

STATEMENT OF ACCOUNTS

2021/2022

Subject to Audit



Cannock Chase District Council – Statement of Accounts

CONTENTS

	Page Number
Narrative Report	3 - 16
Statement of Responsibilities	17
Comprehensive Income and Expenditure Account	19
Movement in Reserves	20 - 21
Balance Sheet	22
Cash Flow Statement	23
Notes to the Accounts	24 - 83
Housing Revenue Account	84 - 87
Collection Fund	88 - 91
Glossary	92 - 99

This page is intentionally blank

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 out 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:

- 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 planned 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 - Resources (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

This page is intentionally left blank

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 de minimus 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 within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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 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, then 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-financial assets such as surplus assets and investment properties and its 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 data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets 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:

General Fund:	£000	£000
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	<u>(312)</u>	(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	<u>276</u>	3,110
		<u>2,682</u>

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 £000	Restated £000	Restated £000	Restated £000	Restated £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	(2,858)	(35,128)			
-	-				Balance					
					Transfer to Earmarked Reserves	-	-			
(195)	(10,605)				Less/Plus Surplus or Deficit on General	(395)	861			
					Fund & HRA Balance in year					
(2,858)	(35,128)				Closing General Fund & HRA Balance	(3,253)	(34,267)			
					at 31 March 2022 *					

* 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	Net change for the Pensions Adjustments	Other Statutory Adjustments	Total Statutory Adjustments	Other Non-Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000	£000	£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	Net change for the Pensions Adjustments	Other Statutory Adjustments	Total Statutory Adjustments	Other Non-Statutory Adjustments	Total Adjustments
	Restated £000	Restated £000	Restated £000	Restated £000	Restated £000	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		2021/22
Restated		
£000		£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
<u>7,840</u>	Sub Total	<u>8,218</u>
20,064	Housing Revenue Account	20,113
<u>27,904</u>	Total income analysed on a segmental basis	<u>28,331</u>

9. Expenditure and Income Analysed by Nature

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

2020/21		2021/22
£000		£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)
<u>67,168</u>	Total Expenditure	<u>69,320</u>
	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)
<u>(68,651)</u>	Total Income	<u>(68,508)</u>
<u>(1,483)</u>	Surplus or Deficit on the Provision of Services	<u>812</u>

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
<u>80</u>	Total Included in Comprehensive Income and Expenditure Statement	<u>82</u>

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
<u>80</u>	Total Included in Net Assets	<u>82</u>

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	-
<u>80</u>	Amounts of transaction price, partially or fully unsatisfied	<u>82</u>

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.

	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
2021/22							
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:							
◦ Pension costs (transferred to / (or from) the Pensions Reserve)	(1,730)	(209)				(1,939)	1,939
◦ Council Tax and NDR (transfer to / (or from) Collection Fund)	2,950					2,950	(2,950)
◦ Holiday pay (transferred to the Accumulated Absences Reserve)	(11)	(6)				(17)	17
◦ 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							
◦ Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	180	2,156	(2,336)			-	-
◦ Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(1)	(42)	43			-	-
◦ Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)		(523)	523			-	-
◦ Posting of HRA resources from revenue to the Major Repairs Reserve		4,310		(4,310)		-	-
◦ Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	518	11				529	(529)
◦ 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							
◦ Use of Capital Receipts Reserve to finance capital expenditure			1,754			1,754	(1,754)
◦ Use of the Major Repairs Reserve to finance capital expenditure				3,899		3,899	(3,899)
◦ Application of capital grants to finance capital expenditure					105	105	(105)
◦ 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

	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
2020/21							
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:							
◦ Pension costs (transferred to / (or from) the Pensions Reserve)	(1,209)	158	-	-	-	(1,051)	1,051
◦ Council Tax and NDR (transfer to / (or from) Collection Fund)	(6,546)	-	-	-	-	(6,546)	6,546
◦ Holiday pay (transferred to the Accumulated Absences Reserve)	(56)	(18)	-	-	-	(74)	74
◦ 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							
◦ Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	462	2,265	(2,727)	-	-	-	-
◦ Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(5)	(38)	43	-	-	-	-
◦ Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	(523)	523	-	-	-	-
◦ Posting of HRA resources from revenue to the Major Repairs Reserve	-	4,249	-	(4,249)	-	-	-
◦ Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	475	10	-	-	-	485	(485)
◦ 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							
◦ Use of Capital Receipts Reserve to finance capital expenditure	-	-	1,448	-	-	1,448	(1,448)
◦ Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	2,299	-	2,299	(2,299)
◦ Application of capital grants to finance capital expenditure	-	-	-	-	196	196	(196)
◦ 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
Commutated 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		2021/22
£000		£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)
<u>(18,765)</u>	Total	<u>(19,816)</u>

