		222
20,112			**20,956**
	Expenditure		
6,131	Repairs and Maintenance		6,661
2,971	Supervision and Management-General		3,057
962	Supervision and Management-Specific		1,040
65	Rents, rates, taxes and other charges		181
7,249	Depreciation and Impairment of non current assets	4	7,891
17,378	**Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement.**		**18,830**
775	HRA share of Corporate and Democratic Core		840
(1,959)	**Net Cost of HRA Services**		**(1,286)**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(610)	(Gain) / Loss on sale of HRA non current assets		(622)
523	Pooling of Capital Receipts		-
3,245	Interest payable and similar charges		3,231
101	Expected Credit Loss Allowance		102
(263)	Capital Grants and Contributions Receivable		-
1,037	**(Surplus) / Deficit for the year on HRA Services**		**1,425**

STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

2021/22 £000		2022/23 £000
1,037	**HRA Income and Expenditure (Surplus) / Deficit**	**1,425**
610	Gain / (Loss) on sale of HRA Non current assets	622
(523)	Pooling of Capital Receipts	-
263	Reversal of Capital Grants & Contributions receivable	-
1,483	Transfer to Reserves	678
(7,249)	Reversal of Depreciation / Impairment Charge	(7,891)
4,310	Transfer to / from Major Repairs Reserve	4,887
11	HRA Principal	-
(209)	Pension Adjustment	(22)
(6)	Holiday Pay Adjustment	24
153	General Fund Recharges	127
(120)	**(Surplus) / Deficit for the year on HRA Services**	**(150)**
1,713	**Balance Brought Forward**	**1,833**
1,833	**Balance Carried Forward**	**1,983**

NOTES TO THE HOUSING FINANCIAL STATEMENTS

1. HRA Account

Housing Revenue Account Income and Expenditure Statement reflects a statutory obligation to account separately for local authority housing provision. Income and Expenditure on Council housing is 'ring fenced' within the HRA. The statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations, this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA statement.

The specific requirements for notes to the HRA financial statements are derived from the HRA (Accounting Practices) Directions 2011.

2. Housing Stock

(i) Council Dwellings Analysis

As at 31 March 2023 the Council was responsible for 5,046 Council dwellings analysed as follows:

Dwelling Type	Stock as at 1 April 2022	Increase/ Decrease	Stock as at 31 March 2023
Flats			
1 Bedroom	810	(2)	808
2 Bedroom	241	(2)	239
3 Bedroom	11		11
4 Bedroom	1		1
Total	**1,063**	**(4)**	**1,059**
Houses & Bungalows			
1 Bedroom	1,278	(3)	1,275
2 Bedroom	1,204	(7)	1,197
3 Bedroom	1,471	(16)	1,455
4+ Bedroom	60	-	60
Total	**4,013**	**(26)**	**3,987**
Total HRA Dwellings	**5,076**	**(30)**	**5,046**

(ii) Valuation of Housing Property, Plant & Equipment

Net Book Value 31 March 2022 £000		Net Book Value 31 March 2023 £000
229,129	Council Dwellings	243,437
9,661	Other Land & Buildings	9,998
310	Vehicles, Plant & Equipment	198
1,646	Assets under construction	1,684
-	Intangibles	
240,746		**255,317**

The vacant possession value of dwellings within the Housing Revenue Account as at 1 April 2022 was £567,567,000 and as at 31 March 2023 was £603,758,000. The vacant possession value and balance sheet value of dwellings within the Housing Revenue Account show the economic cost to Government of providing council housing at less than open market rents.

3. Rent Arrears

Arrears at 31 March 2023 were £0.860 million (31 March 2022 £0.832 million).

31 March 2022 £000		31 March 2023 £000
280	Tenants Arrears - Current	297
552	Tenants Arrears - Former	563
832	**Total Arrears**	**860**

The provision for bad debts as at 31 March 2023 is £0.687 million (31 March 2022 £0.665m).

4. Depreciation and Impairment Charges

(i) Depreciation

2021/22 £000		2022/23 £000
2,985	Dwellings	3,322
1,219	Other Operational Assets	1,454
107	Plant and Equipment	111
-	Intangible Assets	-
4,311		**4,887**

(ii) Impairment Charges

2021/22 £000		2022/23 £000
* 2,938	Impairment	3,004 *
2,938		**3,004**

* This figure is included within the Revaluation increase/(decrease) figure of (£2,791k) shown in note 16.

Impairment charges are made in relation to the treatment of stock held for demolition or disposal at reduced value. In accordance with Central Government Policy the Housing properties were valued on a 'Beacon Property' basis. This is where sample properties of differing size and from different locations are valued and these values are then applied to the remaining housing stock. Built into beacon valuation is an element for impairment in recognition that at any one time the total of the housing stock cannot be maintained to the highest state of repair.

The valuation of dwellings is derived by taking the cost of buying a vacant dwelling of similar type, and applying an adjustment factor according to the type of tenancy and regional factors to reflect the fact that the property is used as social housing. Revised guidance now reduces or adjusts valuations for the West Midlands area to 40% of their gross value.

5. Capital

(i) Summary of Capital Expenditure

2021/22 £000		2022/23 £000
	Expenditure	
5,217	On Housing Properties	3,725
-	On Housing Equipment	-
45	On Housing Vehicles	-
5,262		**3,725**
	Financing	
1,100	Usable Capital Receipts	530
3,899	Major Repairs Reserve	3,195
263	Grants and other contributions	
5,262		**3,725**
-	**Increase in underlying borrowing**	**-**

(ii) Major Repairs Reserve

As part of the introduction of resource accounting to the Housing Revenue Account the Government introduced a new funding mechanism called the Major Repairs Allowance. Local authorities have the flexibility to spend the resource outside the financial year in which they are allocated, enabling more efficient planning of works.

	£000
Balance at 1 April 2022	6,870
Transfer to Major Repairs Reserve	4,887
Financing of Capital spend	(3,195)
Balance at 31 March 2023	**8,562**

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

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

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 National Non Domestic Rates. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund (surpluses) / deficits for Council Tax declared by the billing authority (15 January in each year) are apportioned to the relevant precepting authorities in the subsequent financial year. The major precepting authorities are Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire, Staffordshire Commissioner Fire & Rescue Service, (formerly Stoke-on-Trent and Staffordshire Fire and Rescue Authority).

In 2013/2014 the local government finance regime was revised with the introduction of the Business Rates Retention (50%) Scheme. Business Rates now forms part of the funding of local authorities whereby the income is shared between the Government/County Council/Fire Authority and the District Council. Stafford Borough are set a predetermined overall level of Business Rates income and retain 40% of that figure; any growth above that level is then subject to a 50% levy that is paid to the Staffordshire and Stoke-on-Trent Business Rates Pool.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure Account is included in the Council's accounts. The Collection Fund Balance Sheet is incorporated into the Council's consolidated Balance Sheet.

2021/22 Total £000		2022/23 Business Rates £000	2022/23 Council Tax £000	2022/23 Total £000
	Income			
57,220	Council Tax Receivable	-	59,992	59,992
29,525	Business Rates Receivable	33,753	-	33,753
86,745	**Total Income**	**33,753**	**59,992**	**93,745**
	Expenditure			
	Precepts and Demands			
42,850	Staffordshire County Council	2,900	41,280	44,180
20,822	Cannock Chase District Council	12,891	6,777	19,668
792	Parishes	-	819	819
2,652	Staffordshire Commissioner Fire & Rescue Service	322	2,367	2,689
6,951	Office of the Police and Crime Commissioner Staffordshire	-	7,322	7,322
17,809	Payments to Central Government	16,114	-	16,114
91,876		**32,227**	**58,565**	**90,792**
	Charges to Collection Fund			
23	Write offs of uncollectable amounts	298	(236)	62
373	Increase / (reduction) in bad debts provision	92	800	892
51	Transitional Protection Payments Payable	310	-	310
1,162	Increase / (reduction) in provision for appeals	(793)	-	(793)
134	Costs of Collection	138	-	138
(128)	S13A(1)(c) Discretionary Reliefs Funded by General Fund	-	-	-
(14,787)	Distribution of previous years Collection Fund Surplus / (Deficit)	(6,441)	2,761	(3,680)
78,704	**Total Expenditure**	**25,831**	**61,890**	**87,721**
(8,041)	**(Surplus)/Deficit for Year**	**(7,922)**	**1,898**	**(6,024)**
	Movement of Collection Fund Balances			
16,619	**Balance brought Forward**	**9,076**	**(498)**	**8,578**
	Add (Surplus)/Deficit for the Year	**(7,922)**	**1,898**	**(6,024)**
16,619	**Balance Carried Forward**	**1,154**	**1,400**	**2,554**

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

1. Council Tax Base and Council Tax Levels

Council Tax income is derived from charges made to taxpayers according to the value of residential properties. Charges are levied in accordance with the valuation band assigned to a property.

The calculation of the Council Tax chargeable in any year is obtained by dividing the total of the precepts and the demands made on the fund by the Council's Tax Base, which represents the total equivalent number of Band D properties as adjusted for discounts and an estimated collection rate of 97.4%. The following shows how the tax base for the year was calculated and the amount of tax chargeable for the year.

Council Tax Base 2022/23

Band		Number of Properties (adj for discounts)	Ratio	Band D Equivalent
A	Disabled	57.28	5/9	31.82
A		12,161.09	6/9	8,107.39
B		12,752.24	7/9	9,918.41
C		7,923.25	8/9	7,042.89
D		5,084.71	1	5,084.71
E		1,852.51	11/9	2,264.18
F		609.76	13/9	880.76
G		255.25	15/9	425.42
H		10.75	2	21.50
		40,706.83		33,777.08
	Other Adjustments and Discounts			(4,318.93)
				29,458.15

The actual tax base for 2022/2023 was 30,175.82 an increase of 717.67 (2.4%)

2. Council Tax Chargeable for a Band D Property

2021/22 Council Tax £		2022/23 Precept £000	2022/23 Council Tax £
1,360.62	Staffordshire County Council	41,280	1,401.30
225.64	Cannock Chase District Council	6,777	230.04
27.20	Parish Council (Average)	819	27.81
238.57	Office of the Police and Crime Commissioner - Staffordshire	7,322	248.57
78.78	Staffordshire Commissioner Fire & Rescue Service	2,367	80.35
1,930.81	**Total**	**58,565**	**1,988.07**

Individual amounts chargeable are derived from the above according to property banding and individual Parish Demands.

3. Non-Domestic Rates (NDR)

The Council is responsible for the collection of Non-Domestic Rates from businesses in its area.

The rates payable, subject to reliefs and reductions, are calculated on the basis of Rateable Value of individual properties (provided by the Valuation Office Agency) multiplied by a specified rate as determined by Central Government. The specified rate for 2022/23 was 51.2p (2021/22 51.2p).

The total non-domestic rateable value at 31 March 2023 was £91.557M (£91.281M at 31 March 2022).

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the VOA and hence business rates outstanding as at 31 March 2023. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares.

4. The Fund Balance

The movement in the Council Tax Collection Fund Balance is summarised as follows:

Fund Balance 31 March 2022 £000		(Surplus)/ Deficit in year (Net Position) £000	Fund Balance 31 March 2023 £000
(67)	Cannock Chase District Council	249	182
(351)	Staffordshire County Council	1,338	987
(59)	Office of the Police and Crime Commissioner - Staffordshire	233	174
(21)	Staffordshire Commissioner Fire & Rescue Service	78	57
(498)		**1,898**	**1,400**

The movement in the Business Rates Collection Fund Balance is summarised as follows:

Fund Balance 31 March 2022 £000		(Surplus)/ Deficit in year (Net Position) £000	Fund Balance 31 March 2023 £000
3,631	Cannock Chase District Council	(3,169)	462
818	Staffordshire County Council	(713)	105
4,536	Central Government	(3,961)	575
91	Staffordshire Commissioner Fire & Rescue Service	(79)	12
9,076		**(7,922)**	**1,154**

The deficit for the year includes a distribution of the estimated deficit of £6.441 million as at 15 January 2022 position.

5. Precepts and Demands on the Collection Fund

The following authorities have made a Precept / Demand on the Collection Fund:

2021/22 Precept/ Demand for year plus share of surplus £000	Council Tax	2022/23 Precept/ Demand for Year £000	Plus Share of Surplus £000	Total Paid in year £000
6,538	Cannock Chase District Council	6,777	361	7,138
792	Parishes	819	-	819
39,451	Staffordshire County Council	41,280	1,946	43,226
6,917	Office of the Police and Crime Commissioner - Staffordshire	7,322	341	7,663
2,284	Staffordshire Commissioner Fire & Rescue Service	2,367	113	2,480
55,982		**58,565**	**2,761**	**61,326**

The following authorities have made a demand on the Collection Fund for Business Rates (the Demand is determined in accordance with regulations) and reflects the estimate outturn reported to Government and other precepting bodies in the NNDR1 return and the designated percentage share:

2021/22 Precept/ Demand for Year £000	Business Rates	2022/23 Precept/ Demand for Year £000
14,247	Cannock Chase District Council (40%)	12,891
3,206	Staffordshire County Council (9%)	2,900
17,809	Central Government (50%)	16,114
356	Staffordshire Commissioner Fire & Rescue Service (1%)	322
35,618		**32,227**

The precept demand for the year includes the distribution of the deficit recorded in NNDR1 of £6.441 million in accordance with statutory requirements.

The amount in relation to Cannock Chase District Council forms part of the General Fund accounts and is subject to the Tariffs and Levy arrangements of the Business Rates Funding Regime.

6. Provision for Appeals

As at 31 March 2023 the estimated value of appeals provision against Rateable Value amounts to £5.421 million. The provision is split into two periods covering 1 April 2010 to 31 March 2017 £0.432 million for the 2010 List and a period covering 1 April 2017 to 31 March 2020 £4.989 million for the 2017 List.

GLOSSARY OF FINANCIAL TERMS

For the purpose of the Statement of Accounts and the interpretation of CIPFA's Code of Practice, where appropriate, the following definitions have been adopted.

Accounting Concepts

The fundamental accounting principles that are applied to ensure that the Statement of Accounts 'present fairly' the financial performance and position of the local authority.

Accounting Policies

Accounting policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy, for example, will specify the estimation basis for accruals where there is uncertainty over the amount.

Accruals

The concept that items of income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Agent

This is where the Council when providing a service is acting as an intermediary which is not part of the Councils core business.

Balance Sheet

This shows a summary of the overall financial position of the Council at the end of the financial year.

Balances

The total level of funds an authority has accumulated over the years available to support the revenue expenditure within the year.

Business Rates

The level of business rates income eligible for pooling under the business rates retention funding regime.

Capital Adjustment Account

This reflects the difference between the cost of property, plant and equipment consumed and the capital financing set aside to pay for them.

Capital Charges

Charges to service revenue accounts to reflect the cost of property, plant and equipment used in the provision of services.

Capital Expenditure

Expenditure on the acquisition of assets or expenditure, which adds to and does not merely maintain existing assets.

Capital Receipts Reserve

Income received from the sale of capital assets a specified proportion of which may be used to finance new capital expenditure. The balance is set aside in the form of a provision to meet credit liabilities.

Carrying Amount

This is the amount at which an asset is recognised on the balance sheet after deducting any accumulated depreciation and impairment.

Cash Equivalents

Short term highly liquid investments that are convertible into cash within 24 hours and are subject to insignificant risk of changes in value. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is one of the leading accountancy bodies in the United Kingdom and specialises in public services.

Code of Practice

This is the Statement of Recommended Practice which was the framework for published accounts to 31 March 2021.

Collection Fund

A fund accounting for Council Tax and Non-Domestic Rates received by the Council and the payments which are made from the fund including precepts to other authorities, the Council’s own demand and payments to the NNDR pool.

Collection Fund Adjustment Account

This account represents the Council's share of deficit on the Collection Fund and absorbs timing differences in distribution of surplus / deficits between statutory requirements and full accruals accounting.

Community Assets

Assets which the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Commuted Sums

Monies which are given to the Council as part of the section 106 agreements for planning towards the maintenance of the are for a number of years.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would have been incurred by a series of independent, single purpose, nominated bodies managing the same services.

Current Service Cost

The increase in the present value of a defined benefit pension scheme’s liabilities expected to arise from employee service in the current period.

Curtailment

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- termination of employees’ services earlier than expected
- termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Creditors

Amounts owed by the Council for goods and services, where payments have not been made at the end of the financial year.

Debtors

Amounts owed to the Council for goods and services, where the income has not been received at the end of the financial year.

Deferred Credits

These consist of deferred capital receipts, which are amounts derived from the sales of assets which will be received in instalments over agreed periods of time.

Defined Benefit Pension Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

Depreciable Replacement Cost (DRC)

This is a method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence.

Depreciation

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Discontinued Operations

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. An operation should be classified as discontinued if all of the following conditions are met:

- the termination of the operation is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- the activities related to the operation have ceased permanently;
- the termination of the operation has a material effect on the nature and focus of the local authority's operations and represents a material reduction in its provision of local services resulting either from its withdrawal from a particular activity (whether a service or division of service or its provision in a specific geographical area) or from a material reduction in net expenditure in the local authority's continuing operations;
- the assets, liabilities, income and expenditure of operations and activities are clearly distinguishable physically, operationally and for financial reporting purposes. Operations not satisfying these conditions are classified as continuing.
- activities are discontinued where they cease completely and are not simply transferred to another part of the public sector.

Emoluments

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

Expected Rate of Return on Pension Assets

For a funded defined benefit pension scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

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.

