



STATEMENT OF ACCOUNTS

2022/2023

Subject to Audit



Cannock Chase District Council – Statement of Accounts

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Narrative Report

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

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

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

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

1. An Overview of Cannock Chase District and its Council

1.1 The District

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

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

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

1.2 Political Composition and Leadership

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

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

The Cabinet is responsible for most day-to-day decisions and when major decisions are to be discussed these are published in the forward plan. Decisions are made by the Cabinet in line with the Council's overall policies and budget. If the Cabinet wishes to make a decision which

is outside the budget or policy framework, then this is referred to the Council as a whole to decide.

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

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

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

The Council employs approximately 415 staff.

1.3 Purpose

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

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

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

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

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

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

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

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

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

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

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

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

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

1.4 Governance

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

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

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

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

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

2 The Council's Priorities and Performance 2022/23

2.1 Corporate Plan

A new corporate plan was developed for 2022-26 setting out a new vision underpinned by ambition for the District.

Vision:

We want a Cannock Chase that local residents are proud to call home:

- Rejuvenated town centres, local businesses that are supported and an environment where entrepreneurship is encouraged.
- Empowered residents encouraged to lead healthy and independent lives.
- A local environment that is protected, preserved, and enhanced for future generations.

We will be a forward-thinking Council, making best use of our assets, living within our means, and ensuring we are accountable for our decisions.

Our Priorities for 2022-26

Priority 1 - Economic Prosperity

‘To reinvigorate the economy and create a District that thrives’

We aim to:

- Attract investment to develop the District’s economy.
- Encourage entrepreneurship, promote apprenticeships, and support business.
- Attract modern, green, and skilled industries and create jobs.
- Rejuvenate our town centres.
- Support the development of our visitor economy.

We want to create an environment that supports and encourages growth and people’s ambition to set up and run their own businesses. Our aim is to attract investment and businesses that will create skilled jobs for local people and businesses that use green technology to support our commitment to reducing the impact of climate change. We want to encourage businesses and people into our town centres and attract visitors to the District.

Priority 2- Health & Wellbeing

‘To encourage and support residents to lead healthy and independent lives’

We aim to:

- Provide opportunities for residents to lead healthy and active lifestyles and recognise the importance of mental health and wellbeing.
- Embed health and wellbeing into all of our policies and everything that we do.
- Work with partners to address health inequalities across the District.
- Support residents that need our help.

We want to create opportunities for all of our residents to lead healthy and active lifestyles. For some, this may be by using our leisure centre facilities, for others it may be walking our parks, or on the Chase, or by cycling around the District. We want to reach out to those residents who may find this daunting and help them to try out new activities in their local communities, that will support their physical and mental health and wellbeing.

Priority 3 - The Community

‘To ensure Cannock Chase is a place that residents are proud to call home’

We aim to:

- Ensure our neighbourhoods are safe, clean and tidy.
- Maintain our local parks and green spaces.
- Encourage residents to live a sustainable lifestyle.
- Improve the housing offer across the District.
- Ensure our communities are well designed, accessible, and are inclusive environments.
- Support and build strong connections within our local communities.

We want our District to be an attractive and safe place to live. We will preserve our open spaces and local parks. We aim to build on the existing and new communities across our District so that residents feel connected and supported. We want to ensure that our residents have a choice in their housing accommodation and that it is safe.

Priority 4 - Responsible Council

‘To be a modern, forward thinking and responsible Council’

We aim to:

- Improve our customers’ access to services.
- Enhance the use of technology and new ways of working.
- Develop our workforce to ensure they are suitably skilled.
- Be a responsible Council that lives within its means and is accountable for its actions.
- Make the best use of our assets.

We want to improve the ways in which customers can access our services and at a time that suits them through better use of technology; while continuing to provide contact via the telephone or face-to-face for those customers who need more personal support.

Building on the lessons we have learned during the pandemic; we will develop a hybrid working model that supports employees to continue to work flexibly and in a way that best suits their role. Alongside this we want to ensure that our staff are trained to deliver the services that our residents need. The Council faces a challenging financial future, so it is important that we live within our means and make the best use of the assets we have. We will communicate with our residents to provide updates on the progress we are making in delivering our priorities and key decisions that affect the future of services.

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

Delivery of the Medium Term Financial Strategy has necessitated the identification of significant savings over the next 2 years.

2.2. The Council’s Performance 2022-23

The key successes during 2022-23 for each of the 4 priorities are highlighted below:

Economic Prosperity:	
Development of Cannock town centre (Levelling Up Fund scheme)	Outline planning application submitted, land in process of being assembled, RIBA Stage 2 design report signed off, regular communication to residents and stakeholders on progress including managing expectations through surveys, FAQs on website and press updates.
McArthurGlen Designer Outlet	Planning application submitted for Phase 2 of this highly successful retail and leisure offer, which is attracting healthy numbers.
Delivery of UKSPF Projects	Progression of priority projects in year 1 of the UKSPF Investment Plan i.e. Net Zero project with Staffordshire University, Constructing Excellence initiative with South Staffordshire College.

Health & Wellbeing:	
Commonwealth Games	Successful mountain biking event staged and the passing of the Queen's Baton Relay through the district, helping to raise the profile of Cannock Chase and engage local communities. Legacy projects being pursued include improved Heritage Trail linking Cannock to Rugeley, and further development of the Cannock Chase Can activities.
Cannock Chase Can App	The health and wellbeing app has been recognised in the national LGC Awards 2023 and has made it to the finals for the Innovation Award to be held in June 2023.
The Community:	
Improvements to the local environment and awareness of its importance to health and wellbeing	The Council's 4-year play area improvement programme has been published, tree planting has taken place with volunteers from companies and local community involvement. The Council's environmental and recycling campaigns 'Binworld' and 'Small Change Big Difference' have reached significant audiences, particularly young people.
Encourage residents to live a sustainable lifestyle	Social Housing Decarbonisation Fund: in partnership with West Midlands Combined Authority, the Council has been successful in securing £750k (50% match funding) to help in our climate change goals of reducing carbon emissions from our housing portfolio for 112 properties in three locations around the district. The works will be not only be around reducing carbon emissions but will have a direct affect and provide savings to our residents' energy bills by providing additional insulation to properties.
Responsible Council:	
Shared Services	The business case for extending the sharing of services was completed and approved by both Councils. Work is underway to implement it; beginning with the creation of a joint Leadership Team which came into operation on 1 April 2023.

3. Financial Strategy and resource allocation

3.1 Overview of Portfolio Spending

The following pages provide a brief overview of the financial position of the Council for 2022-23, in terms of the Council's management accounting framework, rather than the statutory IFRS framework.

The Council undertakes two distinct roles;

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

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

3.2 General Fund- Revenue spending

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

The Council Portfolio spending was £15.729 million for 2022-23 as reflected in its Portfolio outturn in the table below. The following table sets out the overall net revenue budget outturn of £12.851 million compared with the budget set for the year of £13.788 million, a variance of £0.937 million:

Cannock Preliminary Outturn 2022/23				
		Revised Budget	Actual	Variance to Revised
		£'000	£'000	£'000
Portfolios				
1	Community Engagement	605	566	39
2	Community safety	451	443	8
3	District Development	1,223	1,472	-249
4	Environment & Climate change	3,622	3,441	181
5	Housing, Heritage & Leisure	4,909	4,679	230
6	Innovation & Resources	4,090	3,962	128
7	Leader	1,279	1,166	113
8	Total Portfolios	16,179	15,729	450
9	Investment Income	-718	-1,070	352
10	Interest Payable	2	20	-18
11	Technical Items	103	299	-196
12	Net Expenditure	15,566	14,978	588
13	Use of Government Grants	-1,778	-2,127	349
14	Net Revenue Budget	13,788	12,851	937
Financed by:				
Business Rates				
15	Core funding	-3,046	-3,046	0
16	Growth	-1,750	-2,119	369
17	Business Rates Pool	-915	-1,069	154
18	Transfer from balances	-1,300	-361	-939
19	Council Tax	-6,777	-6,777	0
20	Total Financing	-13,788	-13,372	-416
21	Trf to/(from) working balances	0	521	-521
22	Net Revenue Budget	13,788	12,851	937

The table above shows the budget anticipated net expenditure of £13.788 million, to be principally funded from Council Taxpayers (£6.777 million) and Business Rates (£5.711 million).

The overall position, (actual net expenditure and financing), resulted in a transfer to working balances of £0.521 million compared to the budgeted figure of £0. The detail and explanations of expenditure are in the outturn report.

3.4 Collection Fund

Cannock Chase is the billing authority and as such has a statutory requirement to establish and maintain a separate fund covering the collection and distribution of amounts due in respect of council tax and national non-domestic rates (NDR). Net Business Rates attributable to the Council are accounted for as part of the General Fund under the new Business Rates regime.

The net position on the Collection Fund for the year was a deficit of £1.898 million for Council Tax after taking into account distribution of previous year surplus in year. The overall position for Council tax leaves a net deficit on the fund of £1.400 million at 31 March 2023 (of which £0.182 million relates to this Council).

A deficit of £1.154 million exists in relation to Business Rates as at 31 March 2023. The deficit is however notional and represents a timing difference between estimated Business Rates returns and actual returns. This Council's actual retained Business Income is in line with the Income and Expenditure account after taking into account the timing deficit required as part of the Collection Fund Statutory requirements.