16. Property, Plant and Equipment

Movements on Balances

	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
Movements in 2021/22									
Cost or Valuation									
◦ at 1 April 2021	205,402	59,151	3,057	1,313	105	319	371	3,286	273,004
◦ Additions	3,657	1,707	322	-	-	-	-	1,790	7,476
◦ Revaluation increases/(decreases) recognised in the Revaluation Reserve	24,189	3,807	-	-	-	-	40	-	28,036
◦ Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,978)	(380)	-	-	-	(78)	-	-	(3,436)
◦ Derecognition - disposals	(1,490)	(124)	-	-	-	-	-	-	(1,614)
◦ Derecognition - other	(34)	-	(23)	-	-	-	-	-	(57)
◦ Assets reclassified (to)/from Held For Sale	-	-	-	-	-	-	-	-	-
◦ 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									
◦ at 1 April 2021	(850)	(418)	(1,775)	(870)	(9)	-	-	-	(3,922)
◦ Depreciation charge	(2,985)	(3,353)	(379)	(221)	(4)	-	(5)	-	(6,947)
◦ Depreciation written out to the Revaluation Reserve	2,682	3,181	-	-	-	-	5	-	5,868
◦ Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
◦ Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
◦ Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
◦ Derecognition - disposals	16	-	-	-	-	-	-	-	16
◦ Derecognition - other	2	-	23	-	-	-	-	-	25
◦ 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

	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
Movements in 2020/21									
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 misstated 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	2021/22
Total £000	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	£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	£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			31 March 2022		
Carrying Amount	Fair Value		Carrying Amount	Fair Value	
£000	£000	Financial Liabilities	£000	£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			31 March 2022		
Carrying Amount	Fair Value		Carrying Amount	Fair Value	
£000	£000	Financial Assets	£000	£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
<u>10,580</u>		<u>6,761</u>

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)
<u>(5,151)</u>		<u>(5,005)</u>

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
<u>1,121</u>		<u>1,234</u>

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
<u>818</u>		<u>1,040</u>

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
<u>30,938</u>	Total Cash and Cash Equivalents	<u>37,750</u>

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
<u>12,375</u>		<u>18,767</u>

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	<u>193</u>	<u>2,486</u>	<u>2,679</u>

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)
<u>(57,183)</u>	Total Usable Reserves	<u>(59,344)</u>

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
<u>(96,917)</u> Total Unusable Reserves	<u>(154,959)</u>

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
<u>(17,548)</u>	<u>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</u>	<u>(33,904)</u>
3,359	Difference between fair value depreciation and historical cost depreciation	4,197
287	Accumulated gains on assets sold or scrapped	48
<u>3,646</u>	<u>Amount written off to the Capital Adjustment Account</u>	<u>4,245</u>
<u>(109,763)</u>	Balance at 31 March	<u>(139,422)</u>

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)
<hr/> 10,995		<hr/> 12,892
	(3,647) Adjusting amounts written out of the Revaluation Reserve	(4,245)
<hr/> (62,200)	Net written out amount of the cost of non-current assets consumed in the year	<hr/> (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)
<hr/> (6,298)		<hr/> (8,922)
<hr/> (68,498)	Balance at 31 March	<hr/> (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		2021/22
£000		£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)
<u>74,724</u>	Balance at 31 March	<u>49,552</u>

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		2021/22
£000		£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	-
<u>(57)</u>	Balance at 31 March	<u>(57)</u>

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		2021/22
£000		£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)
<u>6,514</u>	Balance at 31 March	<u>3,564</u>

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		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
	<u>161</u> Balance at 31 March	<u>177</u>

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)
	<u>(7,489)</u>	<u>(23,373)</u>