Fees and Charges

Income arising from the provision of services.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee from the lessor. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term includes trade receivables and payables, borrowings, financial guarantees, bank deposits, investments, swaps, forwards and options, debt instruments with embedded swaps or embedded options.

Financial Reporting Standards (FRS)

Statements prepared by the Accounting Standards Committee. Many of the Financial Reporting Standards (FRS) and the earlier Statements of Standard Accounting Practice (SSAP) apply to local authorities and any departure from these must be disclosed in the published accounts.

Financial Year

Period of time to which a Statement of Accounts relates. The financial year of the Council runs from 1st April to 31st March.

GAAP

GAAP (Generally Accepted Accounting Principles), is the standard framework of guidelines for financial accounting. It includes standards, conventions and rules accountants follow in recording and summarising transactions, and in the preparation of financial statements.

General Fund

The total services of the Council except for the Housing Revenue Account and the Collection Fund, the net cost of which is met by Council Tax, Government Grants and NNDR.

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfer of assets to a local authority in return for past or future compliance with certain conditions relating to the activities of the local authority.

Heritage assets

These are assets held by the Council principally for their contribution to knowledge and culture, it does not relate to assets used in the delivery of services.

Housing Revenue Account (HRA)

A separate account that details the expenditure and income arising from the provision of council housing.

HRA Subsidy

Grant paid by Central Government to support the provision of rented housing.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Income and Expenditure Account

The Income and Expenditure account combines the income and expenditure relating to all the Council's functions including the General Fund and the Collection Fund. It is structured on the basis of the private sector and thereby excludes calculations done due to statutory and non statutory practices e.g. gains and losses on the sale of losses on the sale of property, plant and equipment and statutory provision for the repayment of debt.

Infrastructure Assets

These are non-transferable assets, expenditure on which is recoverable only by continued use of the asset created. Examples of such assets are bus stations and car parks.

Intangible Assets

Intangible assets are those assets whereby access to the future economic benefits that it represents is controlled by the reporting entity, either through custody or legal protection. Examples include development expenditure and goodwill.

Infrastructure Assets

Property, plant and equipment that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure are highways and footpaths.

Interest Cost

For a defined benefit pension scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investment Properties

Interest in land and/or buildings:

- in respect of which construction work and development have been completed and
- is held for its investment potential, any rental income being negotiated at arms length

Investments

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments which do not meet the above criteria should be qualified as current assets.

Leasing

Method of financing the provision of various capital assets, usually in the form of an operating lease, which do not provide for the title to the asset to pass to the Council.

Liabilities

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

Liquid Resources

Current investments that are readily disposable by the Council without disrupting its business and are readily convertible to cash.

Materiality

An item is material if its omission, non-disclosure or misstatement in financial statements could be expected to lead to a distortion of the view given by the financial statements.

Major Repairs Allowance

This is part of the Housing Subsidy calculation which provides a capital grant for Housing Revenue Account properties. It is used to match the depreciation charge on Housing Revenue Account dwellings.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to the Council's revenue accounts each year and set aside as a provision to meet the Council's credit liabilities.

National Non-Domestic Rate (NNDR)

Amounts payable to local authorities from non-domestic properties. The rate poundage is set nationally and amounts collected by local authorities are subject to arrangements as determined under the business rates retention scheme.

Net Book Value

Amount at which property, plant and equipment is included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost

Cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Debt

The Council's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

Net Realisable Value

Open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non Distributed Costs

These are overheads that are not apportioned to services to accord with CIPFA's Best Value Accounting Code of Practice.

Non-Operational Assets

Property, plant and equipment held by a local authority but not directly occupied, used or consumed in the delivery of service. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Leases

A lease other than a finance lease.

Operational Assets

Property, plant and equipment held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Past Service Cost

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Post Balance Sheet Events

Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precept

Demands made upon the collection fund by other authorities (Staffordshire County, Police and Fire Authorities) for the services that they provide.

Principal

This is when the council is providing a service as part of its own core business.

Prior Year Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.

Property, plant and equipment

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Provisions

Amounts set aside to meet liabilities or losses which are likely to be incurred but where the amount remains uncertain.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Public Works Loan Board (PWLB)

Central Government Agency which lends money to local authorities usually at interest rates which are more favourable than those found elsewhere.

RCCO (Revenue Contribution to Capital Outlay)

This is where funding is provided from the revenue account to support capital expenditure.

Related Party

Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.

Reserves

Sums set aside to meet future expenditure for specific purposes.

Revaluation Reserve

This is used to record the net gain from revaluations made after 1 April 2007.

Revenue Expenditure

Expenditure on the day-to-day running of the Council, including employee costs, running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (Formerly Deferred Charges)

Expenditure that is not capital in accordance with generally accepted accounting principles but which statute allows to be funded from capital resources.

Revenue Support Grant (RSG)

Grant paid to local authorities by Central Government to help finance its general expenditure. It is determined under the SSA system.

Section 106

Planning agreement between the Council and a Developer which requires them to provide specific funding as a result of development in the area (i.e. new homes).

Scheme Liabilities

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Settlement

An irrevocable action that relieves the employer (or the defined benefit pension scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
- the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Stocks

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Termination Benefits

These are employee benefits payable as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Useful Life

Period over which the local authority will derive benefits from the use of property, plant and equipment.

Management Representation Letter

CONTACT: Chris Forrester

DIRECT DIAL: 01543 464334

EMAIL: ChrisForrester@cannockchasedc.gov.uk

DATE: 19 November 2024

Dear Sirs,

Cannock Chase District Council - Financial Statements for the year ended 31 March 2022 and 31 March 2023

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the net pensions liability and the valuation of land and buildings and council housing.

vi. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used.

    We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vii. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

viii. Except as disclosed in the financial statements:

   a. there are no unrecorded liabilities, actual or contingent

   b. none of the assets of the Council has been assigned, pledged or mortgaged

   c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

ix. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

x. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiii. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

   a. the nature of the Council means that, notwithstanding any intention to liquidate the Council or cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

   b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

   c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

xiv. Whilst all working papers have been prepared for the accounts, there was insufficient capacity within the finance team to manage an audit at the same time as other council projects and business as usual.

xv. We have communicated to you all deficiencies in internal control of which management is aware.

xvi. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xvii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xviii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

xix. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xx. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxi. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

xxii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxiii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxiv. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council’s financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit and Governance Committee at its meeting on 19 November 2024.

Yours faithfully

Name ……………………………

Position: Deputy Chief Executive (Resources) & s151 Officer

Date ……………………………

Name……………………………

Position: Chair of the Audit & Governance

Date……………………………

Signed on behalf of the Council

12 November 2024

To Audit and Governance Chair
Cannock Chase District Council
Audit and Governance Committee
Civic Centre
Beecroft Road
Cannock
Staffordshire
WS11 1BG

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Dear Councillor Hill

Cannock Chase District Council: Conclusion of the audits for 2021/22 and 2022/23 – letter to those charged with governance on the application of the local authority backstop

As you will be aware, on 5 September 2024 the government published the Accounts and Audit (Amendment) Regulations 2024. These Regulations, set a publication date for financial statements up to and including 2022/23 of 13 December 2024. The new National Audit Office Code, which is expected to be approved by 14 November, also requires that auditors should issue their audit report in time for the relevant authority to publish its accounts by the specified date in those Regulations. Where audit work is not concluded, this will result in either a qualification or disclaimer of opinion.

As discussed with your Deputy Chief Executive - Resources, and for reasons which I set out in more detail below, it will not be possible for us to complete our audits for 2021/22 and 2022/23 by the statutory backstop date. We therefore propose to issue a disclaimer of our audit opinion. I attach draft copies of this disclaimer for the attention of the Audit and Governance Committee.

We are required under Auditing Standards to report certain matters to the Audit and Governance Committee, including our responsibilities as auditor, the scope of the audit, independence, audit fees and any matters arising from the audit. I set out more details on the audit below. Information regarding our responsibilities, the scope of the audit and fees are included in the Appendix.

Outcome of our audits for 2021/22 and 2022/23 – Disclaimer of the opinion on the financial statements

For reasons set out below, it will not be possible for us to undertake sufficient work to support an audit opinion by the statutory deadline of 13 December 2024. This means that the limitations of scope imposed by the backstop are pervasive and therefore we have been unable to form an opinion on the financial statements by the due date. We therefore plan to issue a disclaimer of the audit opinion. We have attached the draft wording of our Audit Reports for your information.

The Accounts and Audit Regulations 2015 required the Authority to make its financial statements for the years ended 31 March 2022 and 31 March 2023 available for public inspection by the first working day in June 2022 and June 2023 respectively. However, the Authority did not make these financial statements available for public inspection until 17 October 2024. As a result, we did not have enough time before 13 December 2024 to obtain sufficient appropriate audit evidence to conclude that these financial statements as a whole are free from material misstatement.

Outcome of this year's audit - Value for Money work and other work under the National Audit Office Code of Audit Practice

We undertook our Value for Money work and reported in February 2024 and have reported the outcome in our Annual Audit Report presented to the Audit and Governance Committee on 7 February 2024. The key findings include that:

- Three significant weaknesses in financial sustainability with one key recommendation in relation to developing a corporate savings and transformation program.
- Four significant weaknesses in governance with three key recommendations in relation to risk management, internal controls relating to ICT and addressing internal fraud controls
- Five significant weakness in economy efficiency and effectiveness with three key recommendations in relation to performance management arrangements, asset management arrangements and, procurement and contract management arrangements

Statutory powers or duties

We are also required to report by exception if we have applied any of our statutory powers or duties.

We wish to highlight the following information for your attention.

In February 2024 we issued statutory recommendations to the Council in relation to:

- The Council needs to improve its financial planning and financial monitoring arrangements by:
  - ensuring it has adequate capacity in its finance team and ensure that budget holders receive formal financial monitoring reports during the year.
  - putting in place a MFTS built on robust modelling and assumptions and an updated Capital Strategy that complies with the revised Prudential Code.
  - producing draft financial statements in line with statutory requirements and working with external auditors to deliver audits effectively.

- The Council should:
  - deliver a full stock condition survey to inform a revised 30-year business plan which includes sensitivity analysis and put in place an investment strategy and update these annually aligned to the budget setting timescales.
  - develop a place-based housing strategy for Cannock Chase District working with its housing and other key partners.
  - develop an HRA asset management strategy and effective housing asset management record keeping for each property which are updated regularly, including regular review of its HRA asset register aligned to stock condition data, compliance data and finance and implementing regular planned maintenance.
  - review HRA reserves to ensure it has major repairs in place for planned maintenance and compliance.

- The Council needs to urgently address its significant weaknesses in compliance with statutory HRA obligations by:
  - addressing the breaches to its statutory responsibilities concerning tenant health and safety and considering if it needs to have short-term measures in place while it is doing so to minimise risks to tenants and ensuring non-compliance is reported to the Regulator for Social Housing.
  - developing a risk-based improvement plan to address its health and safety breaches working with the Regulator for Social Housing.
  - ensuring it has an asset register for its homes and that each one has a unique record for building safety compliance checks which is regularly reviewed and updated and monitored against robust performance targets for building safety which are reported to members.
  - undertaking a review of its compliance against the updated housing consumer standards, July 2023, ahead of them being mandated on 1 April 2024.

Independence

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Management letter of representation

We have asked management to provide letters of representation in respect of the financial statements covering 2021/22 and 2022/23.

Looking ahead

The circumstances resulting in the application of the local authority backstop are clearly extremely unusual. The government has signalled its intent that where backstops have been applied, local authorities and their auditors work together to recover the position over subsequent years. It is our expectation that the incoming auditors will follow relevant guidance including from the NAO and the FRC to work with you over the coming year, as they seek to rebuild audit assurance.

Yours sincerely

Avtar Sohal

For Grant Thornton UK LLP

CC: Deputy Chief Executive - Resources

Attachments: Draft Disclaimer of Opinion 2021/22

Draft Disclaimer of Opinion 2022/23

Letter of representation 2021/22

Letter of representation 2022/23

Appendix

Responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Cannock Chase District Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance Committee); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Audit and Governance Committee of its responsibilities. It is the responsibility of the authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the authority's business and is risk based.

Audit Plan

Due to the timing of the production of the 2021/22 and 2022/23 financial statements, we were unable to issue an audit plan in respect of these audit years.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Due to the timing of the production of the financial statements, we were unable to determine a materiality level for 2021/22 and 2022/23.

Key financial reporting and audit issues identified during the audit

As we have not completed and undertaken any detailed work in respect of the 2021/22 and 2022/23 financial statements audits respectively, there are no issues we need to draw to your attention.

We note that the Council implemented a new general ledger system in 2021/22. Refer to the IT Audit Findings Report for details on recommendations made to the Council.

Going Concern

As auditors, we are required to obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern (ISA (UK) 570).

In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United

Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector.

Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:

- the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities

- for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.

Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by a local authority meets this criteria, and so where undertaking work on your audit, we would normally expect to apply the continued provision of service approach. In doing so, we would consider and evaluate:

- the nature of the authority and the environment in which it operates
- the authority's financial reporting framework
- the authority's system of internal control for identifying events or conditions relevant to going concern
- management's going concern assessment.

As we have been unable to form an opinion on the financial statements, we are unable to draw a conclusion in this area.

Design effectiveness of internal controls

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to management.

We have nothing to report in respect of the above.

Other matters which we are required to report on to those charged with governance

We are required to confirm the following:

- We have not been made aware of any incidents of fraud in the period and no issues have been identified during the course of our audit procedures.
- We are not aware of any related party transactions which have not been disclosed.
- We are not aware of any significant incidences of non-compliance with applicable laws and regulations.

Audit fees and non audit fees

PSAA set the following scale fees:

2021/22 audit – £43,124
2022/23 audit – £47,625

Given the unusual circumstances of the backstop, we are awaiting a determination from PSAA as to the appropriate fee to be charged.

We have also undertaken the following non audit work.

	2021/22	**2022/23**
Pooled Housing Capital Receipts Return	£3,000	TBC
Housing Benefits Return	£45,000	TBC

The fees do not reconcile to the financial statements. Where they do not, we have provided a reconciliation

	2021/22	**2022/23**
Audit fees per financial statements	£72,124	£76,726
Fee variation included in 2022/23 fee	(£29,000)	(£29,101)
PSAA base fee	**£43,124**	**£47,625**

	2021/22	**2022/23**
Grant certification fees	£27,000	£29,000
Under accrual as based on final fee note	£18,000	TBC
Grant fee	**£45,000**	**TBC**

The level of these recurring fees taken on their own is not considered a significant threat to independence in comparison to the total fee for the audits as detailed above and in particular relative to Grant Thornton UK LLP's turnover overall. Further there is no contingent element to it. These factors all mitigate any perceived self-interest threat to an acceptable level.

Independent auditor's report to the members of Cannock Chase District Council

Report on the Audit of the Financial Statements

Disclaimer of opinion

We were engaged to audit the financial statements of Cannock Chase District Council (the 'Authority') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Account, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Account, the Statement of Movement on the Housing Revenue Account Balance, the Collection Fund Income and Expenditure Account and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

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

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2022 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. We have not been able to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's financial statements for the year ended 31 March 2022 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence for the corresponding figures for the same reason. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2022 by the backstop date. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

Other information we are required to report on by exception under the Code of Audit Practice

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Opinion on other matters required by the Code of Audit Practice

The Deputy Chief Executive – Resources (S151) responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's financial statements and our auditor's report thereon. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

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

We have nothing to report in respect of the above matters except on 7 February 2024 we made three written recommendations to the Authority under section 24 of the Local Audit and Accountability Act 2014. One recommendation was in relation to its financial planning and monitoring and the other two were in respect of managing its Housing Revenue Account (HRA) strategy and its obligations to its tenants.

We recommended that the Authority in respect of its financial planning and monitoring should:

- ensure it has adequate capacity in its finance team and ensure that budget holders receive formal financial monitoring reports during the year
- put in place a Medium-Term Financial Strategy (MTFS) built on robust modelling and assumptions and an updated Capital Strategy that complies with the revised Prudential Code; and
- produce draft financial statements in line with statutory requirements and working with external auditors to deliver audits effectively

We recommended that the Authority in respect of managing its HRA strategy should:

- deliver a full stock condition survey to inform a revised 30-year business plan which includes sensitivity analysis and put in place an investment strategy and update these annually aligned to the budget setting timescales
- develop a place-based housing strategy for Cannock Chase District working with its housing and other key partners
- update the Housing Allocations Policy and the Housing Register and ensure these are reviewed regularly
- develop an HRA asset management strategy and effective housing asset management record keeping for each property which are updated regularly, including regular review of its HRA asset register aligned to stock condition data, compliance data and finance and implementing regular planned maintenance; and
- review HRA reserves to ensure it has a major repairs reserve in place for planned maintenance and compliance

We recommended that the Authority in respect of managing its HRA obligations should:

- address the breaches to its statutory responsibilities concerning tenant health and safety and consider if it needs to be short-term measures in place while it is doing so to minimise risks to tenants and ensure non-compliance is reported to the Regulator for Social Housing
- develop a risk-based based improvement plan to address its health and safety breaches working with the Regulator for Social Housing
- ensure it has an asset register for its homes and that each one has a unique record for building safety compliance checks which is regularly reviewed and updated and monitored against robust performance targets for building safety which are reported to members; and
- undertake a review of its compliance against the updated housing consumer standards, July 2023, ahead of them being mandated on 1 April 2024.