3.5 General Fund Reserves

The outturn shows a contribution to working balances to the General Fund of £0.521 million with a resultant £1.941 million balance as at the 31 March 2023. As the Council policy is to retain a working balance of £1.0 million the £0.941 million transfer will be able to support future budgets.

3.6 Pensions

Councils are required to account for pension costs to show any deficit, or surplus, on the Pension Fund in the balance sheet. The fund is administered by Staffordshire County Council and the actuarial valuation at 31 March 2023 showed the Council's share of the fund to be a deficit of £7.244 million, a decrease of £39.445 million as compared to the 31 March 2022. The fund deficit has no impact on the level of Council Tax. The remaining deficit on the scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.

3.7 General Fund Capital Expenditure

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

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

The Council spent £2.696 million on capital projects in 2022/23, which was £2.731 million less than budget. The spend was profiled as below:

Capital Outturn Position			
	Budget	Actual	Variance from Budget
	£'000	£'000	£'000
Leader of the Council	70	-	70
Environment & Climate Change	105	91	14
Innovation & Resources	9	1	8
Housing, Heritage & Leisure	3,054	1,781	1,273
District Development	2,189	823	1,366
Total	5,427	2,696	2,731

The major items of capital spend in the year were:

- **£1.512 million** on Disabled Facilities Grants.
- **£0.791 million** on Levelling Up Fund
- **£0.123 million** on Stadium Development Phase 2
- **£0.091 million** on Wheeled bins

The capital programme of £2.696 million was financed in the following way:-

	£'000
Grants and contributions	2,531
Capital Receipts	141
Direct Revenue Financing	24
Total	2,696

3.8 Treasury Management

During 2022/23 most investment decisions were driven by cash flow considerations and funds were placed in Money Market Funds for easy access. However, opportunities were also taken to place funds in higher interest bearing investments when cash flow requirements would allow.

3.9 Housing Revenue Account

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

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

Income from Rents and associated items amounted to £20.956 million with expenditure of £22.381 million resulting in a deficit £1.425 million. This is then adjusted for technical items which results in a final position of £150k surplus for the year and an increase in reserves of £120k from £1.833 million to £1.983 million.

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

The Housing Revenue Account spent £3.725 million on capital projects in 2022/23.

4. Future Outlook and issues facing the Council

4.1 Future investments

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

Similarly, the Housing Revenue Account includes initiatives whereby in addition to its normal housing investment programme for its existing stock, provision is included within the medium term capital programme.

4.2 Financially sustainable

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

The Council approved its three-year budget to 2025/26 in February 2023 however like all other authorities a great deal of uncertainty exists with single year financial settlements.

Detailed figures are only available for 2023-24 pending the implementation of changes to the local Government funding regimes and material deficits exist in 2024-25 and 2025-26 based upon the implications of such changes. The Council have set aside previously earmarked reserves to provide transitional funding pending the development of a sustainable medium-term budget following the outcome of the proposed changes.

The Council continues to progress the areas within its direct control with balanced budgets set for 2023/24. However, a great deal of uncertainty exists post 2023/24 with the key risks arising from fundamental changes to Government Funding-

- Fair Funding and Business Rates Reset were due to be implemented in each of the years since 20/21. There is now considerable uncertainty as to whether this will still be taking place and if so when.
- Ongoing uncertainty that exists in relation to the longevity of the New Homes Bonus grant scheme.

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

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

- Central government funding –The Provisional Settlement is for one year only with the changes to the Local Government Finance Regime now facing considerable uncertainty. No details are available from 2023-24 onwards with Local Government funding expected to be subject to considerable change.
- New Homes Bonus - in relation to New Homes Bonus (NHB) the Provisional Settlement reiterates the Government's commitment to reforming the NHB.

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

- **Business Rates**

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

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

Robust figures will be determined as further details become available from the Government however actual details for this Council for Business rates; Fair Funding and New Homes Bonus will not be known until the late autumn of 2023 at the earliest.

- **Income levels** – a number of main income streams are subject to demand, in particular parking, bereavement services and planning. The Council has limited means to address issues of demand. however, income is an area that receives particular budget monitoring attention.
- **Interest rates** – The high interest rates have led to a windfall in investment income on council balances held. This cannot be depended on for the base position due to potential volatility, as rates decrease income will decrease and vice versa.
- **Inflationary pressures** – price inflation presently volatile.
- **Pension's costs** – the Council continues to face the pressure of the rising costs of pension's provision.

4.3 Auditors Annual Report on the Council

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

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

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

The statutory recommendations made are:

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

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

5. Explanation of Financial Statements

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

5.1 Statements to the Accounts

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

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

5.2 Core Financial Statements

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

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

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

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

5.3 Supplementary Statements

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

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

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

5.4 Notes to the Accounts

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

5.5 Main Changes to the Core Statements and Significant Transactions in 2022/23

There were no major changes to the statements for 2022/23.

Comprehensive Income and Expenditure Account (page 19)

- The net cost of services show an increase of £2.510 million compared with 22/22. This principally relates to changes in capital transactions, staff and the waste contract. Further details are included within note 5 to the accounts.
- There is a decrease in other operating expenditure of £0.484 million. This is primarily due to a reduction in the amount of pooling of capital receipts.
- There is an decrease in financing and investment expenditure of £1.236 million, this relates to changes in pension interest costs which is offset by an increase in investment income. (note 14)
- There is an actuarial change of £16.476 million in the pension asset which is primarily due to changes in the financial assumptions (note 28)

Balance Sheet (page 22)

- Property, Plant and Equipment have increased by £17.559 million; this is due to the revaluation of assets, additions in year less disposals.
- Short term investments have decreased by £14.502 million reflecting a change in year-end holdings.
- Short term debtors have increased by £3.272 million relating primarily to an increase in trade debtors (£1.008 million) and Council tax debtors (£2.425 million).
- Cash and cash equivalents have increased by £12.948 million which reflects the year end holdings of money market and call account funds
- Short term creditors have decreased by £4.903 million; this principally reflects an decrease in central government creditors of £5.912 million.
- The pension fund liability has decreased from £46.689 million to £7.244 million, a decrease of £39.445 million which is largely due to the changes in financial assumptions on discounts and pension interest rates. The discounts, salary and pension rates assumptions are determined by the Actuary and represent the market conditions at the reporting date.

Cash Flow Statement (page 23)

- There is an increase of £12.948 million in cash and cash equivalents at the end of the reporting period. This is due partly to the non-cash movements of Pension liability relating to the payments made to the fund and deficit on post-employment benefits and also due to the increased purchase of short term investments.

**CERTIFICATION OF ACCOUNTS
STATEMENT OF RESPONSIBILITIES FOR THE
STATEMENT OF ACCOUNTS**

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Deputy Chief Executive - Resources with S151 responsibilities;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Deputy Chief Executive - Resources with S151 Responsibilities

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

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

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

The Deputy Chief Executive - 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 2023.

C Forrester

Date 09/10/2024

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

* original signed certificate held in Finance

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MOVEMENT IN RESERVES STATEMENT

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

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

	General Fund Balance £000	Housing Revenue Account Balance £000	Earmarked General Fund Reserves £000	Earmarked Housing Revenue Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2022	(1,419)	(1,833)	(21,754)	(12,513)	(10,184)	(6,870)	(4,771)	(59,344)	(154,959)	(214,303)
Other transfers (Note 12)								-		-
Movement in reserves during 2022/23										
(Surplus)/deficit on the provision of services	2,558	1,425						3,983		3,983
Other Comprehensive Income and Expenditure								-	(67,860)	(67,860)
Total Comprehensive Income and Expenditure	2,558	1,425	-	-	-	-	-	3,983	(67,860)	(63,877)
Adjustments between accounting basis & funding basis under regulations (Note 11)	(202)	(2,380)			(1,472)	(1,692)	1,165	(4,581)	4,581	-
Net (Increase)/Decrease before Transfer to Earmarked Reserves	2,356	(955)	-	-	(1,472)	(1,692)	1,165	(598)	(63,279)	(63,877)
Transfers to/from Earmarked Reserves (Note 12)	(2,752)	678	2,752	(678)	-	-	-	-	-	-
Internal recharges to HRA (Increase)/Decrease in 2022/23	(127) (523)	127) (150)	2,752) 2,752)	(678) (678)	(1,472) (1,472)	(1,692) (1,692)	1,165) 1,165)	(598) (598)	(63,279) (63,279)	(63,877) (63,877)
Balance at 31 March 2023	(1,942)	(1,983)	(19,002)	(13,191)	(11,656)	(8,562)	(3,606)	(59,942)	(218,238)	(278,180)

The Total General Fund balance at 31 March 2023 is £20.944 million, comprising a working balance of £1.942 million and earmarked reserves of £19.002 million.

The Total Housing Revenue Account balance at 31 March 2023 is £15.174 million, comprising a working balance of £1.983 million and earmarked reserves of £13.191 million.