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
	<u>4,752</u>	<u>6,821</u>

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

	1 April 2021 £000	Financing cash flows £000	Non-cash changes		31 March 2022 £000
			Acquisition £000	Other non cash changes £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

	1 April 2020 £000	Financing cash flows £000	Non-cash changes		31 March 2021 £000
			Acquisition £000	Other non cash changes £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 £365,402.82 (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
<u>190</u>	Total	<u>330</u>
	Capital Grants Receipts in Advance	
1,399	Section 106 Developers Capital Contributions	1,994
<u>1,399</u>	Total	<u>1,994</u>

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	91,603
Opening Capital Financing Requirement	
Capital Investment	
5,032	7,476
-	46
782	871
Sources of finance	
(1,449)	(1,754)
(1,636)	(2,285)
(2,300)	(3,899)
Sums set aside from revenue:	
(429)	(455)
(252)	(290)
(10)	(10)
(223)	(228)
91,603	91,075
Closing Capital Financing Requirement	
Explanation of movements in year	
Increase / (Decrease) in underlying need to borrowing (unsupported by government financial assistance)	
(10)	(10)
(475)	(518)
(485)	(528)
Increase/(decrease) in Capital Financing Requirement	

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	223
223	-
16	5
467	228
Minimum Lease Payments	

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

	Minimum lease Payments		Finance Lease Liabilities	
	2020/21	2021/22	2020/21	2021/22
	£000	£000	£000	£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		2021/22
£000		£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		31 March
2021		2022
£000		£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)
<u>138,764</u>	Closing Fair Value of Scheme Assets	<u>152,259</u>

* 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
	<u>2,863</u>

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)
<u>208,045</u>	Closing Fair Value of Scheme Liabilities	<u>198,948</u>

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 their 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 Experience of Default £000	Estimated maximum exposure to default and uncollectability 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 (Helab)	A	2,000	0.006%	0.124
Landesbank Hessen-Thueringen Girozentrale (Helab)	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
<u><u>81,931</u></u>		<u><u>81,931</u></u>

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

	Income £000	Expenditure £000	Assets £000	Liabilities £000
2020/21				
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 £000	2021/22 £000
12 Principal and Interest - OLA's	12
12	12

51. Long Term Borrowing

Balance 31 March 2021 £000	Ranges Of Interest Rates Payable %	Balance 31 March 2022 £000
Source Of Loan		
60,745	Public Works Loan Board	60,745
14,100	Public Works Loan Board	14,100
1,400	Public Works Loan Board	1,400
5,360	Public Works Loan Board	5,360
81,605		81,605
Analysis of Loans by Maturity		
	- 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 £000	Environment £000	Culture £000	Economic Dev £000	Housing general fund £000	Health & Wellbeing £000	Town Centre £000	Leader of the Council £000	Crime & Partnerships £000	Total £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

	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
Income										
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										
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		19,440
348		352
115		111
260		209
20,064		20,112
Expenditure		
5,054		6,131
2,937		2,971
850		962
55		65
5,354	4	7,249
14,250		17,378
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement.		
745		775
(5,069)		(1,959)
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(909)		(610)
523		523
3,245		3,245
15		101
(636)		(263)
(2,831)		1,037

STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

2020/21 £000	2021/22 £000
(2,831)	1,037
909	610
(523)	(523)
636	263
2,585	1,483
(5,354)	(7,249)
4,249	4,310
10	11
158	(209)
(18)	(6)
129	153
(50)	(120)
1,663	1,713
1,713	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
<u>744</u>	Total Arrears	<u>832</u>

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	-
<u>4,249</u>		<u>4,311</u>

(ii) Impairment Charges

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

* 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
<u>3,010</u>		<u>5,262</u>
	Financing	
74	Usable Capital Receipts	1,100
2,299	Major Repairs Reserve	3,899
637	Grants and other contributions	263
<u>3,010</u>		<u>5,262</u>
	- 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	<u>6,870</u>

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	Business Rates	2021/22 Council Tax	Total
Total £000	£000	£000	£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	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 Business Rates £000		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
<u>34,365</u>		<u>35,618</u>

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.

Curtailement

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.