Responsibilities of the Authority, the Deputy Chief Executive – Resources (S151) and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities set out on page 17, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Deputy Chief Executive – Resources (S151). The Deputy Chief Executive – Resources (S151) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Deputy Chief Executive – Resources (S151) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Deputy Chief Executive – Resources (S151) is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit and Governance Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the basis for disclaimer of opinion section of our report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in respect of the above except:

On 7 February 2024 we identified significant weaknesses in the Authority's arrangements and made three written recommendations under section 24 of the Local Audit and Accountability Act 2014. These written recommendations are included within 'Matters on which we are required to report by exception' section of this report. We identified:

- a significant weakness in the Authority's arrangements for financial sustainability and governance. This was in relation to arrangements for financial planning and financial monitoring not being adequate.
- a significant weakness in the Authority's arrangement for financial sustainability and improving economy, efficiency and effectiveness. This was in relation to improvement required in respect of its HRA management, business planning and financial sustainability.
- a significant weakness in the Authority's arrangements for improving economy, efficiency and effectiveness. This was in relation to the Authority failing to meet minimum service standards in its housing service and there being a historic failure to achieve improvements in building safety. It was also failing to meet statutory equalities duties.

On 7 February 2024 we identified further significant weaknesses in the Authority's arrangements and made key recommendations in relation to these.

- We identified one significant weakness in the Authority's arrangements for financial sustainability. This was in relation to that the Authority not having a robust plan to address its financial gap in the medium-term, instead it was making planned use of reserves. We recommended that the Authority should develop a corporate saving and transformation plan to help it reduce spending by looking at different ways of delivering services.
- We identified three significant weaknesses in the Authority's arrangements in respect of governance. These were in relation to the Authority's:
  - risk management for strategic and operational arrangements. We recommended that the Authority needs to improve its risk management strategy and arrangements.
  - internal controls in respect of ICT, which could expose it to significant financial or service loss including fraud and cyber-attacks and it has failed to follow-up on external audit recommendations in these areas. We recommended that the Authority needs to improve its arrangement in respect to its internal controls relating to ICT.
  - internal controls in respect of relating to fraud, which could expose it to significant financial loss, and it has failed to follow-up on external audit recommendations in this area. We recommended that the Authority needs to improve its arrangement in respect to internal controls relating to fraud.
- We identified three significant weaknesses in the Authority's arrangements in respect of improving economy, efficiency and effectiveness. These were in relation to the Authority's:
  - lack of performance management framework to deliver its business plan. We recommended that the Authority needs to improve its arrangement in respect of performance management framework and its implementation.
  - arrangements for asset management that have caused the risk of harm to its tenants. We recommended that the Authority needs to improve its asset management arrangements.
  - procurement and contract management arrangements. We recommended that the Authority needs to improve its procurement and contract management arrangements.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Cannock Chase District Council for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Avtar Sohal, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

Date:

Independent auditor's report to the members of Cannock Chase District Council

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of Cannock Chase District Council (the 'Authority') for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Account, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Account, the Statement of Movement on the Housing Revenue Account Balance, the Collection Fund Income and Expenditure Account and notes to the financial statements, including a summary of significant accounting policies. The notes to the financial statements include the Note to the Accounts, Notes to the Housing Financial Statements and Notes to the Collection Fund Income and Expenditure Account. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

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

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2023 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. We have not been able to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's financial statements for the year ended 31 March 2023 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence for the corresponding figures for the same reason. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2023 by the backstop date. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

Other information we are required to report on by exception under the Code of Audit Practice

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE,or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Opinion on other matters required by the Code of Audit Practice

The Deputy Chief Executive – Resources (S151) is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's financial statements and our auditor's report thereon. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

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

We have nothing to report in respect of the above matters except on 7 February 2024 we made three written recommendations to the Authority under section 24 of the Local Audit and Accountability Act 2014. One recommendation was in relation to its financial planning and monitoring and the other two were in respect of managing its Housing Revenue Account (HRA) strategy and its obligations to its tenants.

We recommended that the Authority in respect of its financial planning and monitoring should:

- ensure it has adequate capacity in its finance team and ensure that budget holders receive formal financial monitoring reports during the year
- put in place a Medium-Term Financial Strategy (MTFS) built on robust modelling and assumptions and an updated Capital Strategy that complies with the revised Prudential Code; and
- produce draft financial statements in line with statutory requirements and working with external auditors to deliver audits effectively

We recommended that the Authority in respect of managing its HRA strategy should:

- deliver a full stock condition survey to inform a revised 30-year business plan which includes sensitivity analysis and put in place an investment strategy and update these annually aligned to the budget setting timescales
- develop a place-based housing strategy for Cannock Chase District working with its housing and other key partners
- update the Housing Allocations Policy and the Housing Register and ensure these are reviewed regularly
- develop an HRA asset management strategy and effective housing asset management record keeping for each property which are updated regularly, including regular review of its HRA asset register aligned to stock condition data, compliance data and finance and implementing regular planned maintenance; and
- review HRA reserves to ensure it has a major repairs reserve in place for planned maintenance and compliance

We recommended that the Authority in respect of managing its HRA obligations should:

- address the breaches to its statutory responsibilities concerning tenant health and safety and consider if it needs to be short-term measures in place while it is doing so to minimise risks to tenants and ensure non-compliance is reported to the Regulator for Social Housing
- develop a risk-based based improvement plan to address its health and safety breaches working with the Regulator for Social Housing
- ensure it has an asset register for its homes and that each one has a unique record for building safety compliance checks which is regularly reviewed and updated and monitored against robust performance targets for building safety which are reported to members; and
- undertake a review of its compliance against the updated housing consumer standards, July 2023, ahead of them being mandated on 1 April 2024.

Responsibilities of the Authority and the Deputy Chief Executive – Resources (S151)

As explained more fully in the Statement of Responsibilities set out on page 17, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Deputy Chief Executive – Resources (S151). The Deputy Chief Executive – Resources (S151) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Deputy Chief Executive – Resources (S151) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Deputy Chief Executive – Resources (S151) is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

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

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the basis for disclaimer of opinion section of our report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

On 7 February 2024 we identified significant weaknesses in the Authority's arrangements and made three written recommendations under section 24 of the Local Audit and Accountability Act 2014. These written recommendations are included within 'Matters on which we are required to report by exception' section of this report. We identified:

- a significant weakness in the Authority's arrangements for financial sustainability and governance. This was in relation to arrangements for financial planning and financial monitoring not being adequate.

- a significant weakness in the Authority's arrangement for financial sustainability and improving economy, efficiency and effectiveness. This was in relation to improvement required in respect of its HRA management, business planning and financial sustainability.
- a significant weakness in the Authority's arrangements for improving economy, efficiency and effectiveness. This was in relation to the Authority failing to meet minimum service standards in its housing service and there being a historic failure to achieve improvements in building safety. It was also failing to meet statutory equalities duties.

On 7 February 2024 we identified further significant weaknesses in the Authority's arrangements and made key recommendations in relation to these.

- We identified one significant weakness in the Authority's arrangements for financial sustainability. This was in relation to that the Authority not having a robust plan to address its financial gap in the medium-term, instead it was making planned use of reserves. We recommended that the Authority should develop a corporate saving and transformation plan to help it reduce spending by looking at different ways of delivering services.
- We identified three significant weaknesses in the Authority's arrangements in respect of governance. These were in relation to the Authority's:
    - risk management for strategic and operational arrangements. We recommended that the Authority needs to improve its risk management strategy and arrangements.
    - internal controls in respect of ICT, which could expose it to significant financial or service loss including fraud and cyber-attacks and it has failed to follow-up on external audit recommendations in these areas. We recommended that the Authority needs to improve its arrangement in respect to its internal controls relating to ICT.
    - internal controls in respect of relating to fraud, which could expose it to significant financial loss, and it has failed to follow-up on external audit recommendations in this area. We recommended that the Authority needs to improve its arrangement in respect to internal controls relating to fraud.
- We identified three significant weaknesses in the Authority's arrangements in respect of improving economy, efficiency and effectiveness. These were in relation to the Authority's:
    - lack of performance management framework to deliver its business plan. We recommended that the Authority needs to improve its arrangement in respect of performance management framework and its implementation.
    - arrangements for asset management that have caused the risk of harm to its tenants. We recommended that the Authority needs to improve its asset management arrangements.
    - procurement and contract management arrangements. We recommended that the Authority needs to improve its procurement and contract management arrangements.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor’s Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We cannot formally conclude the audit and issue an audit certificate for Cannock Chase District Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2023. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2023.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Avtar Sohal, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

Date:

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Grant Thornton UK LLP
17th Floor
103 Colmore Row
Birmingham
B3 3AG

[Date] – [TO BE DATED SAME DATE AS DATE OF AUDIT OPINION]

Dear Grant Thornton UK LLP

Cannock Chase District Council
Financial Statements for the year ended 31 March 2022

This representation letter is provided in connection with the audit of the financial statements of Cannock Chase District Council for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the Council financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include valuation of the pension fund net liability and valuation of council dwellings, other land and buildings. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the financial statements:

a. there are no unrecorded liabilities, actual or contingent;

b. none of the assets of the Council has been assigned, pledged or mortgaged; and

c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. The Council's financial statements are free from material misstatements, misclassifications and disclosure changes and misstatements, including omissions.

xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiii. The prior period adjustments disclosed in Note 53 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.

xiv. We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

a. the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;

b. the financial reporting framework permits the entity to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

xv. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.

xvi. The Council has complied with all aspects of ring-fenced grants that could have a material effect on the Council's financial statements in the event of non-compliance.

Information Provided

xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xviii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

xix. On 5 September 2024 parliament approved the Accounts and Audit (Amendment) Regulations 2024. These Regulations set a publication date for financial statements in respect of 2021/22 of 13 December 2024. The new National Audit Office Code which was approved on 14 November 2024 also requires that where auditors are unable to conclude their work, they should issue either a qualified audit opinion or a disclaimer of opinion by this date, known as the 'statutory backstop date'. It has not been possible to provide you with all the required information for you to complete your audit for the year ending 31 March 2022 by the statutory backstop date. This includes the following:

a. providing you with:

   i. access to all information of which we are aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;

   ii. additional information that you have requested from us for the purpose of your audit; and

   iii. access to persons within the Council via remote arrangements from whom you determined it necessary to obtain audit evidence.

b. communicating to you all deficiencies in internal control of which management is aware.

c. disclosing to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

d. disclosing to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:

   i. management;

   ii. employees who have significant roles in internal control; or

   iii. others where the fraud could have a material effect on the financial statements.

e. disclosing to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

f. disclosing to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

g. disclosing to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xx. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxi. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council's financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit and Governance Committee at its meeting on 19 November 2024.

Yours faithfully

Name…………………………….

Position………………………….

Date…………………………….

Name……………………………

Position…………………………..

Date…………………………….

Signed on behalf of the Council

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Grant Thornton UK LLP
17th Floor
103 Colmore Row
Birmingham
B3 3AG

[Date] – [TO BE DATED SAME DATE AS DATE OF AUDIT OPINION]

Dear Grant Thornton UK LLP

Cannock Chase District Council
Financial Statements for the year ended 31 March 2023

This representation letter is provided in connection with the audit of the financial statements of Cannock Chase District Council for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the Council financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable Such accounting estimates include valuation of the pension fund net liability and valuation of council dwellings, other land and buildings. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the financial statements:

a. there are no unrecorded liabilities, actual or contingent;

b. none of the assets of the Council has been assigned, pledged or mortgaged; and

c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. The Council's financial statements are free from material misstatements, misclassifications and disclosure changes and misstatements, including omissions.

xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiii. We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

a. the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;

b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

xiv. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.

xv. The Council has complied with all aspects of ring-fenced grants that could have a material effect on the Council's financial statements in the event of non-compliance.

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xvii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

xviii. On 5 September 2024 parliament approved the Accounts and Audit (Amendment) Regulations 2024. These Regulations set a publication date for financial statements in respect of 2022/23 of 13 December 2024. The new National Audit Office Code which was approved on 14 November 2024 also requires that where auditors are unable to conclude their work, they should issue either a qualified audit opinion or a disclaimer of opinion by this date, known as the 'statutory backstop date'. It has not been possible to provide you with the all the required information for you to complete your audit for the year ending 31 March 2023 by the statutory backstop date. This includes the following:

a. providing you with:

i. access to all information of which we are aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;

ii. additional information that you have requested from us for the purpose of your audit; and

iii. access to persons within the Council via remote arrangements from whom you determined it necessary to obtain audit evidence.

b. communicating to you all deficiencies in internal control of which management is aware.

c. disclosing to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

d. disclosing to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:

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ii. employees who have significant roles in internal control; or

iii. others where the fraud could have a material effect on the financial statements.

e. disclosing to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

f. disclosing to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

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Annual Governance Statement

xix. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xx. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council's financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit and Governance Committee at its meeting on 19 November 2024.

Yours faithfully

Name……………………………

Position…………………………..

Date……………………………

Name……………………………

Position………………………….

Date…………………………….

Signed on behalf of the Council

Confidential

Item No. 5.27

IT Audit Findings Report

Stafford Borough Council and Cannock District Council

Year ended: 31 March 2022

Issued: 30 January 2023

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Contents

Section 1: Executive summary

To support the financial statement audit of Stafford Borough Council and Cannock District Council for year ended 31 March 2022, Grant Thornton has completed a design and implementation review of the IT General Controls (ITGC) for applications identified as relevant to the audit.

This report sets out the summary of findings, scope of the work, the detailed findings and recommendations for control improvements.

We would like to take this opportunity to thank all the staff Stafford Borough Council and Cannock District Council for their assistance in completing this IT Audit.

Section 2: Scope and summary of work completed

The objective of this IT audit was to complete an ITGC design and implementation review over Stafford Borough Council and Cannock District Council IT environment to support the financial statements audit. The following applications were in scope for this audit:

- Civica Financials
- Active Directory

We completed the following tasks, as part of this IT Audit:

- Evaluated the design, implementation of security management; change management and technology infrastructure controls.
- Performed high level walkthroughs, inspected supporting documentation and analysis of configurable controls in the above areas.
- Performed an assessment of the processes and controls used as part of implementing onto a new system during the audit period
- Documented the test results and provided evidence of the findings to the IT Department for remediation actions where necessary.

Section 3: Summary of IT audit findings

Overview of IT audit findings

Item No. 5.32

This section provides an overview of results from our assessment of the relevant Information Technology (IT) systems and controls operating over them which was performed as part of obtaining an understanding of the information systems relevant to financial reporting. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT system	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks / other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Civica Financials	Detailed ITGC assessment (design effectiveness only)					n/a
Active Directory	Detailed ITGC assessment (design effectiveness only)					n/a

We also performed specific procedures in relation to the significant changes during the audit period, specifically the new system implementation We observed the following results:

IT system	Event	Result	Related significant risks / risk / observations
Civica Financials	New system implementation	Deficiencies identified	No

Assessment

- Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach / IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- Not in scope for testing

Section 4: Detail of IT audit findings

IT general controls assessment findings

Item No. 5.34

	Assessment	Issue and risk	Recommendations
1.	●	**Segregation of duty conflicts within Civica Financials** Our IT audit procedures identified that there are 12 users with administrative access to Civica Financials that have finance responsibilities. The combination of financial responsibilities with the ability to perform system administrative functions is considered a segregation of duties conflict. These accounts include: - 4 users as 'Chief Accountant' - 2 users as 'Senior Finance Assistant' - 1 user as 'Payment Officer' - 1 user as 'Finance Assistant' - 1 user as 'Exchequer Accountant' - 1 user as 'Debtors Officer' - 1 user as 'Assistant Finance Manager' - 1 user as ' Accountant Financial Planning' Additionally, we also noted that there are 10 users with active administrative accounts to Civica Financials that have left the organisation. We inspected the leaving date and last login date and noted that the users were not revoked in a timely manner from Civica Financials. **Risk** A combination of administration and financial privileges creates a risk that system-enforced internal controls can be bypassed. This could lead to - unauthorised changes being made to system parameters - creation of unauthorised accounts, - unauthorised updates to their own account privileges - deletion of audit logs or disabling logging mechanisms.	It is recommended that the : • Council should revoke system administration access from users with finance functions. • If incompatible business functions are granted to users due to organisational size constraints, the Council should ensure that there are review procedures in place to monitor activities, e.g. reviewing system reports of detailed transactions. **Management response** No Management response were provided.

Assessment
- ● Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- ● Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- ● Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations
2.	● (Deficiency)	**Lack of review of security / audit logs in Civica Financials** It was noted that Information security event logs, which capture the monitoring of activities such as failed logins and use of privileged user accounts within Civica Financials, have not been enabled for monitoring. **Risks** Without appropriate audit logging, inappropriate and anomalous activity may not be detected and resolved in a timely manner.	Considering the criticality of Civica for financial reporting, information security events such as - repeated invalid/ unauthorised login attempts to access systems, data or applications - privileged user activities - privileged generic accounts - changes to system configurations, tables and standing data should be logged and formally reviewed. **Management response** No Management response were provided.

Assessment

- ● Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- ● Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- ● Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

IT general controls assessment findings

Item No. 5.36

	Assessment	Issue and risk	Recommendations
3.	●	**User access is not revoked in a timely manner for terminated employees within Civica Financials application** Through our leavers testing, it was noted that access for a sample leaver was only revoked from Civica 4 days after their last working day. Additional audit procedures were performed to determine the impact from the late revocation, and we noted that the leaver's account was last logged into on 30/03/2022, one day before their leave date. **Risk** Where system access for leavers is not disabled in a timely manner, there is a risk that: • Former employees may login without authorization and process erroneous or unapproved transactions. • These accounts may be misused by valid system users to circumvent internal controls.	The Council should ensure that a comprehensive user administration procedures are in place to revoke application access in a timely manner. For a user administration process to be effective, IT must be provided with timely notifications from HR and/ or line managers. The Council should consider performing user access reviews on all terminated accounts to ensure all accounts have been disabled in a timely manner. **Management response** No Management response were provided.