MOVEMENT IN RESERVES STATEMENT

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

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

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

BALANCE SHEET

The Balance Sheet shows the value as at 31 March 2023 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories:

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

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

31 March 2022 £000	Notes	31 March 2023 £000
298,146 Property, Plant & Equipment	16	315,705
296 Heritage Assets	17	296
1,188 Investment Properties	18	1,212
349 Intangible Assets	19	314
57 Long Term Debtors	20	51
300,036 Long Term Assets		317,578
22,019 Short Term Investments	20	7,517
141 Inventories	21	162
6,761 Short Term Debtors	22	10,033
37,750 Cash and Cash Equivalents	23	50,698
66,671 Current Assets		68,410
(326) Short Term Borrowing	20	(326)
(18,767) Short Term Creditors	25	(13,864)
(330) Grants Receipts in Advance-Revenue	37	(336)
(1,994) Grants Receipts in Advance-Capital	37	(2,056)
(21,417) Current Liabilities		(16,582)
(14) Long Term Creditors	20	(10)
(81,605) Long Term Borrowing	51	(81,605)
(2,679) Provisions	26	(2,367)
- Other Long Term Liabilities	50	
(46,689) Pensions	43	(7,244)
(130,987) Long Term Liabilities		(91,226)
214,303 Net Assets		278,180
(59,344) Usable Reserves	27	(59,942)
(154,959) Unusable Reserves	28	(218,238)
(214,303) Total Reserves		(278,180)

CASH FLOW STATEMENT

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

2021/22		2022/23
£000		£000
812	Net (surplus) or deficit on the provision of services	3,983
(23,373)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 29)	(3,914)
6,821	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 29)	3,543
(15,740)	Net cash flows from Operating Activities	3,612
10,374	Investing Activities (Note 30)	(13,660)
(1,446)	Financing Activities (Note 31)	(2,900)
(6,812)	Net (increase) / decrease in cash and cash equivalents	(12,948)
30,938	Cash and cash equivalents at the beginning of the reporting period	37,750
37,750	Cash and cash equivalents at the end of the reporting period (Note 23)	50,698

NOTES TO THE ACCOUNTS

1. Accounting Policies

i General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which is required to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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

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

The accounts have been prepared on a going concern basis.

ii Accruals of Income and Expenditure

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

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

iii Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

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

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

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

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

v Charges to Revenue for Non-Current Assets

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

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

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

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vi Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post Employment Benefits

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

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

- The liabilities of the Staffordshire County Council (SCC) pension fund attributable to the Council are included on the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using an appropriate discount rate determined by the actuary.
- The assets of the SCC pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities - current bid price
 - unquoted securities - professional estimate
 - unitised securities - current bid price
 - property - market value
- The change in the net pensions liability is analysed into seven components:
 - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement within the Leader of The Council line as part of Non-distributed costs.
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
 - the return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions -charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - contributions paid to the SCC pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

vii Events After the Balance Sheet Date

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

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

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

viii Financial Instruments

Financial Liabilities

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

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

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

Financial Assets

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

- amortised cost
- fair value through profit or loss (FVPL)
- fair value through other comprehensive income (FVOCI)

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

Financial Assets measured at amortised cost

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

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

Expected Credit Loss Model

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

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

ix Government Grants and Contributions

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

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

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

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

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

Community Infrastructure Levy

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

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

x Heritage Assets

Tangible and Intangible Heritage Assets

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

Civic Regalia

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

Museum Artefacts

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

Heritage Assets - General

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

xi Intangible Assets

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

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

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

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

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

xii Interests in Companies and Other Entities

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

xiii Inventories and Long Term Contracts

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

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

xiv Investment Properties

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

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

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

xv Leases

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

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

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

The Council as Lessee:

Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

The Council as Lessor:

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

xvi Overheads and Support Services

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

xvii Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The de-minimus value for items to be treated as capital expenditure is £20,000.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:-

- dwellings and other buildings - straight-line allocation over the life of the property as estimated by the valuer
- council housing - 75 years
- vehicles, plant and equipment - straight-line allocation on historic cost over 5 years or over the period of the lease
- infrastructure - straight-line allocation on historic cost over 25 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a 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 2023/24 Code. The Code also requires that changes in accounting policy are applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

New standards introduced in the Code that apply from 1 April 2023 are:

- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 financial year)
- Where an Authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 Statement of Account
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

The Council has not decided to implement IFRS 16 early so there is no impact in relation to the first two items. As the Council does not have any group accounts there will be no impact in relation to the Deferred Tax change and it is not considered that the other items will have a material impact

3. Critical Judgements in Applying Accounting Policies

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

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

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

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependant on assumptions about the level of repairs and maintenance that will be incurred to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge would reduce by £257,000 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. The actuary has provided sensitivity information about the effects of changes in assumptions. The financial effects of these changes are detailed in note 43 to the accounts.
Sundry debt arrears	At 31 March 2023 the Council's balance of sundry debts was £2.826m. A review of significant balances suggested that an impairment of doubtful debts of 81.32% was appropriate (£2.298m). However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate by 1% an additional £28,000 would need to be set aside as allowance.
Council tax arrears	At 31 March 2023 the Council's share of the council tax debtors included in the councils accounts was £1.372m. A review of significant balances suggested that an impairment of doubtful debts of 62.54% (£0.858m) was appropriate. However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £14,000 to be set aside as an allowance.
Business rate arrears	At 31 March 2023 the Council's share of the business rates debtors included in the councils accounts was £1.056m. A review of significant balances suggested that an impairment of doubtful debts of 59.67% (£0.630m) was appropriate. However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £11,000 to be set aside as an allowance.
Business rates appeals	At 31 March 2022 the Council's share of the business rates appeals included in the Council's accounts was £2.168m.	If there was an increase of 1% in the appeals percentages this would require an additional £64,000 to be set aside.

5. Material Items of Income and Expense

The Code requires that where items are not disclosed on the face of the Comprehensive Income and Expenditure Account, that the nature and amount of material items should be disclosed in a note to the accounts. The material items of income and expenses for 2022/2023 are as follows:

There has been an increase in the net cost of services of £2.510 million this is primarily due to the following:

General Fund:	£000	£000
Capital Charges	-226	
Bad Debts	131	
Utility costs	180	
Covid spend	-54	
Covid outbreak grant funding	284	
Staff costs	523	
Waste Contract	520	
District Elections	145	
Housing Benefits	142	
CRM system costs	115	
Cil receipts	-49	
Other Movements	126	1,837
Housing Revenue Account:		
Capital Charges	642	
Rates	114	
Other Movements	-83	673
		<u>2,510</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.

2021/2022					2022/2023					
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
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
1,159	(65)	24	-	1,118	Leader of the Council	1,166	19	3		1,188
3,002	(197)	589	177	3,571	Environment and Climate Change	3,441	(254)	25	180	3,392
393	7	24	(5)	419	Community Safety and Partnerships	443	(6)	14	(6)	445
3,851	(691)	182	181	3,523	Innovation and Resources	3,963	16	111	177	4,267
613	(156)	710	(17)	1,150	Community Engagement Health & Wellbeing	566	139	1,523	(18)	2,210
4,444	(401)	2,261	(180)	6,124	Housing, Heritage and Leisure	4,679	(300)	1,755	(203)	5,931
1,161	(253)	402	(3)	1,307	District and High Street Development	1,472	(103)	250	(3)	1,616
14,623	(1,756)	4,192	153	17,212		15,730	(489)	3,681	127	19,049
(4,429)	(1,483)	4,106	(153)	(1,959)	Housing Revenue Account	(5,038)	(678)	4,557	(127)	(1,286)
10,194	(3,239)	8,298	-	15,253	Net Cost of Services	10,692	(1,167)	8,238	-	17,763
(10,589)	4,100	(7,952)	-	(14,441)	Other Income and Expenditure	(11,363)	3,240	(5,657)		(13,780)
(395)	861	346	-	812	(Surplus)/Deficit on Provision of Services	(671)	2,073	2,581	-	3,983
(2,858)	(35,128)				Opening General Fund & HRA Balance	(3,253)	(34,267)			
-	-				Balance					
					Transfer to Earmarked Reserves	-	-			
(395)	861				Less/Plus Surplus or Deficit on General Fund & HRA Balance in year	(671)	2,073			
(3,253)	(34,267)				Closing General Fund & HRA Balance at 31 March 2023 *	(3,924)	(32,194)			

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

7. Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2022/23

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Statutory Adjustments £000	Total Statutory Adjustments £000	Other Non-Statutory Adjustments £000	Total Adjustments £000
Leader of the Council	-	6	(3)	3	-	3
Environment and Climate Change	(19)	20	10	11	14	25
Community Safety and Partnerships	10	4	-	14	-	14
Innovation and Resources	274	(116)	26	184	(73)	111
Community Engagement Health & Wellbeing	1,523	7	(7)	1,523	-	1,523
Housing, Heritage and Leisure	1,736	23	3	1,762	(7)	1,755
District and High Street Development	41	14	(13)	42	208	250
Sub Total	3,565	(42)	16	3,539	142	3,681
Housing Revenue Account	7,891	23	(24)	7,890	(3,333)	4,557
Net Cost of Services	11,456	(19)	(8)	11,429	(3,191)	8,238
Other income and expenditure from the Expenditure and Funding Analysis	(7,226)	1,298	(2,920)	(8,848)	3,191	(5,657)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the the Provision of Services	4,230	1,279	(2,928)	2,581	-	2,581

Adjustments between Funding and Accounting Basis 2021/22

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

Adjustments for Capital Purposes

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

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

Net Change for the Pensions Adjustments

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

- Services - This represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CIES.

Other Statutory Adjustments

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

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

Other Non-statutory Adjustments

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

- Financing and investment income and expenditure - the other non-statutory adjustments column recognises adjustments to Portfolios e.g. for interest income and expenditure.
- Taxation and non-specific grant income and expenditure - the other non-statutory adjustments column recognises adjustments to Portfolios e.g. for unringfenced government grants.
- The Council's reportable segments are based on the portfolios of the Council as structured by members and service departments.

8. Segmental Income

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

2021/22 £000		2022/23 £000
18	Leader of the Council	3
2,053	Environment and Climate Change	2,499
107	Community Safety and Partnerships	107
3,589	Innovation and Resources	3,655
524	Community Engagement Health & Wellbeing	318
684	Housing, Heritage and Leisure	754
1,243	District and High Street Development	1,186
<u>8,218</u>	Sub Total	<u>8,522</u>
20,113	Housing Revenue Account	20,940
<u>28,331</u>	Total income analysed on a segmental basis	<u>29,462</u>

9. Expenditure and Income Analysed by Nature

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

2021/22 £000		2022/23 £000
	Expenditure	
18,611	Employee benefits expenses	19,465
34,108	Other services expenses	32,723
11,261	Depreciation, amortisation, impairment	11,656
4,677	Interest payments	4,553
804	Precepts and levies	826
(141)	Gain / loss on the disposal of assets	(646)
<u>69,320</u>	Total Expenditure	<u>68,577</u>
	Income	
(28,331)	Fees, charges and other service income	(29,462)
34	Interest and investment income	(1,002)
(12,763)	Income from council tax and non-domestic rates	(14,351)
(27,448)	Government grants and contributions	(19,779)
<u>(68,508)</u>	Total Income	<u>(64,594)</u>
<u>812</u>	Surplus or Deficit on the Provision of Services	<u>3,983</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 2022/23 or 2021/22.

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

2021/22 £000		2022/23 £000
82	Revenue from contracts with service recipients	78
<u>82</u>	Total Included in Comprehensive Income and Expenditure Statement	<u>78</u>

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

2021/22 £000		2022/23 £000
82	Receivables, which are included within debtors (note 22)	78
<u>82</u>	Total Included in Net Assets	<u>78</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 2022 £000		31 March 2023 £000
82	Not later than one year	78
-	- Later than one year	-
<u>82</u>	Amounts of transaction price, partially or fully unsatisfied	<u>78</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 2022/23 in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Housing Revenue Account Balance

The Housing Revenue Account (HRA) Balance reflects the statutory obligation to maintain a revenue account for Local Authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2022/23

Adjustments to the Revenue Resources

Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:

o Pension costs (transferred to / (or from) the Pensions Reserve)	(1,257)	(22)				(1,279)	1,279
o Council Tax and NDR (transfer to / (or from) Collection Fund)	2,920					2,920	(2,920)
o Holiday pay (transferred to the Accumulated Absences Reserve)	(16)	24				8	(8)
o Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,399)	(9,383)				(86)	11,868
Total Adjustments to the Revenue Resources	(752)	(9,381)	-	-	(86)	(10,219)	10,219

Adjustments between Revenue and Capital Resources

o Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	24	2,153	(2,177)				-	-
o Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)		(39)	39				-	-
o Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)							-	-
o Posting of HRA resources from revenue to the Major Repairs Reserve		4,887		(4,887)			-	-
o Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	502					502		(502)
o Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	24					24		(24)
Total Adjustments between Revenue and Capital Resources	550	7,001	(2,138)	(4,887)	-	526	(526)	

Adjustments to Capital Resources

o Use of Capital Receipts Reserve to finance capital expenditure			672			672		(672)
o Use of the Major Repairs Reserve to finance capital expenditure				3,195		3,195		(3,195)
o Application of capital grants to finance capital expenditure					1,251	1,251		(1,251)
o Cash payments in relation to deferred capital receipts			(6)			(6)		6
Total Adjustments to Capital Resources	-	-	666	3,195	1,251	5,112	(5,112)	

Total Adjustments

(202)	(2,380)	(1,472)	(1,692)	1,165	(4,581)	4,581		
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Usable Reserves

General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Movement in Unusable Reserves
£000	£000	£000	£000	£000	£000	£000

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

12. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2022/23.

	Balance at 31 March 2021 £000	Transfer out 2021/22 £000	Transfers in 2021/22 £000	Balance at 31 March 2022 £000	Transfer out 2022/23 £000	Transfers in 2022/23 £000	Balance at 31 March 2023 £000
General Fund							
Revenue							
General	7,542	(986)	1,764	8,320	(1,643)	2,955	9,632
Section 106	4,032	(559)	278	3,751	(155)	281	3,877
Commuted Sums	553	(47)	-	506	(64)	41	483
Grants	1,709	127	285	2,121	(190)	470	2,401
Business Rates Reserve	6,447	(6,447)	3,631	3,631	(3,631)	462	462
Sub Total	20,283	(7,912)	5,958	18,329	(5,683)	4,209	16,855
Capital							
RCCO	15	-	-	15			15
Capital	3,800	(510)	120	3,410	(160)	(1,118)	2,132
Sub Total	3,815	(510)	120	3,425	(160)	(1,118)	2,147
General Fund Sub Total	24,098	(8,422)	6,078	21,754	(5,843)	3,091	19,002
HRA							
Housing	1,918	-	86	2,004	(106)	103	2,001
RCCO	9,112	-	1,397	10,509	-	681	11,190
HRA Sub Total	11,030	-	1,483	12,513	(106)	784	13,191
Total Revenue Reserves	35,128	(8,422)	7,561	34,267	(5,949)	3,875	32,193

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

The Business Rates Reserve balance is not available for general use. This represents the Council's share of the deficit on the Collection Fund for 2022/23. This reserve has been set aside to absorb the timing difference in accounting for collection fund balances.

13. Other Operating Expenditure

2021/22 £000	2022/23 £000
797 Parish council precepts	819
(663) (Gains)/Losses on the disposal of non-current assets:	(646)
7 Levies	7
523 Pooling of Capital Receipts	-
664 Total	180

14. Financing and Investment Income and Expenditure

2021/22 £000	2022/23 £000
3,261 Interest Payable & Similar Charges	3,255
(2,742) Net interest on the net defined benefit liability (asset)	(4,068)
4,157 Remeasurements of the net defined benefit liability/(asset)	5,366
34 Interest Receivable and similar income	(1,002)
(2) Investment properties changes in fair value	(24)
(82) Income and Expenditure in relation to investment properties	(104)
266 (Gain) / loss on trading accounts	203
(181) Expected credit loss allowance	(151)
4,711 Total	3,475

15. Taxation and Non Specific Grant Incomes

2021/22		2022/23
£000		£000
(4,484)	Capital grants and contributions	(1,366)
(7,464)	Precepts on the Collection Fund	(7,708)
(5,300)	Non domestic rates	(6,643)
(2,568)	Non ring-fenced government grants	(1,718)
<u>(19,816)</u>	Total	<u>(17,435)</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 2022/23									
Cost or Valuation									
◦ at 1 April 2022	230,264	65,286	3,356	1,313	105	241	334	2,207	303,106
◦ Additions	3,586	184	140					973	4,883
◦ Revaluation increases/(decreases) recognised in the Revaluation Reserve	15,458	2,613					(138)		17,933
◦ Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,949)	158							(2,791)
◦ Derecognition - disposals	(1,484)	(19)							(1,503)
◦ Derecognition - other	(58)								(58)
◦ Assets reclassified (to)/from Held For Sale									-
◦ Other movements in cost or valuation		549						(549)	-
at 31 March 2023	244,817	68,771	3,496	1,313	105	241	196	2,631	321,570
Accumulated Depreciation and Impairment									
◦ at 1 April 2022	(1,135)	(590)	(2,131)	(1,091)	(13)	-	-	-	(4,960)
◦ Depreciation charge	(3,322)	(3,474)	(407)	(222)	(4)		(6)		(7,435)
◦ Depreciation written out to the Revaluation Reserve	2,945	3,389					6		6,340
◦ Depreciation written out to the Surplus/Deficit on the Provision of Services	63	57							120
◦ Impairment losses/(reversals) recognised in the Revaluation Reserve									-
◦ Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services									-
◦ Derecognition - disposals	29								29
◦ Derecognition - other	40								40
◦ Other movements in depreciation and impairment									-
at 31 March 2023	(1,380)	(618)	(2,538)	(1,313)	(17)	-	-	-	(5,866)
Net Book Value									
at 31 March 2023	243,437	68,153	958	-	88	241	196	2,631	315,704
at 31 March 2022	229,129	64,696	1,225	222	92	241	334	2,207	298,146

	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

Depreciation

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

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

Capital Commitments

At 31 March 2023 the Council held contracts for the construction or enhancement of Property, Plant and Equipment in 2022/23 and future years budgeted to cost £19,900,000. This included £19,200,000 for HRA Kitchen and Bathroom replacements and £580,000 External Envelope works. Similar commitments as at 31 March 2022 were £50,600.

Valuation Information

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

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

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

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

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

The significant assumptions applied in estimating the fair values are:

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

As set out above the Council undertakes an annual review of all assets to ensure not materially misstated which it will do again for the 31 March 2023.