Assessment

- ● Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- ● Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- ● Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

IT general controls assessment findings

Item No. 5.37

	Assessment	Issue and risk	Recommendations
4.	● (amber)	**Insufficient documentation to support the testing and data migration from Total Finance to Civica Financials** While Civica Financials migration was actively managed by both the Council's finance team and third party vendor, we identified the following issues around project governance to support the development and implementation of Civica Financials: - Lack of evidence to support stakeholder approval of key documents (Project plan, UAT sign off) - While testing activities were undertaken, there were no formal test plans or scripts documented to ensure all the modules were adequately tested. Furthermore, there was a lack of supporting evidence to summarise the results from testing. - All issues identified during the data validation process were recorded in the issue log register, however the issue log was not kept updated. - While validation checks were planned to verify the integrity of migrated data, there were no supporting reconciliations for debtor balances. Furthermore, there were no formal sign-offs provided by relevant stakeholders to verify that the migrated data was complete and accurate. The project relied on oral confirmations. **Risk** There is a risk that key aspects of the design, development and implementation process including data migration and testing may not have been completed appropriately Furthermore, the application may not consistently operate if bugs and errors within the application functionality may not be identified, assessed and resolved during wider system upgrade process. This may lead to errors within the financial reporting process. In the absence of data validation checks between, there is a risk that the migrated data is not complete and accurate.	**Recommendations** For future system implementations or upgrades, the Council should review and update their approach so that key stakeholder approvals are built into project milestones. The approach should also consider how key documents and conclusions will be retained. **Management response** No Management response were provided.

Assessment

- ● Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- ● Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- ● Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

Control for which assurance could not be provided

Control Area	Control Name and Description	Reason / Justification
Security Management	• Administrative privileges (including generic super user access rights) to the network, applications and are restricted to those users requiring this level of access (in line with their roles and responsibilities). Privileged duties do not conflict with other roles. • Applications have been configured to generate security event logs (audit logs, user activity logs) which are proactively reviewed to detect any unauthorised access attempts or inappropriate use of the application.	**Active Directory** We were unable to obtain supporting evidence for • the list of administrative users with access to manage AD • verifying whether user activity logs are captured and monitored for AD.

Assessment

- Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

Item No. 5.39

Response to the External Auditor's (Grant Thornton) IT Audit Findings Report

Reference	Recommendation	Management Comments
1.	It is recommended that the : « Council should revoke system administration access from users with finance functions. « If incompatible business functions are granted to users due to organisational size constraints, the Council should ensure that there are review procedures in place to monitor activities, e.g. reviewing system reports of detailed transactions.	The system is broken down into security for each module. The area referred to is the company access; these have already been fully revoked and are no longer there. This was completed in November 2022. - This element does not give them access to be able to delete audit logs or disable logging mechanisms - They cannot create unauthorized accounts as these have to be set up by civica financials themselves and requested via a helpdesk log on which only the Systems Admin Team and the Deputy s151 Officer have access to. - In terms of updates to their own account privileges there are compensating controls in the other modules whereby they could not set up a supplier or amend details as this requires a different user to authorize this No further action required.
2.	Considering the criticality of Civica for financial reporting, information security events such as - repeated invalid/ unauthorised login attempts to access systems, data or applications - privileged user activities - privileged generic accounts - changes to system configurations, tables and standing data should be logged and formally reviewed.	Access to the system is via single sign on and is used from the employees logon to the main system, therefore there are no unauthorized logon or failed attempts. In terms of changes to tables and standing data the council has no access to this information within any of our users as this is managed by civica financials and reported via the helpdesk. Audit logs are maintained within the system but at a detailed level and the Council have requested reports at a summary level to be produced for key risk areas.

Reference	Recommendation	Management Comments
3.	The Council should ensure that a comprehensive user administration procedures are in place to revoke application access in a timely manner. For a user administration process to be effective, IT must be provided with timely notifications from HR and/ or line managers. The Council should consider performing user access reviews on all terminated accounts to ensure all accounts have been disabled in a timely manner	There is a corporate system in place to manage access to the Council's IT network. HR notify the Technology team of leavers and accounts are disabled promptly. The Finance Systems Team do not revoke access to civica as that comes from the single sign on such that if the employee cannot access the main logon they cannot access the system. Access to all employees outside finance has until the last three months been restricted to purchasing only whereby there needs to be two people with one to raise the order and the other to authorize. No action required.
4.	For future system implementations or upgrades, the Council should review and update their approach so that key stakeholder approvals are built into project milestones. The approach should also consider how key documents and conclusions will be retained.	Noted. The debtors module was fully reconciled with the existing system and all of the information was validated. We only used debtors we had balances on or had been used within a shorter time period and not all debtor accounts. All balances and information was validated line by line. There was a board meeting to agree sign off with all the information provided. Tests were carried out end to end on the fundamental systems we went live with. We were clear at sign off that we were primarily going live with debtors and creditors modules fully tested.

Reference	Recommendation	Management Comments
Security Management	**<u>Active Directory</u>** We were unable to obtain supporting evidence for « the list of administrative users with access to manage AD « verifying whether user activity logs are captured and monitored for AD	Neither the Finance staff or the Technology staff have access to any of the tables, audit logs etc as this is all hosted in the cloud by civica. The new External Auditors are proposing to undertake a further of the review of the system and we will discuss this issue further with them.

VFM Progress Report - Quarter 2 2024/25

Committee:	Cabinet
Date of Meeting:	28 November 2024
Report of:	Head of Transformation and Assurance
Portfolio:	Resources and Transformation

1 Purpose of Report

1.1 To advise Members on the progress in the delivery of the VFM Improvement Plan at the end of Quarter 2 2024-25.

2 Recommendations

2.1 To note the progress at the end of Quarter 2 2024/25 in the delivery of the VFM Improvement Plan set out at Appendix 1.

2.2 To approve the revised target timescales set out in the improvement plan at Appendix 1

Reasons for Recommendations

2.3 The information allows Cabinet to ensure that all appropriate steps are being taken to address the findings of the External Auditors and improve the Council's governance arrangements.

2.4 The timescales have been revised to reflect ongoing capacity issues and the scale of the work to be completed.

3 Key Issues

3.1 The Council's External Auditor's Annual Report (AAR) for 2021/22 and 2022/23, highlighted several significant issues relating to the Council's financial, governance and asset arrangements and made recommendations for addressing these.

3.2 An improvement plan to address the issues was drawn up and approved by the Audit & Governance Committee (7 February 2024) and subsequently by Council (21 February 2024). The improvement plan has been updated with two additional actions arising from the Annual Governance Review for 2023-24.

3.3 This report sets out the progress made up to the end of Quarter 2 2024/25. Of the 53 actions due to be completed, 57% have been completed or are on target and the remainer are behind schedule.

3.4 Following discussions with the Council's new External Auditors a review all of the outstanding actions has been undertaken and revised target dates for completion are proposed. This reflects the capacity available and the scale of the work to be completed.

4 Relationship to Corporate Priorities

4.1 Good governance and financial management specifically links to the Council's priority to be "a modern, forward thinking and responsible Council". It also underpins the delivery of the Council's other corporate priorities and operational services.

5 Report Detail

5.1 As part of the work of the External Auditors, they are required to undertake a review of the Council's arrangements for Value for Money and their finding are set out in the Annual Audit Report for 2021/22 and 2022/23.

5.2 The AAR for 2021/22 and 2022/23 identified several areas of concern relating to the Council's financial, governance and asset arrangements and made recommendations for addressing these. Three statutory recommendations have been made and these are being progressed as a priority.

5.3 The External Auditors acknowledged that there has been a lack of capacity in key service areas to address these issues. The Council has sought to address this by agreeing additional funds as part of the budget process for the Finance and Transformation Teams. Additional resources have also been approved to address the HRA issues.

5.4 A VFM improvement plan has been produced to address the issues raised in the AAR. A commentary on progress for each of the actions up to the end of Quarter 2 2024/25 is set out in Appendix 1. Overall progress is summarised in the table below:

Table 1: Summary of Progress - VFM Improvement Plan

Quarter	★	✔	▲	✖	No longer applicable	Total Actions
	Action completed	Work on target	Work < 3 months behind schedule	Work > 3 months behind schedule		
Q4 2023/24	15	1	1	1	1	19
Q1 2024/25	3	3	7	1		14
Q2 2024/25	**1**	**7**	**12**			**20**
TOTAL	**19 (36%)**	**11 (21%)**	**20 (37%)**	**2 (4%)**	**1 (2%)**	**53**

5.5 At the end of quarter 2, of the 53 actions due for delivery:

- 57% have been completed or are in progress; and
- 43% of actions are behind schedule or are no longer applicable.

5.6 Good progress continues to be made in completing the actions set out in the improvement plan. As at the end of September, the majority of the actions from Q4 have now been completed including the publication of the accounts for 21/22 and 22/23. A number of outstanding actions from Q1 have also been progressed including key policy reviews for risk management and ICT Change management. Housing have continued to make progress with their actions. The independent review undertaken by Savills and the review of the IT system have been completed. The findings of both reviews are being used to inform a Housing Improvement Plan and this will be reported to Cabinet in February 2025 for approval. There has been some slippage in Q2 as a consequence of completion of a number of the outstanding actions from Q4 and Q1 and due to ongoing capacity issues in key service areas.

5.7 Following discussions with the Council's new External Auditors, it has been acknowledged that the VFM improvement plan is ambitious and given the capacity issues the Council is facing, it is going to be a longer-term piece of work. Consequently, a review of the target dates for all outstanding actions has been undertaken and revised where appropriate. It is intended to aim to complete the improvement plan by the end of 2025/26.

5.8 Progress in delivering the actions set out in the improvement plan are being overseen by:

- The Leadership Team; and
- Audit & Governance Committee.

The Audit & Governance Committee will escalate any concerns to Cabinet and the Cabinet will also receive periodic updates.

All actions relating to the Housing Revenue Account (HRA) assets, will also be overseen by a Housing Board which is to be set up in 2024/25.

6 Implications

6.1 Financial

There are no direct financial implications arising from the report.

6.2 Legal

None

6.3 Human Resources

None

6.4 Risk Management

Failure to deliver the improvement plan and address the External Auditor's recommendations has been included in the Council's Strategic Risk Register.

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1: VFM Improvement Plan - Summary of Progress

8 Previous Consideration

None

9 Background Papers

Report to Audit & Governance Committee 7 February 2024

Contact Officer:	Judith Aupers
Telephone Number:	01543 464 411
Ward Interest:	All Wards
Report Track:	Cabinet: 28/11/24 and
	Audit & Governance Committee: 19/11/24
Key Decision:	No

Item No. 6.5

Appendix 1

VFM Improvement Plan - Progress Report

Summary of Progress at 30 September 2024

Quarter	★	✔	▲	✖	No longer applicable	Total Number of Projects
	Action completed	Work on target	Work < 3 months behind schedule	Work > 3 months behind schedule		
Q4 2023/24	15	1	1	1	1	**19**
Q1 2024/25	3	3	7	1		**14**
Q2 2024/25	1	7	12			**20**
Q3 2024/25						**15**
Q4 2024/25						**10**
2025/26						**5**
TOTAL	**19 (36%)**	**11 (21%)**	**20 (37%)**	**2 (4%)**	**1 (2%)**	**53 at end of Q2**

Commentary on Progress

Good progress continues to be made in completing the actions set out in the improvement plan. As at the end of September, the majority of the actions from Q4 have now been completed including the publication of the accounts for 21/22 and 22/23. A number of outstanding actions from Q1 have also been progressed including key policy reviews for risk management and ICT Change management. Housing have continued to make progress with their actions. The independent review undertaken by Savills and the review of the IT system have been completed. The findings of both reviews are being used to inform a Housing Improvement Plan and this will be reported to Cabinet in February 2025 for approval. There has been some slippage in Q2 as a consequence of completion of a number of the outstanding actions from Q4 and Q1 and due to ongoing capacity issues in key service areas.

Following discussions with the Council’s new External Auditors, it has been acknowledged that the VFM improvement plan is ambitious and given the capacity issues the Council is facing, it is going to be a longer-term piece of work. Consequently, a review of the target dates for all outstanding actions has been undertaken and revised where appropriate. It is intended to aim to complete the improvement plan by the end of 25/26.

Item No. 6.6

Appendix 1

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
	QUARTER 4 2023/24						
1.	Financial Sustainability (Statutory Recommendation 1)	Medium Term Financial Strategy for 2024/25 to 2026/27 drafted and approved by Cabinet. Due for approval at Council 21 February 2024. Modelling, assumptions and risk assessment included as part of the budget report. MTFS includes assessment of likely future government funding.	Deputy Chief Executive (Resources) & S151 Officer		Completed		
2.	Financial Sustainability (Statutory Recommendation 1)	Capital Strategy to be updated in accordance with the revised Prudential Code.	Deputy Chief Executive (Resources) & S151 Officer		This is currently being worked on and will be completed in Quarter 3.		Q3 24/25
3.	Financial Sustainability (Statutory Recommendation 1)	Bring treasury strategy and its reporting to members up to date	Deputy Chief Executive (Resources) & S151 Officer		Completed		
4.	Financial Sustainability (Statutory Recommendation 1)	Produce draft financial statements in line with statutory requirements and working with external auditors to deliver audits effectively. (Decision to be made on outstanding audits as there is a consultation taking place as to how to clear the backlog of audits nationally at present)	Deputy Chief Executive (Resources) & S151 Officer	This is to be discussed with Azets as to approach	Agreed with Azets not to audit the 21/22 and 22/23 accounts. This is in line with the national statutory dispensation which was put back onto the work plan for Parliament to be approved December 2024.	N/A	

Item No. 6.7

Appendix 1

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
5.	Financial Sustainability (Statutory Recommendation 1)	Draft accounts published up to 2023/24	Deputy Chief Executive (Resources) & S151 Officer	Quarter 4 - 2023/24	The draft accounts for 2021-22 and 2022-24 have been published.	★	
					The accounts for 23/24 will be published late December/early January. Work is in progress.	✓	Q4 24/25
6.	HRA (Statutory Recommendations 2 & 3)	Appointment of additional senior resource (HRA Recovery Lead) to support the delivery of the HRA action plan and implement recovery actions (starting 26/2/24)	Deputy Chief Executive (Place)		Completed	★	
7.	HRA (Statutory Recommendations 2 & 3)	Liaise with other HRA providers to determine best practice to aid our work and use this information to undertake appropriate benchmarking.	Head of Housing and Corporate Assets	Quarter 4 2023/24	Completed. Members of HouseMark and annual Benchmarking exercise undertaken. Visit to Wolverhampton Homes and discussions with Housing Plus & WHG across subject areas	★	
8.	HRA 30 Year Business Plan (Statutory Recommendation 2)	Provision to be included in the capital programme for 2023/24 and 2024/25 to fund the stock condition survey.	Deputy Chief Executive (Resources) & S151 Officer Head of Housing and Corporate Assets	Completed	Approval as part of budget in February 2024	★	

Item No. 6.8

Appendix 1

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
9.	HRA 30 Year Business Plan (Statutory Recommendation 2)	• Review of Housing Register to ensure it is maintained up-to-date • Larger scale review completed in October 2023; and • Ongoing monthly review of application forms on the anniversary of the application form date.	Head of Housing and Corporate Assets Tenancy Services Manager		Completed On-going monthly review letters sent out and applicants removed from the list that do not re-register	★	
10.	Corporate Savings & Transformation Programme (Key Recommendation 1)	Align the MTFS to the corporate priorities in the Council's Business Plan including the costed climate change actions	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance		Completed as part of budget setting 2024/25 To be revisited in Quarter 2 2024/25	★	
11.	Risk Management (Key Recommendation 2)	Review of risk management policy and framework - includes review of format of the SRR	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 4 - 2023/24	Approved by Leadership Team. To be approved by Cabinet on 28 November 2024.	★	
12.	Risk Management (Key Recommendation 2)	Review of guidelines on risk implications for committee reports	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 4 - 2023/24	Approved by Leadership Team.	★	

Item No. 6.9

Appendix 1

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
13.	Risk Management (Key Recommendation 2)	Review of risks in annual budget report to be consistent with corporate process	Deputy Chief Executive (Resources) & S151 Officer		Completed	★	
14.	IT (Key Recommendation 3)	Implement outstanding recommendation from Cyber and Network Security Audit - staff to complete cyber training	Chief Technology Officer and Information Manager	Quarter 4 - 2023/24	Staff have completed cyber training	★	
15.	IT (Key Recommendation 3)	Finalise the change management strategy	Chief Technology Officer	Quarter 4 - 2023/24	Change Management Strategy has been approved by Leadership Team	★	
16.	IT (Key Recommendation 3)	Finalise Information Governance Framework	Head of Law & Governance	Quarter 4 - 2023/24	Completed - approved by Cabinet	★	
17.	Procurement and Contract Management (Key Recommendation 7)	Update the contracts register and ensure it is compliant with transparency requirements	Head of Transformation & Assurance and Leadership Team	Quarter 4 - 2023/24 (this will be the first draft to be revisited Quarter 3 2024/25)	Work in progress but has been delayed. This has been rescheduled and will completed in Q4.	✖	Q4 24/25
18.	Other Related Actions	Review of Audit Reporting to Leadership Team and escalation protocols	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 4 2023/24	Completed - quarterly progress reports to be discussed at Leadership Team	★	