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Leased Plant & Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets under construction £000	Total Property, plant and Equipment £000
Carried at historical cost	-	-	958	-	88	241		2,631	3,918
valued at fair value as at :									
31 March 2019		3,967							3,967
31 March 2020		2,803							2,803
31 March 2021		2,141							2,141
31 March 2022		1,535							1,535
31 March 2023	243,437	57,707					196		301,340
Total Cost or Valuation	243,437	68,153	958	-	88	241	196	2,631	315,704

17. Heritage Assets

Heritage Assets are held by the authority of £296,000 comprising Civic Regalia (£35,000) and Exhibits (£261,000). There were no changes to these values in either 2022/23 or 2021/22.

18. Investment Properties

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

2021/22 £000		2022/23 £000
82	Rental Income from Investment Property	104
82	Net Gain / (loss)	104

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

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

2021/22 £000		2022/23 £000
1,186	Balance at start of the year	1,188
2	Net gains / (loss) from fair value adjustments	24
1,188	Balance at end of year	1,212

Fair Value Measurement of Investment Property

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

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

There have been no transfers between levels of the fair value hierarchy and valuation techniques from those used in 2021/22.

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

19. Intangible Assets

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

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

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

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

2021/22	2022/23
Total £000	Total £000
Balance at start of year:	
578 Gross carrying amounts	927
(569) Accumulated amortisation	(578)
9 Net carrying amount at start of year	349
Additions:	
349 Purchases	-
(9) Amortisation for the period	(35)
349 Net carrying amount at end of year	314
Comprising:	
927 Gross carrying amounts	927
(578) Accumulated amortisation	(613)
349	314

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

Carrying Amount 31 March 2022 £000	Carrying Amount 31 March 2023 £000
Remaining Amortisation Period	
1 Year	-
9 Years	314
349 10 Years	-
349	314

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

20. Financial Instruments

Categories of Financial Instruments

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

	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	Non-current				Current				Total	Total
Financial Assets	Investments		Debtors		Investments		Debtors			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Amortised cost:										
Short Term Investments					22,019	7,517			22,019	7,517
Cash & Cash Equivalents					37,750	50,698			37,750	50,698
Long Term Debtors			57	51					57	51
Trade Debtors							2,926	3,934	2,926	3,934
Total financial assets	-	-	57	51	59,769	58,215	2,926	3,934	62,752	62,200
Non-financial assets	-	-	-	-	-	-	3,835	6,099	3,835	6,099
Total	-	-	57	51	59,769	58,215	6,761	10,033	66,587	68,299

	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	Non-current				Current				Total	Total
Financial Liabilities	Borrowings		Creditors		Borrowings		Creditors			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Amortised cost										
Trade Creditors	-	-	-	-	-	-	4,173	4,503	4,173	4,503
Finance Lease	-	-	-	-	-	-	223	-	223	-
Long Term Creditors	-	-	14	10	-	-	-	-	14	10
Borrowing Accrued Interest	-	-	-	-	326	326	-	-	326	326
Long Term Borrowing	81,605	81,605	-	-	-	-	-	-	81,605	81,605
Total financial liabilities	81,605	81,605	14	10	326	326	4,396	4,503	86,341	86,444
Non-financial liabilities	-	-	-	-	-	-	14,371	9,361	14,371	9,361
Total	81,605	81,605	14	10	326	326	18,767	13,864	100,712	95,805

Reclassifications

There were no reclassifications during 2022/23.

Financial Instruments Gains and Losses

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

Income, Expense, Gains and Losses

	2021/22		2022/23	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Interest Revenue:				
Financial assets measured at amortised cost	(71)	-	(1,237)	-
Total interest Revenue	(71)	-	(1,237)	-
Interest Expense	3,249	-	3,249	-
(Surplus) / deficit arising on revaluation of financial assets in Other comprehensive Income	-	-	-	-
Net (gain)/loss for the year	3,178	-	2,012	-

Changes in the Valuation Technique

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

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

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

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

Mark to Model Valuation for Financial Instruments

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

The fair values calculated are as follows:

31 March 2022			31 March 2023	
Carrying Amount	Fair Value	Financial Liabilities	Carrying Amount	Fair Value
£000	£000		£000	£000
81,931	106,573	PWLB Debt	81,931	73,100
4,173	4,173	Trade Payables	4,503	4,503
223	223	Short Term Creditor - Finance Lease	-	-
14	14	Long Term Creditors	10	10
86,341	110,983	Total Financial Liabilities	86,444	77,613

The fair value of liabilities is lower than the carrying amount because the Council's portfolio of loans includes a fixed rate loan where the interest payable is lower than the rates available for similar loans in the market place at 31 March 2023. This shows a notional gain (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders below market rates.

The fair value of Public Works Loan Boards of £73.100m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the balance sheet date. The difference between the carrying amount and the fair value measures the reduced interest that the authority will pay over the remaining terms of the loan under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

As the Council has a continued ability to borrow at concessionary rates from the PWLB rather than the market, the fair value calculated at premature repayment rate to reflect the interest that would be charged including a penalty charge for penalty interest would be £85.477m.

31 March 2022			31 March 2023	
Carrying Amount	Fair Value	Financial Assets	Carrying Amount	Fair Value
£000	£000		£000	£000
22,019	22,006	Fixed Term Deposits	7,517	7,517
37,750	37,750	Cash & Cash Equivalents	50,698	50,698
57	57	Long Term Debtors	51	51
2,926	2,926	Trade Receivables	3,934	3,934
62,752	62,739	Total Financial Assets	62,200	62,200

There is no difference in Fixed term deposits held as all are for less than 1 year and are therefore carried at deposit plus accrued interest.

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

21. Inventories

The Council carries stock as consumable stores and maintenance materials and the balance carried is not material, therefore detailed disclosure notes of movements are not required. At 31 March 2023 the balance of stocks held was £162,000, an increase of £21,000 from the previous financial year.

22. Debtors

Short Term Debtors

31 March 2022 £000		31 March 2023 £000
644	Central Government	824
2,926	Trade Debtors	3,934
404	Pre Payments	544
1,472	Local taxation - Council Tax	3,897
995	Local taxation - NNDR	426
320	Other Receivables	408
6,761		10,033

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

31 March 2022 £000		31 March 2023 £000
(866)	Trade receivables	(920)
(830)	Local taxation - Council Tax	(858)
(593)	Local taxation - NNDR	(630)
(2,716)	Other receivable amounts	(2,472)
(5,005)		(4,880)

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

Debtors for Local Taxation - Council Tax

31 March 2022 £000		31 March 2023 £000
150	Less than three months	364
107	Three to six months	144
249	Six months to one year	42
728	More than one year	822
1,234		1,372

Debtors for Local Taxation - NNDR

31 March 2022 £000		31 March 2023 £000
348	Less than three months	479
280	Three to six months	224
17	Six months to one year	31
395	More than one year	322
1,040		1,056

23. Cash and Cash Equivalents

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

31 March 2022 £000		31 March 2023 £000
	Current Assets	
37,509	Cash equivalents held by the Council	49,441
238	Bank current accounts	1,251
3	Cash held by the Council	6
37,750	Total Cash and Cash Equivalents	50,698

24. Assets Held For Sale

There were no Assets held for sale as at 31 March 2023 (31 March 2022 nil).

25. Short Term Creditors

31 March 2022 £000		31 March 2023 £000
13,520	Central Government	7,608
180	Local taxation - Council Tax	197
555	Local taxation - NNDR	1,371
4,173	Trade payables	4,503
338	Other payables	185
<u>18,766</u>		<u>13,864</u>

26. Provisions

(i) Current Liabilities

There are no short term provisions as at 31 March 2023 (2021/22 £nil).

(ii) Long Term Liabilities

	Insurance £000	Business Rates Appeals £000	Total £000
Balance at 1 April 2022	193	2,486	2,679
Additional provisions	50	424	474
Amounts used in 2022/23	(44)	(742)	(786)
Balance at 31 March 2023	<u>199</u>	<u>2,168</u>	<u>2,367</u>

The balance at 31 March 2023 of £2,168,000 reflects the Council's share of the provision for business rates appeals. The business rates provision is an estimate as detailed in note 4 to the accounts. It is included within long term liabilities as there is uncertainty on timing and amount.

27. Usable Reserves

31 March 2022 £000		31 March 2023 £000
(1,419)	General Fund Balance	(1,942)
(1,833)	HRA Balance	(1,983)
	Earmarked Reserves:	
(21,754)	General Fund	(19,002)
(12,513)	Housing Revenue Account	(13,191)
(10,184)	Capital Receipts Reserve	(11,656)
(4,771)	Capital Grants Unapplied	(3,606)
(6,870)	Housing Revenue Account - Major Repairs Reserve	(8,562)
<u>(59,344)</u>	Total Usable Reserves	<u>(59,942)</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 2022 £000	31 March 2023 £000
(139,422) Revaluation Reserve	(159,564)
(68,773) Capital Adjustment Account	(66,680)
49,552 Pensions Reserve	7,244
(57) Deferred Capital Receipts Reserve	(51)
3,564 Collection Fund Adjustment Account	644
177 Accumulated Absences Account	169
<u>(154,959)</u> Total Unusable Reserves	<u>(218,238)</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.

2021/22 £000		2022/23 £000
(109,763)	Balance at 1 April	(139,422)
(33,969)	Upward revaluation of assets	(25,534)
65	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	1,262
(33,904)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(24,272)
4,197	Difference between fair value depreciation and historical cost depreciation	4,130
48	Accumulated gains on assets sold or scrapped	-
4,245	Amount written off to the Capital Adjustment Account	4,130
<u>(139,422)</u>	Balance at 31 March	<u>(159,564)</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.