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
	QUARTER 1 2024/25						
19.	Financial Sustainability (Statutory Recommendation 1)	Restructure of the Finance Team and creation of additional capacity	Deputy Chief Executive (Resources) & S151 Officer	Quarter 1 - 2024/25	Restructure agreed.	★	
20.	Financial Sustainability (Statutory Recommendation 1)	Regular performance monitoring to be re-established with budget managers and Leadership Team.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 1 - 2024/25	Year-end outturn 2023-24 has been completed and will be reported on in Q3. Work in progress on period 6 monitoring for 2024-25	▲	Q3 24/25
21.	Financial Sustainability (Statutory Recommendation 1)	Reporting on the delivery of savings to be established and discussed at Strategic Leadership Team meetings. Where appropriate, project plans will be developed to support the delivery of significant/complex savings.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 1 - 2024/25	As a savings programme is developed as part of budget setting, reporting on this will take place as budget monitoring is reestablished.	▲	Q3 24/25
22.	HRA 30 Year Business Plan (Statutory Recommendation 2)	A review of the stock condition survey work undertaken to date will be used to help inform investment and the programme of works.	Head of Housing and Corporate Assets Housing Property Services Manager	Quarter 1 - 2024/25	• Rapleys initial survey report has been shared with Savills who have presented initial basis of HRA business plan May 2024. • Stock Condition survey work by Rapleys commenced and additional survey information will be fed through over the survey period August ‘24 to March ‘25	✓	

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
					• As appropriate volume of data is received, this can be used to review and update the HRA investment plan and works programme.		
23.	HRA 30 Year Business Plan (Statutory Recommendation 2)	Procurement of contractor to deliver the stock condition survey. Award notice planned for February 2024 with contractor to start March.	Head of Housing and Corporate Assets Housing Property Services Manager	Q1 2024/25	Final Version of contract agreed August 2024 and signed by Rapleys	★	
23a New	HRA 30 Year Business Plan (Statutory Recommendation 2)	Delivery of the stock condition survey	Head of Housing and Corporate Assets Housing Property Services Manager	• 10% by end Q2 • 50% by end of Q3 • 100% by end of Q4	Rapley commenced survey work with batch 1 & 2 surveys totalling 878 homes	✓	
24.	HRA 30 Year Business Plan (Statutory Recommendation 2)	Review and update of the Housing Allocations Policy. • Consultation complete, Policy going to Cabinet in March 2024 with implementation in April 2024.	Head of Housing and Corporate Assets Tenancy Services Manager	Q1 2024/25	Completed. Approved at Cabinet 28 March 2024. Implementation Phase commenced.	★	

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
25.	HRA Compliance (Statutory Recommendation 3)	Regular inspections of properties and blocks will continue to be undertaken and will be reported to Housing Board and Cabinet. This includes gas safety, electrical safety, asbestos, water hygiene and fire safety.	Head of Housing and Corporate Assets Housing Property Services Manager	Q1 2024/25	Regular Inspections of properties and Blocks in HRA continue to be undertaken and recorded. KPIs included in quarterly corporate performance reports to Cabinet and Scrutiny Committee. Will be reported to Housing Board when this has been set up. Work continues to obtain Compliance Documentation from Shop Leaseholders - 17 occupied units in 4 blocks.		
26.	Risk Management (Key Recommendation 2)	Training for Leadership Team, managers, team leaders/principal officers on risk management	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 1 - 2024/25	Deferred to Q4 due to delay in taking the updated policy/strategy to Leadership Team for approval		Q4 24/25
27.	IT (Key Recommendation 3)	Update IT security policy and adopt a cyber security policy	Head of Transformation & Assurance and Chief Technology Officer	Quarter 1 - 2024/25	The policy has been updated and includes cyber security. Review by Head of Service completed. Once amendments have been completed, the draft will be submitted to Leadership Team for approval in Q3.		Q3 24/25

Item No. 6.13

Appendix 1

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
28.	IT (Key Recommendation 3)	Provide refresher training to ensure compliance with process for 3rd party data transfers and completion of privacy impact assessments	Chief Technology Officer and Information Manager	Quarter 1 - 2024/25	The Data Transfer Policy has been reviewed. The refresher training is going to be delivered in Q3.		Q3 24/25
29.	IT (Key Recommendation 3)	Complete the IT strategy	Deputy Chief Executive (Resources) & S151 Officer	Quarter 1 - 2024/25	Strategy has been considered by Leadership Team. It will be submitted to Cabinet for approval in Q3 alongside the Transformation Strategy.		Q3 24/25
30.	HR related issues (Improvement Recommendations 1 and 2)	Establish our culture, values and type of organisation we want to be. This work will inform the following actions	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 1 2024/25	A meeting has taken place with a potential facilitator for this piece of work. Timing and scope has yet to be agreed.		Q4 24/25
31.	HR related issues (Improvement Recommendations 1 and 2)	Complete review of hybrid working. This will inform the development of the workforce strategy and the review of the Code of Conduct as well as support the development of an asset strategy.	Head of Transformation & Assurance and HR Manager	Quarter 1 2024/25	Work on this has slipped further due to ongoing capacity issues in the HR Team. A report is to be prepared for Leadership Team for Q3		Q3 24/25

Item No. 6.14

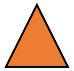
Appendix 1

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
	QUARTER 2 2024/25						
32.	Financial Sustainability (Statutory Recommendation 1)	Commence recruitment to new Finance team structure	Deputy Chief Executive (Resources) & S151 Officer and Deputy S151 Officer	Quarter 2 - 2024/25	Recruitment has commenced with 2 senior posts advertised - closing date 29 September.	✓	
33.	Financial Sustainability (Statutory Recommendation 1)	Lesson learnt exercise to be undertaken of implementation of the finance system	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2 - 2024/25	Work on this has been delayed to Q3 due to the ongoing capacity issues in the Finance Team	▲	Q3 24/25
34.	Financial Sustainability (Statutory Recommendation 1)	Training of managers in budget management and use of the new finance system.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2 - 2024/25	Presentation drafted. Sessions will be scheduled in during Q3 (delayed due to the absence of the s151 Officer)	✓	Q3 24/25
35.	Financial Sustainability (Statutory Recommendation 1)	Review of Financial Regulations	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2 - 2024/25	Work on this has been delayed due other work taking precedence and the unplanned absence of the s151 Officer	▲	Q1 25/26
36.	Financial Sustainability (Statutory Recommendation 1)	Training for managers on Financial Regulations	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2 - 2024/25	This will be undertaken once the Financial Regulations have been reviewed	▲	Q2 25/26

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
37.	HRA (Statutory Recommendations 2 & 3)	Set up the new Housing Board to enhance governance and oversight of delivery of the improvement plan. The Board will comprise: • Deputy Chief Executive-Place; • Head of Housing & Corporate Assets; • Cabinet Member for Housing; • Shadow Cabinet Member for Housing; • Tenant representatives from across the District; and • independent person with housing expertise	Deputy Chief Executive (Place) Head of Housing and Corporate Assets	Q2 2024/25	Promotion work was undertaken up to end of Q2. Applications opened in October and close 1 November. Interviews and informal appointments to be made and then report to Cabinet in January 2025 for approval of appointments and Board formation. Subject to appointments and Cabinet approval, the first meeting will take place in March 2025.	✓	Q4 24/25
38.	HRA (Statutory Recommendations 2 & 3)	A review is to be undertaken of existing systems and processes in the HRA and General Fund to align them to ensure that we have a standardised approach to building safety inspections.	Head of Housing and Corporate Assets Housing Property Services Manager Corporate Assets Manager	Q2 2024/25	The Savills review contained a review of HRA compliance systems and the actions arising from this are to be included in wider HRA Improvement Plan. The following draft policies will be presented for Leadership Team approval in Q3: Building Safety, Gas Safety, Fire Risk, Electrical, Water Hygiene, Lifting, and Asbestos Policy. Procedures will be updated based on the Policies and ICT requirements are being developed.	▲	

Item No. 6.16

Appendix 1

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
					Compliance checks are being collated for General Fund Council Premises and Leased Properties. Legionella Testing - for General Fund a new contractor is being procured.		
39.	HRA 30 Year Business Plan (Statutory Recommendation 2)	Comprehensive external HRA review to be undertaken including Health & Safety (Compliance) and HRA Business Plan & Capital Investment.	Head of Housing and Corporate Assets	Q2 2024/25	Majority of Savills review is completed, themes 1-5. Theme 6 - HRA Business Plan to roll forward as Stock Condition data is collected and shared with Savills. The Stock Condition information will be fed into the draft HRA Financial Business Plan and Capital Investment works.		Q2 25/26
40.	HRA Compliance (Statutory Recommendation 3)	A review of compliance against the housing consumer standards (July 2023), has been undertaken and an action plan is to be developed from this which will improve tenant engagement. A residents engagement officer post has been established.	Head of Housing and Corporate Assets Strategic Housing Manager	Q2 2024/25	The Savills review contained a review against the Consumer Standards, and this section has been completed. Savills produced a priority action plan which is being fed into the overarching HRA Improvement Plan.		Q4 24/25

Item No. 6.17

Appendix 1

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
					The Resident Involvement Strategy gained Cabinet approval in September 2024, and a Housing Communications Plan is being worked up in Q3.		
41.	Risk Management (Key Recommendation 2)	Develop risk registers for each Directorate, the HRA and ICT	Deputy Chief Executive (Resources), Deputy Chief Executive (Place), Head of Housing & Corporate Assets and Head of Transformation & Assurance	Quarter 2 - 2024/25	An IT risk register is in place. Work on the Directorate risk registers will commence in Q4 once training has been provided		Q1 25/26
42.	Risk Management (Key Recommendation 2)	Establish escalation process between other risk registers and the SRR eg services, projects	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 2 - 2024/25	This will be set up once the new directorate risk registers have been established.		Q1 25/26
43.	IT (Key Recommendation 3)	Develop assurance reporting for IT eg report on outcome of annual health check / penetration testing to Leadership Team and Audit Committee	Head of Transformation & Assurance and Chief Technology Officer	Quarter 2 - 2024/25	The annual IT assurance report is going to be produced in Q4 to align with completion of the health checks and compliance tests completed during the year.		Q4 24/25

Item No. 6.18

Appendix 1

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
44.	IT (Key Recommendation 3)	Review of what we include in procurements re ICT controls and information governance	Head of Transformation & Assurance, Chief Technology Officer, Head of Law & Governance and Information Manager	Quarter 2 - 2024/25	The review re ICT controls has been completed. Work on the information governance requirements will be completed by end of Q4.		Q4 24/25
45.	Performance Management (Key Recommendation 5)	Establish a Corporate Project Management Methodology. Provide templates, guidelines, and training for key officers (LT, Service Managers and key Principal Officers/Team Leaders).	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 2 - 2024/25	Work on this has not yet commenced due to other work taking priority. It has been rescheduled for Q2 25/26.		Q2 25/26
46.	Performance Management (Key Recommendation 5)	Establish corporate project resources to support transformation work (funding allocated in 2024/25 budget)	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 2 - 2024/25	This is under discussion and the team structure will be included in the report to Cabinet on the Transformation Strategy in Q3.		Q3 24/25
47.	Performance Management (Key Recommendation 5)	Review of all projects, the current governance arrangements and establish project reporting to Leadership Team	Deputy Chief Executive (Resources) and Deputy Chief Executive (Place)	Quarter 2 - 2024/25	The review is to be undertaken in Q4 following the completion of the review of corporate priorities for 2024/25.		Q4 24/25

Item No. 6.19

Appendix 1

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
48.	Procurement and Contract Management (Key Recommendation 7)	Review and update the Procurement Regulations	Deputy Chief Executive (Resources), Head of Transformation & Assurance and Head of Law & Governance	Quarter 2 - 2024/25	Work has commenced on updating the Procurement Regulations. This will be completed in Q4 ahead of the legislation coming into effect in February 2025.	✓	Q4 24/25
49.	Procurement and Contract Management (Key Recommendation 7)	The key elements of the procurement strategy will be built into the procurement regulations rather than as a stand-alone document.	Head of Transformation & Assurance	Quarter 2 - 2024/25	Please refer to comment above	✓	Q4 24/25
50.	Procurement and Contract Management (Key Recommendation 7)	Provide training for managers on procurement and contract management	Head of Transformation & Assurance	Quarter 2 - 2024/25	Training will be provided once the Procurement Regulations have been updated and approved	▲	Q1 25/26
51.	Other Related Actions (from AGS 2023-24)	Review of project management arrangements and project planning for the delivery of the town centre schemes.	Head of Economic Development & Planning	Quarter 2 - 2024/25	Additional interim consultancy resource has been appointed to support the programme/project management of the town centre regeneration project. Board meetings, steering groups and weekly project team meetings have been re-established; with regular review of project plans and programmes.	★	

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
	QUARTER 3 2024/25						
52.	Financial Sustainability (Statutory Recommendation 1)	Follow-on zero-based budgeting session with managers to continue work started as part of the 2024/25 budget setting process	Deputy Chief Executive (Resources) & S151 Officer	Quarter 3 - 2024/25			Q3 25/26 for 26/27 budget setting
53.	HRA 30 Year Business Plan (Statutory Recommendation 2)	Review of HRA reserves to fund planned maintenance, compliance and works arising from the stock condition survey.	Deputy Chief Executive (Resources) & S151 Officer	Q3 2024/25 (linked to budget setting process)			Q2 25/26
54.	HRA Compliance (Statutory Recommendation 3)	A full review will be undertaken of all records and information held to data cleanse and identify gaps/ weaknesses in the data held. All records will be held electronically so that there is one version of the data record. An on-going reconciliation will be undertaken of the HRA asset register to the health and safety checks completed, compliance data and other inspections. Options for a new single asset register compliance system will be explored.	Head of Housing and Corporate Assets All Housing Service Managers	Q3 2024/25			Q3 25/26

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
55.	Corporate Savings & Transformation Programme (Key Recommendation 1)	Process to be established for developing savings options - this will comprise a service reduction programme and a service transformation/efficiency programme. Initial steps for both: • a discussion with the Cabinet after the May elections to review priorities and key projects; • engagement with Heads of Service and Service Managers to review current service levels for statutory and discretionary services (to include high level benchmarking) - this will be a pre-cursor to bringing the services together and establish the baseline for service transformation (this will build on the initial work done on SLAs). • Range of options for service reduction and efficiency savings/ transformation Service Reduction: • Savings options to be assessed for impact and deliverability and discussed with Cabinet. • Range of options to be refined and consultation exercise to be undertaken with public and partners where relevant; • Outcome of consultation to be used to inform savings options to be progressed as part of development of budget.	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 3 - 2024/25			

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
		Transformation: • Transformation options to be assessed and added to transformation programme for prioritisation. Will need to consider any investment required to deliver savings/service improvements; resourcing to deliver the changes, etc • Project Manager and Project support officer to be recruited to support delivery of transformation programme, funding allocated in budget 2024/25 to fund posts; • Training of managers and key officers in transformation techniques.					
56.	Corporate Savings & Transformation Programme (Key Recommendation 1)	Consultation and engagement to be embedded into the planning for the delivery of key projects where appropriate to ensure schemes meet community needs eg regeneration projects, redevelopment of play areas	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 3 - 2024/25	This will be embedded into the project management methodology		Q2 25/26
57.	Fraud (Key Recommendation 4)	Review Anti-Fraud & Bribery Policy	Chief Internal Auditor & Risk Manager	Quarter 3 - 2024/25			Q1 25/26
58.	Fraud (Key Recommendation 4)	Review of Confidential Reporting Policy	Chief Internal Auditor & Risk Manager	Quarter 3 - 2024/25			Q1 25/26

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
59.	Fraud (Key Recommendation 4)	Assess compliance against Cipfa 2014 Code for Fraud and develop an action plan as necessary	Chief Internal Auditor & Risk Manager	Quarter 3 - 2024/25			Q1 25/26
60.	HRA and Corporate Asset Management (Key Recommendation 6)	A Corporate asset management strategy is in place and an action plan will be developed.	Head of Housing and Corporate Assets Corporate Assets Manager	Q3 2024/25			Q3 25/26
61.	HRA and Corporate Asset Management (Key Recommendation 6)	A full review will be undertaken of all records and information held to data cleanse and identify gaps/ weaknesses in the data held. All records will be held electronically so that there is one version of the data record. An on-going reconciliation will be undertaken of the corporate asset register to the health and safety checks completed, compliance data and other inspections.	Head of Housing and Corporate Assets Corporate Assets Manager	Quarter 3 - 2024/25			Q4 25/26
62.	Procurement and Contract Management (Key Recommendation 7)	Work with managers and the County's Procurement Team to develop a procurement pipeline	Head of Transformation & Assurance and Leadership Team	Quarter 3 - 2024/25			Q3 25/26

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
63.	Procurement and Contract Management (Key Recommendation 7)	Process to be established for publication of key data on the Council's website to meet transparency requirements re spend data, contracts register	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 3 - 2024/25			Q3 25/26
64.	HR related issues (Improvement Recommendations 1 and 2)	Develop a hybrid working policy and review other related policies and processes.	Head of Transformation & Assurance and HR Manager	Quarter 3 2024/25			Q2 25/26
65.	HR related issues (Improvement Recommendations 1 and 2)	Review and update the Employee Code of Conduct	Head of Transformation & Assurance and Head of Law & Governance	Quarter 3 2024/25			Q3 25/26
66.	Other Related Actions	Establish an inventory of key policies and a programme of periodic reviews	Leadership Team	Quarter 3 - 2024/25			Q4 25/26
67.	Other Related Actions (from AGS 2023-24)	Review of Scheme of Delegations as part of shared services transformation.	Monitoring Officer and Leadership Team	Quarter 3 - 2024/25			Quarter 3 - 2025/26

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
	QUARTER 4 2024/25						
68.	Financial Sustainability (Statutory Recommendation 1)	Implementation of remaining module of the finance system, ongoing development and maximising use of system functionality	Deputy Chief Executive (Resources) & S151 Officer	Quarter 4 - 2024/25			Q2 25/26
69.	Financial Sustainability (Statutory Recommendation 1)	Performance reporting for Cabinet and Scrutiny to be developed. This will be done alongside the review and development of performance and risk reporting.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 4 - 2024/25			Q2 25/26
70.	HRA 30 Year Business Plan (Statutory Recommendation 2)	Undertake a full stock condition survey. • An approach to delivering the full stock condition survey has now been developed with the contractor on a phased basis. • Performance and programme delivery to be monitored on monthly and quarterly basis and reported to Housing Board.	Head of Housing and Corporate Assets Housing Property Services Manager	To be completed by Quarter 4 2024/25			
71.	HRA 30 Year Business Plan (Statutory Recommendation 2)	As stock condition data increases a rolling programme of improvements will be developed and reported on to the Housing Board.	Head of Housing and Corporate Assets Housing Property Services Manager	Quarter 4 2024/25			Q2 25/26

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
72.	HRA 30 Year Business Plan (Statutory Recommendation 2)	Development of a place-based housing strategy, working in conjunction with key partners. This will be part of a longer-term project to understand the needs of the area and our tenants. It will also link in with the Local Plan process. • Housing Needs Assessment completed. • SHLAA and Brownfields register completed. • Draft Local Plan has well informed evidence base (proposed submission Summer 2024).	Deputy Chief Executive (Place) Head of Wellbeing Head of Housing and Corporate Assets Head of Economic Development & Planning	Quarter 4 2024/25			
73.	Fraud (Key Recommendation 4)	Assess fraud risks and include in risk registers as appropriate	Chief Internal Auditor & Risk Manager and Leadership Team	Quarter 4 - 2024/25			Q2 25/26
74.	Performance Management (Key Recommendation 5)	Develop and adopt a performance management framework to establish golden thread from Corporate Plan to service plans through to employee reviews. Framework to include protocols for ensuring data quality	Head of Transformation & Assurance	Quarter 4 - 2024/25			Q1 25/26

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
75.	Performance Management (Key Recommendation 5)	Review our performance report style - delivery plans and KPIs. To consider the development of performance outcome measures	Head of Transformation & Assurance	Quarter 4 - 2024/25			Q1 25/26
76.	Performance Management (Key Recommendation 5)	Performance reporting for waste and leisure: • review of KPIs for monitoring and reporting on performance; • establish internal validation process of contract performance; and • review information reported to Cabinet / Scrutiny	Head of Transformation & Assurance, Head of Operations and Head of Wellbeing	Quarter 4 - 2024/25			Q1 25/26
77.	Other Related Actions	Review of Code of Governance	Head of Transformation & Assurance	Quarter 4 - 2024/25			Q1 25/26
	2025/26						
78.	HRA 30 Year Business Plan (Statutory Recommendation 2)	Revision of the 30-year business plan, informed by results of the stock condition survey and housing needs assessment: • Business plan to be updated on a rolling basis as stock condition data increases. • Business plan review to be undertaken on a quarterly basis.	Head of Housing and Corporate Assets HRA recovery lead Deputy Chief Executive (Resources) & S151 Officer	Quarter 2 2025/26			

No	Theme	Action	Lead Officer	Timescale	Progress Update	Progress Rating	Revised Timescale
		• HRA recovery lead to develop and roll out training for housing staff on business plan and assumptions. • Develop HRA asset management strategy	Deputy Chief Executive (Place)				
79.	Fraud (Key Recommendation 4)	Review the information we report on fraud work (including data matching) to the Audit Committee.	Chief Internal Auditor & Risk Manager	2025/26			Q1 25/26
80.	HR related issues (Improvement Recommendations 1 and 2)	Development of a workforce strategy that links to long term transformation / shared services	Head of Transformation & Assurance and HR Manager	2025/26			Q4 25/26
81.	Other Related Actions	Development of Assurance Model	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	2025/26			Q4 25/26
82.	Corporate Savings & Transformation Programme (Key Recommendation 1)	Review current corporate plan and priorities to determine if an update is required and if so, engage with stakeholders as appropriate	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	To be done for new Corporate Plan (s) and any savings exercises going forwards	Interim review of corporate plan completed. Priorities remain unchanged but underpinning projects have been revised		N/A

Item No. 7.1

Strategic Risk Register Update

Committee: Audit & Governance

Date of Meeting: 19 November 2024

Report of: Head of Transformation & Assurance

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1 Purpose of Report

1.1 To set out details of the Council's Strategic Risk Register as at 30th September 2024

2 Recommendations

2.1 That Audit Committee notes the Strategic Risk Register and considers the progress made in the identification and management of the strategic risks.

Reasons for Recommendations

2.2 Audit Committee have responsibility for monitoring the progress of the Strategic Risk Register actions.

3 Key Issues

3.1 All strategic risks and associated action plans have been reviewed and the Council's risk profile is summarised in the table below:

Risk Status	Number of Risks at 1st April 2024	Number of Risks at 30th September 2024
Red (High)	**2**	**3**
Amber (Medium)	**6**	**6**
Green (Low)	**0**	**0**
TOTAL	**8**	**9**

4 Relationship to Corporate Priorities

4.1 This report supports the Council's Corporate Priorities as follows:

(i) Risk management is a systematic process by which key business risks / opportunities are identified, prioritised, and controlled so as to contribute towards the achievement of the Council's aims and objectives.

(ii) The strategic risks set out in the Appendices have been categorised against the Council's priorities.

5 Report Detail

5.1 The Accounts & Audit Regulations 2015 state that:

"A relevant body must ensure that it has a sound system of internal control which:-

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk."

5.2 Risk can be defined as uncertainty of outcome (whether positive opportunity or negative threat). Risk is ever present and some amount of risk-taking is inevitable if the council is to achieve its objectives. The aim of risk management is to ensure that the council makes cost-effective use of a risk process that has a series of well-defined steps to support better decision making through good understanding of risks and their likely impact.

Management of Strategic Risks / Opportunities

5.3 Central to the risk management process is the identification, prioritisation, and management of strategic risks / opportunities. Strategic Risks are those that could have a significant impact on the Council's ability to deliver its Corporate Priorities and Objectives.

5.4 The risk register has been updated as at 1st April 2024 and a summary is attached as **Appendix 1**.

5.5 The risk summary illustrates the risks / opportunities using the "traffic light" method i.e.:

RED	risk score 12 and above (action plan required to reduce risk and/or regular monitoring)
AMBER	risk score 5 to 10 (action plan required to reduce risk)
GREEN	risk score below 5 (risk tolerable, no action plan required)

5.6 The overall number of risks has increased as three new risks have been to the Risk Register. All other risks remain at the same score. There are currently no Green Risks.

5.7 As part of this review a new Red Risk has been added in relation to the delivery of the major regeneration projects *"There is a risk that the high-profile large regeneration projects may not deliver as anticipated, to time or to budget, leading to reputational risks to the Council and creating financial risks that impact on the Council's financial* position *and could impact on service delivery."* The risk identifies that whilst action is being taken to manage the projects the impact on the Council could be significant if they fail to be delivered on time and within budget. In addition, the time and resources going into the management of the projects may have an impact on the delivery of other services.

5.8 Whilst there has not been any movement in scores of the remaining risks action plans are being progressed and relevant comments detail the progress made to deliver the identified controls.

5.9 The key information and progress for each risk is set out in the strategic risk register attached at **Appendix 2**. A full strategic risk register including detailed controls and actions for each risk is held on file by the Chief Internal Auditor & Risk Manager.

6 Implications

6.1 Financial

None

6.2 Legal

None

6.3 Human Resources

None

6.4 Risk Management

The Risk Management implications are included within the body of the report and appendices.

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1 – Summary of Strategic Risks – 30th September 2024

Appendix 2 – Strategic Risk Register Key Information – 30th September 2024

8 Previous Consideration

None.

9 Background Papers

File of papers held by the Chief Internal Auditor & Risk Manager.

Contact Officer:	Stephen Baddeley
Telephone Number:	01543 464415
Ward Interest:	All
Report Track:	Cabinet: 28/11/24 Audit & Governance Committee: 19/11/24

Item No. 7.4

Appendix 1

Cannock Chase Council

Summary of Strategic Risk Register as at 1st April 2024

Red Risks

Risk No	Risk	Risk Owner	Date Added to Register	Residual Risk Score at April 2024	Residual Risk Score at Sept 2024	Direction of Travel over period reported
C1	Finance Risk	Deputy Chief Executive Resources	May 2020	**20 Red**	**20 Red**	⟷
C4	Key Contractors Risk	Head of Operations / Head of Wellbeing	May 2020	**15 Red**	**15 Red**	⟷
2024-04	Town centre regeneration project	Head of Economic Development & Planning	Sept 2024	**N/A**	**15 Red**	**New Risk**

Amber Risks

Risk No	Risk	Risk Owner	Date Added to Register	Residual Risk Score at Sept 2023	Residual Risk Score at April 2024	Direction of Travel over period reported
C2	Economy Risk	Head of Economic Development & Planning	May 2020	**9 Amber**	**9 Amber**	⟷
C5	Organisational Resilience Risk	Chief Executive	May 2020	**10 Amber**	**10 Amber**	⟷
C6	Cyber Attack Risk	Head of Transformation & Assurance	May 2020	**9 Amber**	**9 Amber**	⟷
2024-01	Governance Risk	Deputy Chief Executive (Resources)	April 2024	**9 Amber**	**9 Amber**	⟷
2024-02	Housing Compliance Risk	Head of Housing & Corporate Assets	April 2024	**10 Amber**	**10 Amber**	⟷
2024-03	Meeting Homelessness Statutory Duty Risk	Head of Wellbeing	April 2024	**9 Amber**	**9 Amber**	⟷

Key to Direction of Travel

↓	Risk has decreased	⟷	Risk level unchanged	↑	Risk has increased

Item No. 7.5

Appendix 2

Cannock Chase Council
Strategic Risk Register Key Information as at 1st September 2024

Ref No: C1	**Risk Name: Finance Risk**
Risk Description	Poor budget planning, over commitment of financial resources or inappropriate use of reserves leading to a financial shortfall or overspends that undermine the Council's ability to deliver services, corporate priorities or leading to external intervention

Risk Owner: Deputy Chief Executive Resources	Portfolio: Resources and Transformation

Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: **20 – Red**
Residual/Net Risk Score (i.e., with controls)	**Likelihood: 4**	**Impact: 5**	**Total Score: 20 – Red**

Overall Progress Summary:

The medium-term financial stability of the Council is dependent upon its ability to set a 2025-26 budget that minimises the use of reserves, and the impact of changes arising from the future funding regime for local government. Details in relation to the implementation of 50% Business Rates Retention, a Business Rates Reset and Fair Funding are still awaited.

A consultation document in relation to the Future of New Homes Bonus was published in February 2021 (a response from the Council was submitted in advance of the closing date). The Council is awaiting details of the financial Settlement for 2025-26, including New Homes Bonus, to be provided by Central Government, likely in the Autumn.

Events beyond the Councils control such as the geopolitical situation, energy crisis, inflation creating a cost-of-living crisis and interest rate rises have occurred in recent years and are likely to continue in the future. These issues, as well as uncertainty regarding national fiscal and monetary policy, the direction of the Government post general election and the impact on the local government financial settlement, have created substantial risk to financial sustainability. The council has sought to mitigate this by avoiding overextending its position beyond its ability to self-finance from finance streams which are as certain as possible eg council tax income.

Ref No: C2	**Risk Name: Economy Risk**
Risk Description	Adverse macro-economic conditions lead to a serious impact on the performance of the District's economy

Risk Owner: Head of Economic Development & Planning	Portfolio: Regeneration & High Streets

Links To Priorities:

- PRIORITY 1 - ECONOMIC PROSPERITY - "To reinvigorate the economy and create a District that thrives"

Gross Risk Score (i.e., without controls)	Likelihood: 3	Impact: 5	Total Score: **15 – Red**
Residual/Net Risk Score (i.e., with controls)	**Likelihood: 3**	**Impact: 3**	**Total Score: 9 - Amber**

Overall Progress Summary:

Economic conditions remain challenging, due largely to the current cost of living pressures and economic uncertainty.

Despite the current challenges, the District's economy continues to be resilient, with unemployment rates at a stable level and a large number of job vacancies available. The Council will continue to monitor local economic conditions and respond if the situation worsens.

Major investments such as the Levelling Up Fund scheme in Cannock Town Centre, the proposed phase 2 of the McArthurGlen Designer Outlet and re-development of the former Rugeley Power Station continue to be absolutely critical in supporting the prosperity and growth of the District. Furthermore, the £3m of UK Shared Prosperity Fund money is being invested by the Council to grow the District's economy and address current economic challenges.

Ref No: C4	**Risk: Key Contractors Risk**
Risk Description	Changes in the operational costs/income due to economic factors which impact on the sustainability key Contractors to deliver the required services.

Risk Owners: Head of Operations / Head of Wellbeing	Portfolios: Community Wellbeing, Environment & Climate Change

Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: **20 – Red**
Residual/Net Risk Score (i.e., with controls)	**Likelihood:3**	**Impact: 5**	**Total Score: 15 – Red**

Overall Progress Summary:

Regular contact continues to be maintained with the Council's key contractors in relation to performance and operational matters and in the case of leisure, a new project management resource has been brought in to enhance this monitoring.

Leisure and culture facilities and services remain at risk, with Cannock Chase District as the contractors only client. Consultants SLC have been brought in to support the Council in finding a new way forward for leisure, culture and heritage provision.

The Council has successfully retendered its kerbside collection contract for 2025 onwards and has included provision for statutory weekly food waste collections, and the continuation of its dual-stream dry mixed recycling and chargeable garden waste services.

Clarity has been received from government around consistency in recycling, which has now been rebranded as 'simpler recycling'. The impacts of which are considered within manageable contract tolerances.

The Council is continuing to develop its new customer portal across its waste and collection service to assist with contract management, reporting and to improve the overall customer experience.

Concerns over the cost-of-living increases impacting upon staffing costs / wage bills, and increasing fuel/energy costs, such as electricity, gas, and petroleum-based products, impacting upon operational costs, have eased over the year. However, the impact can still be evidenced in areas such as leisure services, income, and costs. While current costs seem to have stabilized, they remain considerably higher than in previous years, which may have a marked impact upon contract pricing in the future, such as in the forthcoming waste collection contract.

Ref No: C5	**Risk: Organisational Resilience Risk**
Risk Description	The Council doesn't have sufficient officer capacity or financial resources to sustain delivery of essential services and key projects.

Risk Owner: Chief Executive	Portfolios: The Leader and Resources & Transformation

Links To Priorities:

- PRIORITY 4 - RESPONSIBLE COUNCIL "To be a modern, forward thinking, and responsible Council"

Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: **20 - Red**
Residual/Net Risk Score (i.e., with controls)	**Likelihood: 2**	**Impact: 5**	**Total Score: 10 - Amber**

Overall Progress Summary:

Capacity is an ongoing issue across a range of services due to vacancies and problems in recruiting new staff. A review of corporate priorities and work projects has recently been completed to manage workload within existing resources.

Ref No: C6	**Risk Name: Cyber Attack Risk**
Risk Description	Failure to repel or recover from a Cyber-attack including targeted ransomware, malware, and Distributed Denial of Service (DDoS) attacks leading to disruption to the delivery of services and communication with residents.

Risk Owner: Head of Transformation & Assurance	Portfolio: Resources and Transformation

Links To Priorities:

- PRIORITY 4 - RESPONSIBLE COUNCIL “To be a modern, forward thinking, and responsible Council”

Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: **20 - Red**
Residual/Net Risk Score (i.e., with controls)	**Likelihood: 3**	**Impact: 3**	**Total Score: 9 - Amber**

Overall Progress Summary:

Cyber attacks are a global issue, and the operating environment means that new risks and challenges are always developing, and attacks are becoming more sophisticated.

The Technology Team has achieved Cyber Essentials Plus accreditation for 2024; this is a government-backed, industry-supported scheme to help organisations protect themselves against common online threats. About Cyber Essentials - NCSC.GOV.UK. The accreditation is renewed annually .

The infrastructure hardware refresh is to be completed in 2024 providing a modern up to date infrastructure with enhanced security features.

Quarterly internal vulnerability scans are performed by the IT Security officer producing an action plan to remove or mitigate any risks found.

A new Cyber Security training program has been put in place for all staff

Item No. 7.10

Ref No: 2024-01	**Risk Name: Governance Risk**
Risk Description	If the recommendations from the External Auditor's VFM report are not implemented, it would lead to a failure in the Council's governance arrangements.

Risk Owner: Deputy Chief Executive (Resources)	Portfolio: Resources and Transformation

Links To Priorities:

- PRIORITY 4 - RESPONSIBLE COUNCIL "To be a modern, forward thinking, and responsible Council"

Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: **20 - Red**
Residual/Net Risk Score (i.e., with controls)	**Likelihood: 3**	**Impact: 3**	**Total Score: 9 - Amber**

Overall Progress Summary:

Progress is reported quarterly to the Cabinet and Audit & Governance Committee. Progress is being made in delivering the actions set out in the VFM Improvement Plan, to address the External Audit recommendations. However, as at the end of Quarter 1, there has been some slippage

Ref No: 2024-02	**Risk Name: Housing Compliance Risk**
Risk Description	The Council fails to comply with the requirements of the Social Housing Regulator and Housing Ombudsman leading to regulatory intervention and fines.