2021/22 £000		2022/23 £000
(68,498)	Balance at 1 April	(68,773)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
10,385	Charges for depreciation and impairment of non-current assets	10,106
9	Amortisation of Intangible Assets	35
871	Revenue Expenditure Funded from Capital Under Statute	1,538
1,629	Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	1,492
(2)	Fair Value of Investment Property	(24)
<hr/> 12,892		<hr/> 13,147
	(4,245) Adjusting amounts written out of the Revaluation Reserve	(4,130)
<hr/> (59,851)	Net written out amount of the cost of non-current assets consumed in the year	<hr/> (59,756)
	Capital financing applied in the year:	
(1,754)	Use of the Capital Receipts Reserve to finance new capital expenditure	(672)
(3,899)	Use of the Major Repairs Reserve to finance new capital expenditure	(3,195)
(2,180)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,280)
(105)	Application of grants to capital financing from the Capital Grants Unapplied Account	(1,251)
(529)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(502)
(455)	Capital expenditure charged against the General Fund and HRA balances	(24)
<hr/> (8,922)		<hr/> (6,924)
<hr/> (68,773)	Balance at 31 March	<hr/> (66,680)

Pensions Reserve

The Pensions Reserve absorbs the timing difference arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2021/22	2022/23
£000	£000
74,724 Balance at 1 April	49,552
(27,111) Remeasurements of the net defined benefit liability/(asset)	(43,587)
6,652 Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	6,350
(4,713) Employers pensions contributions and direct payments to pensioners payable in the year	(5,071)
<u>49,552</u> Balance at 31 March	<u>7,244</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.

2021/22	2022/23
£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	6
<u>(57)</u> Balance at 31 March	<u>(51)</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.

2021/22	2022/23
£000	£000
6,514 Balance at 1 April	3,564
(134) Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	249
(2,816) Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	(3,169)
<u>3,564</u> Balance at 31 March	<u>644</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.

2021/22 £000		2022/23 £000
	161 Balance at 1 April	177
(161)	Settlement or cancellation of accrual made at the end of the preceding year	(177)
177	Amounts accrued at the end of the current year	169
	16 Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(8)
	<u>177</u> Balance at 31 March	<u>169</u>

29. Cash flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2021/22 £000		2022/23 £000
(63)	Interest received	(1,154)
3,156	Interest paid	3,255

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

2021/22 £000		2022/23 £000
	Adjust Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	
(6,947)	Depreciation	(7,435)
(3,436)	Impairment and downward valuations	(2,671)
(9)	Amortisation	(35)
145	Increase / (decrease) in impairments for bad debts	125
(5,876)	Increase / (decrease) in Creditors	9,733
(583)	Increase / (decrease) in Debtors	1,646
43	Increase / (decrease) in Stock	21
(4,519)	Movement in pension liability	(4,142)
(1,629)	Carrying amount of non-current assets sold or derecognised	(1,492)
(562)	Other non-cash items charged to the net surplus or deficit on the provision of services	336
	<u>(23,373)</u>	<u>(3,914)</u>

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

2021/22 £000		2022/23 £000
	Adjust for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	
2,336	Capital grants credited to Surplus / Deficit on the Comprehensive Income and Expenditure Statement	2,177
4,485	Proceeds from the sales of Plant, Property and Equipment, Investment Property and Intangible Assets	1,366
	<u>6,821</u>	<u>3,543</u>

30. Cash flow Statement - Investing Activities

2021/22 £000		2022/23 £000
7,738	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	4,649
43,500	Purchase of short-term and long-term investments	34,500
(2,336)	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(2,183)
(31,000)	Proceeds from short-term and long-term investments	(49,000)
(7,528)	Capital grants and income from discounts	(1,626)
10,374	Net cash flows from investing activities	(13,660)

31. Cash flow Statement - Financing Activities

2021/22 £000		2022/23 £000
231	Cash payments for the reduction of the outstanding liabilities relating to finance leases	227
11	Repayment of short and long term borrowing	-
(1,688)	Billing authority - Council Tax and NNDR adjustments	(3,127)
(1,446)	Net cash flows from financing activities	(2,900)

Reconciliation of Liabilities Arising from Financing Activities

	1 April 2022 £000	Financing cash flows £000	Non-cash changes		31 March 2023 £000
			Acquisition £000	Other non cash changes £000	
Long term borrowings	81,605				81,605
Short term borrowings	-				-
Lease liabilities	237	(227)			10
Total liabilities from financing activities	81,842	(227)	-	-	81,615

	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

32. Acquired and Discontinued Operations

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

33. Agency Services

The Council undertook distribution of Ukraine payments on behalf of Staffordshire County Council.

34. Members Allowances

Members allowances paid during 2022/23 totalled £353,985.66 (2021/22 £365,402.82). Further details are available on the Council's website.

35. Officers Remuneration

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

Senior Officers emoluments 2022/23 - salary is between £50,000 and £150,000 per year

Post Title	Salary, Fees and Allowances	Benefits in Kind	Pension Contribution	£ Total
S151 Officer and Deputy Chief Executive	27,997	303	5,044	33,344
Head of Environment & Healthy Lifestyles	68,721	963	12,017	81,701
Head of Economic Prosperity	72,504	963	12,708	86,175
Head of Governance & Corporate Services	84,145	963	14,837	99,945
Head of Housing & Partnerships	72,504	963	12,753	86,220
	325,871	4,155	57,359	387,385

The Council had a Head of Finance post which was temporarily covered by agency until the end of November 2022 this post was then recruited to in December 2022 permanently with a revised role as a S151 Officer and Deputy Chief Executive.

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

Post	Lead Authority	Recipient Authority
S151 Officer and Deputy Chief Executive	Cannock Chase District Council	Stafford Borough Council
Head of Governance & Corporate Services	Cannock Chase District Council	Stafford Borough Council

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

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

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

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

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

- (i) The Interim Head of Finance was in post until February 2022 after which the post was temporarily covered by agency.
- (ii) The Interim Head of Environment & Healthy Lifestyles started in post in July 2021.

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

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

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

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22 £000	2022/23 £000
£0 - £20,000	1	1	1	1	2	2	12	12
£20,001 - £40,000	-	-	-	1	-	1	-	21
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,001+	-	-	-	-	-	-	-	-
TOTAL	1	1	1	2	2	3	12	33

36. External Audit Costs

The auditors for 2022/23 financial year were appointed by the PSAA (Public Sector Audit Appointments). The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and non-audit services provided by the Council's external auditors:

2021/22 £000		2022/23 £000
67	Fees payable to the Grant Thornton with regard to external audit services carried out by the appointed auditor	77 (i)
27	Fees payable to the Grant Thornton for the certification of grant claims and returns for the year	29 (ii)
	(8) Rebate from the Public Sector Audit Appointments during the year	-
86	Total	106

(i) This includes a scale fee for 22/23 of £47,625 and a variation fee for 21/22 of £29,101.

(ii) This relates to grant fees in respect of the 21/22 certification of grant fees.

37. Grant Income & Precepts on the Collection Fund

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

2021/22 £000	Credited to Taxation and Non Specific Grant Income	2022/23 £000
7,464	Precepts On The Collection Fund	7,708
5,299	NNDR	6,643
1,417	New Homes Bonus	1,273
139	Other general grants	96
4,221	Capital Grants-General Fund	1,366
263	Capital Grants-HRA	-
221	Sales Fees and Charges Support Grant	-
-	Services Grant	210
130	Lower tier grant	139
121	Council Tax Support	-
541	Covid 19 LA Support Grant	-
19,816	Total	17,435
	Credited to Services	
8,499	Rent Allowances	7,843
7,652	Housing Benefit Subsidy	7,346
244	Housing Benefit Admin Grant	240
134	Cost Of Collection Allowance	138
122	DCLG Local Council Tax Scheme Grant	121
112	Discretionary Housing Payments	81
-	Council tax rebate new burdens	61
254	Homelessness Prevention	302
85	Rough Sleeper Grant	55
-	Local Taxation (Grant Fund)	108
38	Elections	3
-	UK Shared Prosperity Fund	78
-	Levelling Up Fund	80
2,411	ARG	-
140	Contain Outbreak Management Fund	-
211	National Leisure Recovery Fund	-
147	Reopening High Streets Safely	-
156	Levelling Up Fund	-
190	Other grants	239
20,395	Total	16,695

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

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

(i) **Current Liabilities**

31 March 2022 £000		31 March 2023 £000
	Revenue Grants Receipts in Advance	
330	Section 106 Developers Revenue Contributions	336
<u>330</u>	Total	<u>336</u>
	Capital Grants Receipts in Advance	
1,994	Section 106 Developers Capital Contributions	2,056
<u>1,994</u>	Total	<u>2,056</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 2022/23 is shown in Note 34. Details of Members' interests are recorded in the Register of Members' Interest maintained by the Council. During 2022/23 there were no significant works and services commissioned from companies in which members had an interest.

Officers

During 2022/23 there were no significant works or services commissioned from companies in which senior officers had an interest.

Other Public Bodies (subject to common control by central government)

There are no transactions with other public bodies in 2022/23 that are required to be disclosed.