Risk Owner: Head of Housing & Corporate Assets	Portfolio: Housing and Corporate Assets

Links To Priorities:

- PRIORITY 4 - RESPONSIBLE COUNCIL “To be a modern, forward thinking, and responsible Council”

Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 5	Total Score: **20 - Red**
Residual/Net Risk Score (i.e., with controls)	**Likelihood: 2**	**Impact:5**	**Total Score: 10 - Amber**

Overall Progress Summary:

The Housing Improvement Plan actions are on track to be delivered within the target dates. As appropriate volume of stock data is received, this can be used to review and update the HRA investment plan and works programme. Savills will continue to analyse, develop and update a Financial BP as Rapleys data is received on a quarterly basis. Subject to appointments and Cabinet approval, the first meeting of the Housing Board will take place in March 2025.

Ref No: 2024-03	**Risk Name: Meeting Homelessness Statutory Duty**
Risk Description	Demand on the Homelessness Service is high and accommodation supply is low leading to the lack of ability to place households in settled accommodation leading to a high number of households in long term temporary accommodation increasing costs and impacting on family life.”

Risk Owner: Head of Wellbeing	Portfolio: Community Wellbeing

Links To Priorities:

- PRIORITY 4 - RESPONSIBLE COUNCIL “To be a modern, forward thinking, and responsible Council”

Gross Risk Score (i.e., without controls)	Likelihood: 4	Impact: 3	Total Score:**12 - Red**
Residual/Net Risk Score (i.e., with controls)	**Likelihood:3**	**Impact:3**	**Total Score: 9 - Amber**

Overall Progress Summary:

The Renters Reform Bill is in Parliament but in the meantime, eviction from the private rented sector remains the principal cause of homelessness.

Work has taken place to ensure correct housing benefit levels to minimise risk to the General Fund.

Policies on housing choice and a proposed uplift in the delivery of affordable housing have been included in the Regulation 19 Local Plan.

Ref No:	**2024-04**
Risk Name:	**Town centre regeneration project**
Risk Description:	There is a risk that the high-profile large regeneration projects may not deliver as anticipated, to time or to budget, leading to reputational risks to the Council and creating financial risks that impact on the Council's financial position and could impact on service delivery.
Risk Owner(s):	Deputy Chief Executive - Place Head of Economic Development & Planning
Portfolio:	Economic Development & Planning
Links to Corporate Business Plan	Links To Priorities: PRIORITY 1 - ECONOMIC PROSPERITY - "To reinvigorate the economy and create a District that thrives"
Gross Risk Score (Without Controls in Place)	Likelihood: 4 Impact: 5 Total Score: **20**
Residual/Net Risk Score (i.e. with controls in place)	**Likelihood: 3 Impact: 5 Total Score: 15**

Overall Progress Summary:	The Council is actively seeking to mitigate the risks associated with the delivery of the regeneration schemes by establishing robust programme / project management arrangements, documenting risks and identifying appropriate mitigation measures, ensuring that contracts are pro-actively managed, and budgets are monitored frequently with corrective action taken where budget issues arise.

Risk Management Policy, Strategy and Risk Appetite Statement

Committee: Audit & Governance

Date of Meeting: 19 November 2024

Report of: Head of Transformation and Assurance

1 Purpose of Report

1.1 To inform the Audit Cabinet approval of the Council's revised Risk Management Policy and Strategy.

2 Recommendations

2.1 To note the Risk Management Policy and Strategy set out in **APPENDIX 1**.

2.2 To note the Risk Appetite Statement and set the risk appetite at Moderate.

Reasons for Recommendations

2.3 The Council is required by the Accounts and Audit Regulations 2015 to have effective arrangements for the management of risk.

2.4 The Council needs a structured approach to direct and support managers in the effective management of risk. By defining a methodology for assessing risks the Council can ensure that decision makers are clear about the level of risk that they can take and areas where additional controls will need to be implemented to manage risks being taken

2.5 Cabinet are required to approve the Risk Management Policy and Strategy but the Audit Committee have a key role in monitoring the effectiveness of the Council's Risk Management arrangements.

3 Key Issues

3.1 Risk management is a vital activity which underpins the vision, values, and corporate objectives of the Council. It should be embedded into the culture of the organisation and led by the most senior leaders and managers. In addition, by having an effective risk management framework in place it will provide the communities we serve with confidence that we can deliver the objectives we have promised.

3.2 The existing Risk Management Policy and Strategy was approved in 2016 and is in need of update. The current strategy is high-level and needs more detail to support effective risk management across the Council's decision-making processes.

3.3 The External Auditors also identified a need for the Council to improve its risk management arrangements in the Value For Money Report issued in 2023. The Improvement Plan agreed by the Council includes the update and approval of revised risk management arrangements. As part of a wider review, identified in the Annual Governance Statement the Risk Management Policy and associated procedures have been updated will be used to support the to re-launch of risk management at the Council and to ensure that it forms part of an effective governance framework.

3.4 As part of the update a risk appetite statement has been included to guide decision making by showing the acceptable level of risk the Council has determined it is prepared to accept. Explicit approval will be required where an action or decision is above the Council's risk appetite.

4 Relationship to Corporate Priorities

4.1 Risk management is about putting arrangements in place to identify and manage the things that may affect the Council from successfully delivering its intended objectives. As such it is connected to the delivery of all the corporate priorities.

5 Report Detail

5.1 The Council last updated its risk management policy and strategy in 2016. This was a high-level strategy that removed the previous requirements for service/operational risk registers to be maintained and which instead focused on the Strategic Risk Register and project risk registers.

5.2 However, it has become clear that the Council needs to improve its management of risk across the Council and not just at a strategic level and embed it across the Council's decision-making processes and service delivery. This was identified as an action in the Annual Governance Statement for 2023-24 and in the External Auditor's Value for Money Report for 2021-22 and 2022-23 and included as an action in the resulting Improvement Plan.

5.3 The new policy sets out the roles and responsibilities of Members, Leadership Team, and employees, in relation to effective risk management. The new risk management policy is designed to embed a risk management culture within the Council and will establish additional mandatory risk registers enabling a greater understanding of risk to be developed.

5.4 The updated risk management policy has been built around guidance contained in the Association of Local Authority Risk Managers (ALARM) Risk Management Toolkit 2021. This is seen as a best practice model for Local Authority risk management.

5.5 The policy contains an updated risk matrix which sets out a clear statement on the Council's risk appetite. It is proposed that the level of risk the Council is prepared to accept should be set at Moderate. However, there is also recognition that at times some activities may require a more risk-taking stance than the risk appetite allows and needs to take into account the opportunity risk relating to the decision - for example Economic Development regeneration opportunities. Where a scheme is deemed to be at a higher level of risk than allowed by the risk appetite an approval process is being introduced which will be overseen by the Council's statutory officers and the Leader of the Council.

5.6 As the revised risk management policy requires a shift in culture within the Council a programme of training will be delivered to Leadership Team, Service Managers and Members. Heads of Service and Service Managers will also be tasked with ensuring that the risk management culture is promoted and established across all employees.

6 Implications

6.1 Financial

Most actions resulting from the adoption of the policy will be delivered within existing budgets. However, there is a need to bring in an external trainer to support the roll-out of the policy. This will be funded from the Council's Corporate Training Budget. The cost is anticipated to be a maximum of £10,000 across the two Councils.

6.2 Legal

The Council is required to establish and maintain effective arrangements for the management of risk by the Accounts and Audit Regulations 2015.

6.3 Human Resources

The policy will need to be communicated across the workforce as applicable - including training where appropriate.

6.4 Risk Management

Effective risk management is a fundamental element of effective governance. If risks are not appropriately identified and controlled within the Council's agreed risk appetite, then it is likely that the intended outcomes will not be met. This could lead to significant financial and reputational impact.

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1: Risk Management Policy & Strategy

8 Previous Consideration

None

9 Background Papers

None

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Report Track:	Cabinet: 28/11/24
	Audit & Governance Committee: 19/11/24.

Risk Management Policy & Strategy

December 2024

Cannock Chase Council | Stafford Borough Council

working together

Contents

Risk Management Policy Statement

We recognise risk management is a vital activity which underpins the vision, and corporate priorities of the Council. In addition, by having an effective risk management framework in place it will provide the communities we serve with confidence that we can deliver the priorities we have promised.

Risk is always present in every activity that we do, and our risk management framework sets out to be proactive in the identification, assessment, and management of key areas of risk. We seek to embed effective risk management within the operation and decision-making process of the Council. Risk management needs to be an integral part of all processes, projects and strategic decisions made. Wherever we work with partners or third parties we will ensure that they are aware of and work in line with our risk management framework or have their own suitable arrangements.

Our aim is to have a risk management framework that is fit for purpose and appropriate to the size and nature of our operations. We aim to ensure that our risk management framework is well communicated and operating effectively within the Council.

In order to assist in effective decision making it is essential for us as strategic leaders to define the level of risk exposure that we think is acceptable. This is set out in the Risk Appetite Statement. This will inform decision makers on the level of risk that they can take and areas where additional controls will need to be implemented to manage risks being taken.

The risk management framework and the effective management of risks is a key part of the Governance Framework of the Council. Its implementation will that risk identification and management plays a key role in the delivery of our Corporate Plans and strategic priorities.

Through this framework we will involve, empower, and give ownership to all employees and Members to identify and manage risk. Risk management will be supported by regular discussions and appropriate actions by Cabinet and Leadership Team including the regular review of significant risks and reviewing actions to reduce those risks to an acceptable level. The management of risk will be an integral part or strategic and operational planning as well as embedded in the day-to-day delivery of services of the Council. The Audit Committee will have oversight of the effectiveness of our risk management arrangements.

Tim Clegg
Chief Executive
Stafford Borough Council
and Cannock Chase
District Council

Cllr Tony Johnson
Leader
Cannock Chase District
Council

Risk Management Strategy

1. What is Risk Management

1.1. Risk Management is the process whereby an organisation methodically addresses the risks which may stop them from achieving their corporate priorities. The focus of good risk management is the identification and treatment of the risks to minimise any impact or maximise benefit.

1.2. A risk is defined as the “effect of uncertainty on the achievement of priorities” (ISO 31000). An effect is a positive or negative deviation from what is expected, and that risk is often described by an event, a change in circumstances or a consequence.

1.3. By accepting this definition, the Council recognises that taking the right risks in an informed way can be beneficial to the priorities and that risk management is not just a negative process used to stop opportunities being taken.

1.4. Risk Management should be a continuous and developing process connected with the Council’s Corporate Plan and the delivery of it in the present, and future.

2. Why does the Council need to carry out Risk Management?

2.1. Risk management is a management tool which forms part of the governance system of the Council. When applied appropriately, risk management can be very beneficial. It can help the Council to achieve its stated priorities and deliver on intended outcomes. It can also help managers to demonstrate good governance, better understand their risk exposure and better mitigate risks (particularly uninsurable risks). Externally it can help the Council to enhance political and community support and satisfy stakeholders’ expectations on internal control.

2.2. The Council does not operate in isolation and is subjected to constant challenges and external changes which may pose a threat to the delivery of the Corporate Priorities or provide new opportunities which must be considered and addressed on an ongoing basis. Risk management processes provide a mechanism by which these issues and their impact can be identified, assessed, monitored and relevant actions taken to address them.

2.3. Whilst it is good business practice and essential for good governance processes the Council also has a legal requirement to have a risk management process in place.

2.4. The Accounts and Audit Regulations 2015 state:

"A relevant authority must ensure that it has a sound system of internal control which—

(a)facilitates the effective exercise of its functions and the achievement of its aims and priorities.

(b)ensures that the financial and operational management of the authority is effective; and

(c)includes effective arrangements for the management of risk."

2.5. Ultimately by having an effective, embedded Risk Management Framework in place to influence its decision making the Council can benefit by helping to ensure:

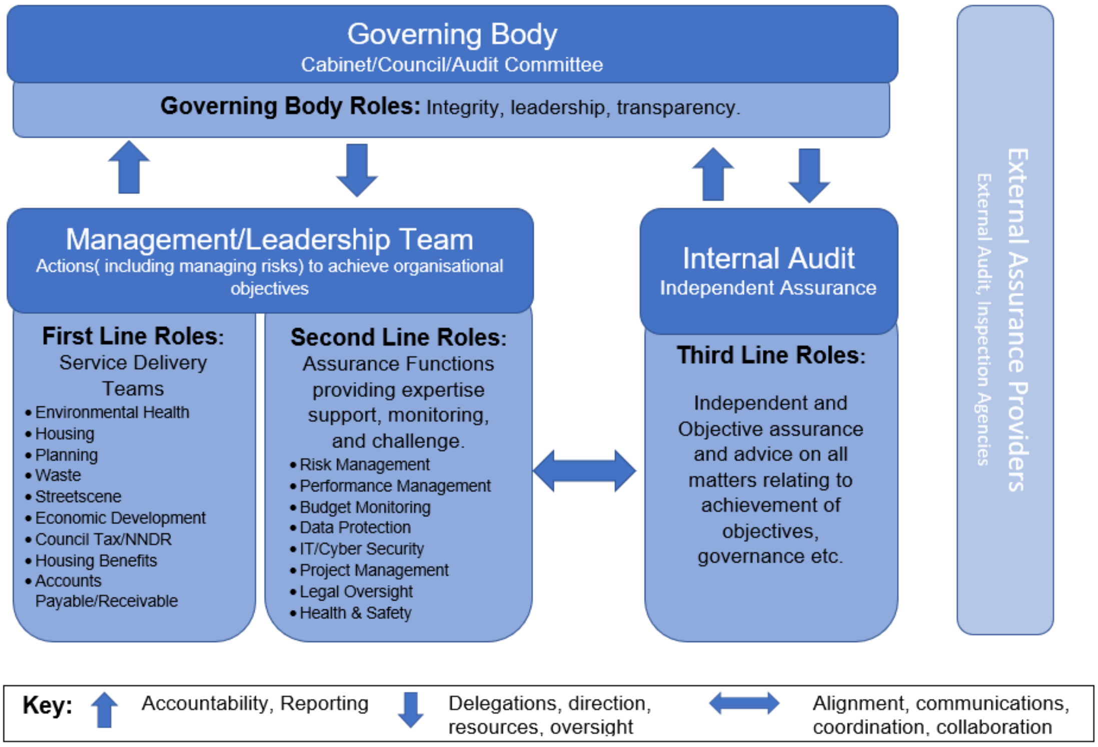
- The priorities set in the Corporate Plan can be delivered.
- All employees and Members understand the desired culture in relation to risk,
- Decisions to take appropriate risks in certain areas can be made from an informed viewpoint.
- It can protect its reputation.
- Operational and financial efficiency is ensured as resources are not lost by taking unnecessary risks.
- It can maximise opportunities.
- Good governance processes are operating.
- Assets are protected.

3. Governance and Infrastructure

3.1. Sponsorship and Positioning of Risk Management

- Risk Management needs to be embedded throughout the Council and underpin all its activities. It is a key governance process and needs to have direction and leadership from the very top of the organisation; as well as being relevant and responsive to the staff delivering services on the ground. The risk matrix and risk appetite statement contained in this strategy will be used across the Council to ensure that a collective understanding and language is adopted when talking about risks.

- Management and other corporate reporting/assurance functions will help to monitor and report on the effective delivery of the Risk Management Framework in line with the Institute of Internal Auditors' "3 Lines Model" as set out below:



3.2. **Roles and Responsibilities**

- All employees and Members have a role to play in the management of risk as it is a key part of day-to-day service delivery and management of the Council. However certain individuals or groups have specific responsibilities in the oversight and implementation of risk management, more detail on these is set out below.

- **Risk Management Sponsor - Deputy Chief Executive (Resources) and s151 Officer**
  - Act as the sponsor for the Risk Management Framework at a strategic level and with the support of the Head of Transformation and Assurance will ensure that Leadership Team decisions are taken in line with the Risk Management Strategy.
  - Champion risk management at the strategic level.
  - Ensure regular discussions are held on Risk Management and the Councils risks.
  - Encourage all members of Leadership Team to ensure they have effective risk management arrangements in place for their service areas.

- **Head of Transformation and Assurance**
  - Support the Deputy Chief Executive - Resources in their role as sponsor for risk management.
  - Regularly review the risk management policy, strategy, and framework to ensure it underpins the Council's strategy and priorities.
  - Report on behalf of Leadership Team on the strategic risks and controls in line with the organisation's risk management strategy.

- **Risk Manager (Chief Internal Auditor & Risk Manager)**
    - Coordinate the organisation's risk management activity.
    - Develop and maintain the risk management policy, strategy, methodologies, and tools.
    - Highlight any significant new or worsening risks to the Leadership Team or Cabinet for review and action.
    - Assist in the delivery of the risk management process across the Council.
    - Provide risk management guidance, training, and advice.
    - Promote the link between risk management and other related disciplines, for example, insurance, business continuity, emergency planning, and health and safety.
    - Promote and share best practice risk management across the Council.

- **Cabinet & Leadership Team**
    - The Cabinet and Leadership Team are responsible for giving direction, approving the Risk Management Framework, and taking ownership of the Strategic Risk Register. They will ensure that all decisions are taken in accordance with the Council's agreed risk appetite.

- **Cabinet**
    - Approve the Risk Management policy, strategy, and Risk Appetite for the Council.
    - Review key risks to the Council and controls in place via the Strategic Risk Register.
    - Provide assurance that risks are being effectively managed.