Entities Controlled or Significantly Influenced by the Council

As part of the shared services with Stafford Borough Council, Cannock Chase District Council paid £1.372 million for Stafford Borough Council hosted services and received £2.697 million for services hosted at Cannock.

39. Capital Expenditure and Capital Financing

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

2021/22 £000	2022/23 £000
91,603	91,075
Capital Investment	
7,476 Property, Plant and Equipment	4,883
46 Intangible Assets	-
871 Revenue Expenditure Funded from Capital under Statute	1,539
Sources of finance	
(1,754) Capital receipts	(672)
(2,285) Government grants and other contributions	(2,531)
(3,899) Major Repairs Reserve	(3,195)
Sums set aside from revenue:	
(455) Direct revenue contributions	(24)
(290) Minimum Revenue Provision (MRP)	(278)
(10) Walsall Debt Repayment	-
(228) Finance Lease Payment	(223)
91,075	90,574
Explanation of movements in year	
Increase / (Decrease) in underlying need to borrowing (unsupported by government financial assistance)	
(10) HRA	-
(518) General Fund	(501)
(528)	(501)
Increase/(decrease) in Capital Financing Requirement	(501)

40. Leases

Council as Lessee

Financing Lease of Vehicles

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

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

31 March 2022 £000	31 March 2023 £000
223 Current Finance lease Liabilities	-
- Non Current	-
5 Finance costs payable in future years	-
228	-
Minimum Lease Payments	-

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

	Minimum lease Payments		Finance Lease Liabilities	
	2021/22	2022/23	2021/22	2022/23
	£000	£000	£000	£000
Not later than one year	228	-	223	-
Later than one year not later than five years	-	-	-	-
Later than five years	-	-	-	-
Minimum Lease Payments	228	-	223	-

Operating Lease of Property

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

The future minimum lease payments under non cancellable leases are:

2021/22 £000		2022/23 £000
231	Not later then one year	234
926	Later than one year and not later than five years	936
11,064	Later than five years	10,836
12,221		12,006

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

2021/22 £000		2022/23 £000
232	Minimum Lease Payments	232
232		232

Finance Lease of Property

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

Council as Lessor

Finance Leases

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

Operating Leases

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

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

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

31 March 2022 £000		31 March 2023 £000
502	Not later than one year	531
1,482	Later than one year and not later than five years	1,384
33,666	Later than five years	33,673
35,650		35,588

41. Impairment Losses

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

As a result of this review there were no impairment losses during 2022/23 (2021/22 £nil)

42. Termination Benefits

The Council terminated the contracts of 3 employees in 2022/23 incurring liabilities of £33,201.74 (£12,000 in 2021/22). See Note 35 for the number of exit packages and total cost per band.

The payments relate to redundancy (£3,637.77) and mutual agreement to termination of employment (£29,563.97).

43. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

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

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

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

2021/22 £000		2022/23 £000
	Comprehensive Income and Expenditure Statement	
	Service Cost	
5,234	Current service cost	4,956
3	Past service cost (including curtailments)	96
<u>5,237</u>	Total Service Cost	<u>5,052</u>
	Financing and Investment Income and Expenditure	
(2,742)	Interest income on scheme assets	(4,068)
4,157	Interest cost on defined benefit obligation	5,366
<u>1,415</u>	Total Net Interest	<u>1,298</u>
<u>6,652</u>	Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services	<u>6,350</u>
	Remeasurements of the Net Defined Liability Comprising:	
(13,924)	Return on plan assets excluding amounts included in net interest	6,840
(1,142)	actuarial (gains) / losses arising from changes in demographic assumptions	(3,895)
(12,362)	actuarial (gains) / losses arising on changes in financial assumptions	(63,330)
317	Other	16,798
<u>(27,111)</u>	Total remeasurements recognised in other comprehensive income	<u>(43,587)</u>
<u>(20,459)</u>	Total Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	<u>(37,237)</u>
	Movement in Reserves Statement	
(6,652)	reversal of net charges made to the (surplus) or deficit on the provision of Services	(6,350)
4,713	Employers Contributions Payable to the Scheme	5,071

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

31 March 2022 £000		31 March 2023 £000
(152,259)	Fair value of employer assets	(142,450)
194,123	Present value of funded liabilities	145,804
4,825	Present value of unfunded liabilities	3,890
<u>46,689</u>	Net Liability arising from the Defined Benefit Obligation	<u>7,244</u>

Reconciliation of the Movements in the Fair Value of Scheme Assets

2021/22 £000		2022/23 £000
138,764	Opening fair value of scheme assets	152,259
2,742	Interest income	4,068
	Remeasurement gain/(loss)	
13,924	Return on plan assets excluding the amounts included in net interest	(6,840)
-	- Other	(4,064)
2,133	Contributions from employer	2,208
675	Contributions from employees into the scheme	714
(5,979)	Benefits paid	(5,895)
<u>152,259</u>	Closing Fair Value of Scheme Assets	<u>142,450</u>

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

2021/22 £000		2022/23 £000
208,045	Opening fair value of scheme liabilities	198,948
5,234	Current service cost	4,956
4,157	Interest cost	5,366
675	Contributions from scheme participants	714
	Remeasurement (gains)/losses:	
(1,142)	Actuarial (gains)/losses arising from changes in demographic assumptions	(3,895)
(12,362)	Actuarial (gains)/losses arising from changes in financial assumptions	(63,330)
317	Other	12,734
3	Past service cost	96
(5,979)	Benefits paid	(5,895)
<u>198,948</u>	Closing Fair Value of Scheme Liabilities	<u>149,694</u>

Local Government Pension Scheme Assets comprised:

Period Ended 31 March 2022

Period Ended 31 March 2023

	Quoted Prices in Active Markets £000	Quoted Prices not in Active Markets £000	Total £000	Percentage Total of Asset £000	Quoted Prices in Active Markets £000	Quoted Prices not in Active Markets £000	Total £000	Percentage Total of Asset £000
Equity Securities								
Consumer	5,126	-	5,126	3%	4,796		4,796	3%
Manufacturing	4,183	-	4,183	3%	3,914		3,914	3%
Energy and utilities	1,149	-	1,149	1%	1,075		1,075	1%
Financial Institutions	5,456	-	5,456	4%	5,105		5,105	4%
Health and Care	5,762	-	5,762	4%	5,390		5,390	4%
Information Technology	6,626	-	6,626	4%	6,199		6,199	4%
Other	-	-	-	0%	-		-	0%
Debt Securities								
Corporate Bonds investment grade	8,945	-	8,945	6%	8,368		8,368	6%
Private Equity								
All	-	7,544	7,544	5%		7,058	7,058	5%
Real Estate								
UK Property	-	12,193	12,193	8%		11,408	11,408	8%
Investment Funds and Unit Trusts								
Equities	72,329		72,329	47%	67,670		67,670	47%
Bonds	9,529		9,529	6%	8,915		8,915	6%
Hedge Funds	-	56	56	0%		52	52	0%
Infrastructure	-	406	406	0%		380	380	0%
Other	-	6,987	6,987	5%		6,537	6,537	5%
Cash and Cash Equivalents								
All	5,968	-	5,968	4%	5,583	-	5,583	4%
Total Assets	125,073	27,186	152,259	100%	117,015	25,435	142,450	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Local Government Pension Scheme liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for SCC operated Fund are based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

2021/22	2022/23
Mortality assumptions	
Longevity at 65 for current pensioners:	
21.2 Men	20.7
23.8 Women	24.2
Longevity at 65 for future pensioners:	
22.2 Men	21.6
25.5 Women	25.9
Rate of Inflation	
3.60% Rate of increase in salaries	3.50%
3.20% Rate of increase in pensions	3.00%
2.70% Rate for discounting scheme liabilities	4.75%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below have not changed from 2021/22.

Change in Assumptions at 31 March 2023	Approximate % Increase to Employee Liability	Approximate Monetary Value £000
0.1% decrease in real discount rate	1%	2,243
1 year increase in member life expectancy	4%	5,988
0.1% increase in the salary increase rate	0%	265
0.1% increase in the pension increase rate	1%	2,010

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. SCC has agreed a strategy with the scheme's actuary to recoup the past deficit over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed in 2024/25 financial year.

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

The Authority anticipates to pay £4,821,000 expected contributions to the scheme in 2023/24

The weighted average duration of the defined benefit obligation for the funding scheme members is 16 years in 2022/23. (2021/22 18 years).

44. Contingent Liabilities

Municipal Mutual Insurance

Under the Municipal Mutual Insurance Limited Scheme of Arrangement, the Council has a potential claw-back should there be a deficit in the winding up of the company. An initial payment was made in 2013/14 for £63,000 based on a 15% levy notice, in 2015/16 a further creditor provision of £44,897 has been made to increase to a 25% levy. As there is no certainty on the remaining liability this has been left as a contingent liability. It is the view of the Board at the 31 March 2023 that a solvent run off of the Company's business cannot be guaranteed.

45. Contingent Assets

There are no contingent assets at 31 March 2023.

46. Nature and Extent of Risks Arising from Financial Instruments

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

- credit risk - the possibility that other parties might fail to pay amounts due to the Council
- liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments
- market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Overall procedures for managing risks

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

Risk management is carried out by a central treasury section, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.)

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The Annual Investment Strategy for 2022/23 was approved by Full Council on 16 February 2022 and is available on the Council's website.