- **Leadership Team**
    - Recommend the Risk Management policy, strategy, and Risk Appetite to Cabinet for approval
    - Approve the processes to be used to manage and monitor risks.
    - Review the strategic risks across the organisation, consider their importance against strategic priorities and action controls where required to manage those risks.
    - Allocate sufficient resources to address the key strategic risks.
    - Create an environment and culture where risk management is promoted, facilitated, and appropriately undertaken by the Council and is embedded in all decision making.
    - Champion risk management activities, educate colleagues, and raise awareness of the benefits of managing risk effectively.

- **Deputy Chief Executives**
  - To maintain a risk register of key risks for their directorate
  - To raise significant risks within their directorate which could impact on delivery of the Council's corporate priorities for consideration for inclusion in the Strategic Risk Register.
  - To support Heads of Service in the management of risks in their service area

- **Heads of Service**
  - Communicate the benefits of risk management across service areas for which they are responsible.
  - Help facilitate the risk management process and risk reporting procedures across operational areas.
  - Help ensure key stakeholder commitment.
  - Ensure risk management processes and risk reporting procedures are completed in line with the Council' risk management framework for each area under their responsibility.
  - Monitor the key risks in each area of responsibility.

- **Service Managers**
  - Manage risk effectively in each area of responsibility.
  - Complete the risk management process and risk reporting procedures as per the Council's guidelines.
  - Complete, track and monitor the progress of action plans.

- **All Employees**
  - Understand and comply with the risk management processes and guidelines of the Council.
  - Monitor work on an ongoing basis to identify new and emerging risks and escalate as required.

- **Audit Committee**
  - Gain assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements, and the ownership and accountability for risks.
  - Monitor to ensure management are managing risks appropriately

- **Internal Audit**
  - Create an audit plan aligned with the key strategic and directorate risks.
  - Review and provide assurance on the effectiveness of the risk management framework.
  - Provide assurance on the operational arrangements for managing risks across the Council.
  - Review the progress of planned actions.
  - Test and validate existing controls.

4. Pillars of the Strategy

4.1. There are several key pillars which form the basis of the risk management strategy these are set out below

4.2. The risk management strategy encourages the use of risk registers to record key risks faced by the Council in delivering its services and objectives. The following risk registers are required to be maintained as part of this strategy:

- Strategic Risk Register
- Directorate Risk Registers for Place and Resources
- IT Risk Register
- Housing Revenue Account Risk Register
- Project Risk Registers

4.3. Processes will be in place to monitor and report the risk registers to relevant levels as set out below:

- The Strategic Risk Register is monitored by Leadership Team and reported to Cabinet and the Audit Committee.
- The relevant Deputy Chief Executive will monitor their Directorate Risk Register escalating significant risks to Leadership Team for inclusion in the Strategic Risk Register.
- The IT Risk Register will be monitored by the Head of Transformation & Assurance and Technology Manager.
- The Housing Board will monitor the HRA Risk Register.
- Project Boards will be responsible for monitoring Project Risk Registers.

4.4. Risk management will be imbedded in all decision-making processes. All committee reports relating to decisions will clearly set out the risks relating to the proposal and any controls in place or proposed to manage the risks. Guidance and training will be provided to managers to improve the quality of risk management implications in committee reports.

5. Culture

5.1. To be effective in the long term and to support good governance, effective risk management needs to be embedded into the Council's culture and have full support from the top of the organisation down.

5.2. Leadership Team and Service Managers will set an example to other employees when it comes to embracing the importance of effective, embedded risk management in all processes. All managers must support the roll-out of this framework and ensure that risk management processes once established are followed by all employees across all processes and in all decision making.

5.3. The risk matrix within this framework and the definitions for levels of risk set out in this policy will be used consistently across the Council to categorise all risks to ensure a common understanding of risks. This adds clarity so that the level and definition of a risk is understood and means the same thing to everyone regardless of which section or function is talking about it. Any assessments associated with risks will utilise the agreed risk matrix and definitions and operate in line with the Council's agreed risk appetite.

5.4. Any deviations must be agreed in advance with the Chief Internal Auditor & Risk Manager and either the Head of Transformation & Assurance or the Deputy Chief Executive - Resources.

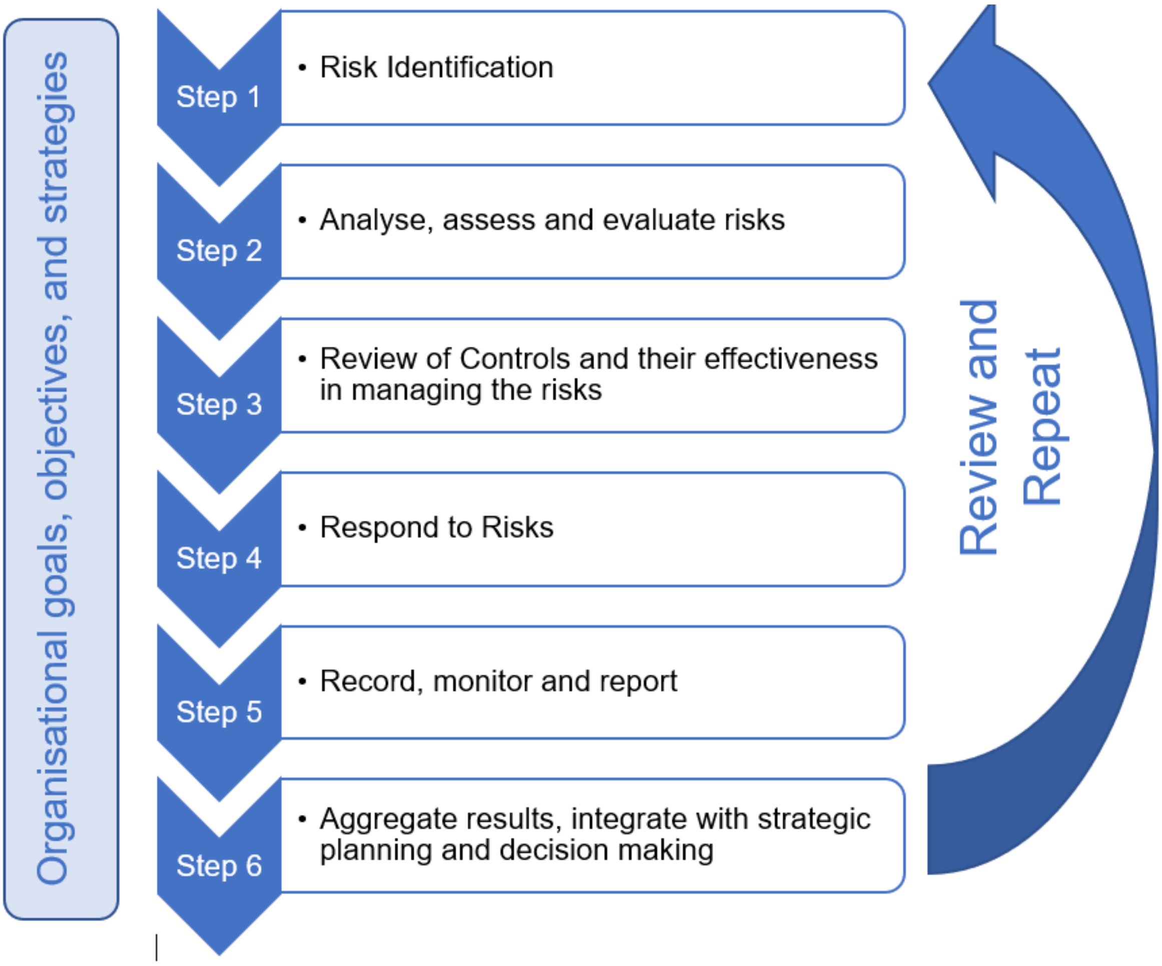
5.5. Where we work closely with third party organisations, managers should ensure that the Council's Risk Appetite Statement and risk processes are communicated and understood by those we are in partnership with. Wherever possible the Council's risk management processes should be used when working with partners and contractors. Where third party funders specify a different risk management process to the Councils as a condition of funding this will be agreed and recorded at the time of application for the funding.

5.6. All employees and managers are required to take ownership and accountability for their role in the Risk Management process as set out in the "roles and responsibilities" section of the strategy. Employees at all levels are encouraged to raise emerging risks that they have identified with their line managers with the knowledge that the information will be considered and acted on appropriately where necessary.

5.7. The Deputy Chief Executive (Resources) as the Risk Management Sponsor will oversee the risk management culture at Leadership Team. They will do this by encouraging positive messages relating to risk management and challenging poor risk management practices such as the failure to adequately consider risk implications when making important decisions.

6. Management of Risks

6.1. The Council will implement an ongoing cyclical review process for the management of risks as set out in the diagram below.



6.2. More detail on each step and how to implement the process can be found in the Risk Management Toolkit.

7. Risk Appetite Statement

7.1. Risk appetite can be defined as the amount and type of risk the Council is willing to accept in the pursuit of its priorities.

7.2. The Council's overall risk appetite is set out in reference to the risk appetite definitions below which include reference to the levels of risk. Escalation and reporting thresholds will be reassessed periodically to ensure risks are reported and reviewed within suitable defined limits and the risk appetite.

Category	Definition	Risk Levels
Avoid	No appetite. Not prepared to take any risks.	N/A
Adverse	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return	Negligible Risk
Cautious	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.	Low Risk
Moderate	**Tending always towards exposure to only modest levels of risk in order to achieve acceptable outcomes**	**Moderate Risk**
Open	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associate risk.	Medium Risk
Hungry	Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return.	High Risk

7.3. **The Council's risk appetite is defined as moderate.**

7.4. This means the Council remains open to innovative ways of working and to pursue options that offer potentially substantial rewards, however, also carry a moderate level of risk. The Council's preference is for safe delivery options, especially for those services required by statute and ideally all actions should be within this agreed risk appetite. This means that options should only be pursued if they can be managed as a yellow or lower risk.

7.5. However, it is accepted, where service delivery is diverse and risks take many forms, risk appetite may vary according to the specific circumstances being assessed. For example, an option may be considered for a regeneration scheme that is seen to have a higher level of risk for the Council than the moderate appetite would allow but where the ultimate outcome would bring significant benefits if successfully implemented. This is where the opportunity risk significantly exceeds the risks exposed to in pursuing the option.

7.6. Where an option or decision is being pursued that is deemed to be at a higher level of risk than Moderate then additional controls/safeguards will need to be put in place. In most situations this will need to be clearly stated in the committee report and approval or the scheme by Cabinet or Council. Where the situation does not provide for a formal committee decision where the risk is outside of our normal risk appetite formal documented agreement to proceed will be required from the 3 Statutory Officers (s151 Officer, Monitoring Officer, and Head of Paid Service) and the Leader of the Council to pursue the option. When approved, increased levels of monitoring and reporting on the risk and the operation of relevant controls will need to be established.

7.7. There may also be occasions where a risk may score higher than our risk appetite, but which is outside of the Council's direct control. Examples of this includes the global/national financial situation which has a direct impact on the Councils financial/budgetary position and additional statutory duties/service delivery placed on the Council through Government policy/decision making.

8. Risk Matrix

To assist in the management of risks the Council has adopted a 4 x 4 matrix for the scoring of risks.

		Impact			
Likelihood		**Minor/Non-Disruptive Impact (1)**	**Moderately Disruptive Impact (2)**	**Significant Consequences (3)**	**Serious Consequences (4)**
	Very Likely (4)	4	8	12	16
	Probable (3)	3	6	9	12
	Possible (2)	2	4	6	8
	Unlikely (1)	1	2	3	4

The matrix has been colour coded in line with the Council's risk appetite as follows.

Risk Levels	**Colour**
Negligible Risk	Blue
Low Risk	Green
Moderate Risk	Yellow
Medium Risk	Orange
High Risk	Red

The risk matrix is supported by the following definitions.

Likelihood Scores

4	**Very Likely**	• Event expected to occur. Has occurred and will continue to do so without action being taken. • Indication of imminent occurrence • There are external influences which are likely to make our controls ineffective
3	**Probable**	• There is a moderate exposure to the risk. • Reasonable to expect event to occur within a year. • Has occurred in the past. • Is likely to occur within the Council's planning cycle. • There are external influences which may reduce effectiveness of controls
2	**Possible**	• There is a low exposure to the risk. • Little likelihood of event occurring - 1 in 10 years • There is a potential for external influences which may reduce effectiveness of controls
1	**Unlikely**	• Extremely remote • Not expected to occur but may do so in exceptional circumstances - 1 in 100 years. • There are few or no external influences which may reduce effectiveness of controls

Impact Scores

4	**Serious Consequences**	• Loss of key front line delivery supplier/partner • Loss of life, significant life-changing injuries • Significant negative publicity - national press • Significant interest from regulators, external auditors or central government. • Significant ongoing loss of workforce (over 25%) • Unable to finance within existing framework/requiring additional government financial support. • Complete system failures/large scale data loss/breach or major Cyber Incident. • Significant delays, overspends or abandonment of a major project. • Serious frauds or criminal offences • Major failure to deliver services across multiple departments • Requires external intervention or full Council decisions.
3	**Significant Consequences**	• Loss of suppliers/partner • Loss of a service area/team/software for several weeks • Localised pollution/contamination incident • Serious injury to employee or public • Negative short-term local publicity • Large data breach or cyber attack • Attract significant interest from regulators/external auditors • Overspend on project requiring fundamental redesign or significant additional resources • Significant additional budget pressures requiring supplementary approval • Requires Cabinet Intervention
2	**Moderately Disruptive Impact**	• Loss of systems/service delivery for a few hours • Loss/damage to a room or small part of a structure requiring some relocation • Loss of key staff member/team for short term • Minor injuries to staff/public • Small losses/thefts, minor data breaches. • Service performance/standards slightly below expected • Minor public attention or limited attention from regulators/external audit • Financial impact below £10,000 or 1% of budget • Can be resolved by Head of Service
1	**Minor/Non-Disruptive Impact**	• Negligible impact on service delivery • No noticeable impact to the public/environment • Negligible financial impact or loss/damage to assets • Can be resolved by Service Manager

Item No. 9.1

Annual RIPA Review

Committee: Audit & Governance Committee

Date of Meeting: 19 November 2024

Report of: Head of Law and Governance

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1 Purpose of Report

1.1 This annual report provides details of the use of powers under the Regulation of Investigatory Powers Act (RIPA) by the Council.

2 Recommendations

2.1 That the report be noted.

Reasons for Recommendations

2.2 This is an annual report to members, in accordance with good practice, and is for information only.

3 Key Issues

3.1 Local authorities carry out investigations for a variety of regulatory services. In carrying out these duties, they have general powers to conduct surveillance of individuals suspected of committing offences. The Regulation of Investigatory Powers Act 2000 (RIPA) was introduced to regulate public authority use of covert surveillance powers to ensure that any use is compliant with human rights.

3.2 The Home Office Code of Practice for Covert Surveillance and Property Interference, recommends that elected members of an authority should review the authority's use of RIPA and set the policy at least once a year.

4 Relationship to Corporate Priorities

4.1 This report supports the Council's Corporate Priorities as follows:

(i) Regular review of the Councils use of surveillance ensures that enforcement is carried out lawfully and proportionately and assists in improving community wellbeing

5 Report Detail

5.1 The Regulation of Investigatory Powers Act 2000 (RIPA) regulates the use of certain surveillance powers by public authorities, including:

- Directed Surveillance (covert surveillance conducted as part of a specific investigation likely to result in obtaining private information about an individual),

- Use of Covert Human Intelligence Sources (CHIS), and

- Access to communications data (e.g. details of subscribers to telephone numbers or email accounts)

5.2 The Council is a very rare user of these powers. However, it is important that it has sufficient oversight of its activities to ensure that any considered use is compliant with the subject's human rights.

5.3 The Home Office publishes national Codes of Practice on the use of RIPA powers by public authorities. The Council must have regard to the relevant Code of Practice whenever exercising powers covered by RIPA. The Investigatory Powers Commissioner conducts regular inspections of all public authorities to ensure compliance with RIPA, and the Codes of Practice. The Commissioner undertook a paper evaluation of the Councils RIPA functions in August 2023 and was satisfied that there was assurance of ongoing RIPA compliance at the Council. The next inspection will be due in 2026.

5.4 The Council has adopted its own Surveillance Policy to advise officers on RIPA obligations and to regulate any use of these powers. The Policy was last updated by Cabinet in September 2019 to reflect changes in the law and Codes of Practice. The policy is therefore up to date in that respect.

5.5 The Head of Law and Governance acts as the Senior Responsible Officer for RIPA, with oversight of the Councils internal procedures. The Legal Services Manager acts as the RIPA Co-ordinating Officer, ensuring that any request to use RIPA powers is co-ordinated through, and recorded in, a central register. The Legal Services Manager also acts as a source of advice to regulatory officers and supports the Senior Responsible Officer in keeping the Councils policy up to date.

5.6 As part of the policy, the use of any RIPA powers must first be approved by a Chief Officer trained to be a RIPA Authorising Officer. The number of Authorising Officers certified to act is limited to a maximum of three to ensure consistency and experience in procedures. The Council currently has two Chief Officers who have received suitable training. It is intended that a further Chief Officer will also be trained. If the Chief Officer gives approval, then an application must still be made to the Magistrates Court for independent judicial approval before the surveillance takes place (NB. the Office for Communications Data Authorisations gives judicial approval in respect of accessing communications data).

5.7 The Council has not used RIPA powers in the last 12 months.

6 Implications

6.1 Financial

None

6.2 Legal

Set out in the report

6.3 Human Resources

None

6.4 Risk Management

None

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

None

8 Previous Consideration

None

9 Background Papers

None

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Report Track: Audit and Governance Committee 19/11/24 (Only)