Credit Risk Management Practices

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

- It requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standards & Poors Credit Rating Services.
- sets out maximum amounts and time limits with a financial institution located in each category.

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

This Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three ratings agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays.

- credit watches and credit outlooks from credit rating agencies;
- sovereign ratings to select counterparties from only the most creditworthy countries
- Credit Default Swaps spreads to give early warning of likely changes in credit ratings

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

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

Long Term Debtors

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

Investments

This category includes Money Market Funds, Fixed Term deposits and Cash held at bank. Recent experience has shown that it is rare for such entities to be unable to meet 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 2023 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and uncollectability.

	Lowest Long Term Rating	Principal Balance at 31 March 2023 £000	Historical Experience of Default £000	Estimated maximum exposure to default and uncollectability at 31 March 2023 £000
Deposits with Banks and Financial Institutions				
Deutsche MMF *	AAA	9,000		
Aberdeen Standard Investments MMF *	AAA	8,000		
Federated Investors (UK) MMF *	AAA	3,800		
Handelsbanken Plc	AA-	6,000	0.000%	0.004
Morgan Stanley MMF*	AAA	9,000		
Landesbank Hessen-Thuringen Girozentrale (Helaba)	A+	4,000	0.000%	0.015
Landesbank Hessen-Thuringen Girozentrale (Helaba)	A+	1,500	0.003%	0.045
National Bank of Kuwait (International) Plc	A	4,000	0.002%	0.099
National Bank of Kuwait (International) Plc	A	2,000	0.003%	0.059
Al Rayan Bank Plc	A+	2,000	0.006%	0.111
Al Rayan Bank Plc	A+	4,000	0.021%	0.856
Santander UK Plc	A	3,500	0.022%	0.779
Total		<u>56,800</u>		<u>1.968</u>

* Money Market Fund

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

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

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

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

Trade debtors are based on lifetime expected credit losses. The trade debtors expected credit losses have been calculated based on debt type and recovery stage of debt. The expected credit loss is approximately £233,000. (2021/22 £203,000). The principal reason for increase is a widening of the areas of recovery in the current climate.

Collateral and Other Credit Enhancements

During the period the Council held no collateral as security.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no risk that it will be unable to raise finance to meet its commitments under financial instruments.

All sums owing £56.8m are due to be paid in less than one year.

Refinancing and Maturity Risk

The Council maintains a debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing the financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury section address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity of financial liabilities is as follows:

31 March 2022 £000		31 March 2023 £000
326	Less than one year	326
-	- Between one and two years	1,400
4,400	Between two and five years	3,000
77,205	More than five years	77,205
<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	600
Impact on Surplus or Deficit on the Provision of Services	600
Decrease in fair value of fixed rate investment assets	-
Impact on Other Comprehensive Income and Expenditure	-
Increase in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(10,293)

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

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

Price Risk

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

Foreign Exchange Risk

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

47. Heritage Assets Five Year Summary of Transactions

There have been no acquisitions or disposals of the Council's heritage assets in the five year period ended 31 March 2023.

48. Heritage Assets - Further Information on the Collections

Museum

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

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

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

Civic Regalia

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

49. Trust Funds

The Council as at 31 March 2023 administers two Trust Funds on behalf of third parties which do not form part of the Council's Consolidated Balance Sheet.

The funds are:

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

	Income	Expenditure	Assets	Liabilities
	£000	£000	£000	£000
2022/23				
Benton's Trust	(0.117)	5.610	(3.786)	-
Total	(0.117)	5.610	(3.786)	-

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

50. Deferred Liabilities

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

2021/22	2022/23
£000	£000
12 Principal and Interest - OLA's	
<u>12</u>	<u>-</u>

51. Long Term Borrowing

Balance 31 March 2022 £000	Ranges Of Interest Rates Payable %	Balance 31 March 2023 £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	1,400
4,400	2 to 5 years	3,000
3,000	5 to 10 years	3,000
74,205	over 10 years	74,205
81,605		81,605

52. Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by the Deputy Chief Executive (Resources) on 9/10/24. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT

2021/22 £000	Notes	2022/23 £000
Income		
19,440		20,244
352		363
111		127
209		222
20,112		20,956
Expenditure		
6,131		6,661
2,971		3,057
962		1,040
65		181
7,249	4	7,891
17,378		18,830
Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement.		
775		840
(1,959)		(1,286)
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
(610)		(622)
523		-
3,245		3,231
101		102
(263)		-
1,037		1,425
(Surplus) / Deficit for the year on HRA Services		

STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

2021/22 £000		2022/23 £000
1,037	HRA Income and Expenditure (Surplus) / Deficit	1,425
610	Gain / (Loss) on sale of HRA Non current assets	622
(523)	Pooling of Capital Receipts	-
263	Reversal of Capital Grants & Contributions receivable	-
1,483	Transfer to Reserves	678
(7,249)	Reversal of Depreciation / Impairment Charge	(7,891)
4,310	Transfer to / from Major Repairs Reserve	4,887
11	HRA Principal	-
(209)	Pension Adjustment	(22)
(6)	Holiday Pay Adjustment	24
153	General Fund Recharges	127
(120)	(Surplus) / Deficit for the year on HRA Services	(150)
1,713	Balance Brought Forward	1,833
1,833	Balance Carried Forward	1,983

NOTES TO THE HOUSING FINANCIAL STATEMENTS

1. HRA Account

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

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

2. Housing Stock

(i) Council Dwellings Analysis

As at 31 March 2023 the Council was responsible for 5,046 Council dwellings analysed as follows:

Dwelling Type	Stock as at 1 April 2022	Increase/ Decrease	Stock as at 31 March 2023
Flats			
1 Bedroom	810	(2)	808
2 Bedroom	241	(2)	239
3 Bedroom	11		11
4 Bedroom	1		1
Total	1,063	(4)	1,059
Houses & Bungalows			
1 Bedroom	1,278	(3)	1,275
2 Bedroom	1,204	(7)	1,197
3 Bedroom	1,471	(16)	1,455
4+ Bedroom	60	-	60
Total	4,013	(26)	3,987
Total HRA Dwellings	5,076	(30)	5,046

(ii) Valuation of Housing Property, Plant & Equipment

Net Book Value 31 March 2022 £000	Net Book Value 31 March 2023 £000
229,129 Council Dwellings	243,437
9,661 Other Land & Buildings	9,998
310 Vehicles, Plant & Equipment	198
1,646 Assets under construction	1,684
- Intangibles	
240,746	255,317

The vacant possession value of dwellings within the Housing Revenue Account as at 1 April 2022 was £567,567,000 and as at 31 March 2023 was £603,758,000. The vacant possession value and balance sheet value of dwellings within the Housing Revenue Account show the economic cost to Government of providing council housing at less than open market rents.

3. Rent Arrears

Arrears at 31 March 2023 were £0.860 million (31 March 2022 £0.832 million).

31 March 2022 £000		31 March 2023 £000
280	Tenants Arrears - Current	297
552	Tenants Arrears - Former	563
<u>832</u>	Total Arrears	<u>860</u>

The provision for bad debts as at 31 March 2023 is £0.687 million (31 March 2022 £0.665m).

4. Depreciation and Impairment Charges

(i) Depreciation

2021/22 £000		2022/23 £000
2,985	Dwellings	3,322
1,219	Other Operational Assets	1,454
107	Plant and Equipment	111
-	Intangible Assets	-
<u>4,311</u>		<u>4,887</u>

(ii) Impairment Charges

2021/22 £000		2022/23 £000
* 2,938	Impairment	3,004 *
<u>2,938</u>		<u>3,004</u>

* This figure is included within the Revaluation increase/(decrease) figure of (£2,791k) shown in note 16.

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

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

5. Capital

(i) Summary of Capital Expenditure

2021/22 £000		2022/23 £000
	Expenditure	
5,217	On Housing Properties	3,725
-	On Housing Equipment	-
45	On Housing Vehicles	-
<u>5,262</u>		<u>3,725</u>
	Financing	
1,100	Usable Capital Receipts	530
3,899	Major Repairs Reserve	3,195
263	Grants and other contributions	-
<u>5,262</u>		<u>3,725</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 2022	6,870
Transfer to Major Repairs Reserve	4,887
Financing of Capital spend	(3,195)
Balance at 31 March 2023	<u>8,562</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.

2021/22	Business Rates £000	2022/23 Council Tax £000	Total £000
Income			
57,220 Council Tax Receivable	-	59,992	59,992
29,525 Business Rates Receivable	33,753	-	33,753
86,745 Total Income	33,753	59,992	93,745
Expenditure			
Precepts and Demands			
42,850 Staffordshire County Council	2,900	41,280	44,180
20,822 Cannock Chase District Council	12,891	6,777	19,668
792 Parishes	-	819	819
2,652 Staffordshire Commissioner Fire & Rescue Service	322	2,367	2,689
6,951 Office of the Police and Crime Commissioner Staffordshire	-	7,322	7,322
17,809 Payments to Central Government	16,114	-	16,114
91,876	32,227	58,565	90,792
Charges to Collection Fund			
23 Write offs of uncollectable amounts	298	(236)	62
373 Increase / (reduction) in bad debts provision	92	800	892
51 Transitional Protection Payments Payable	310	-	310
1,162 Increase / (reduction) in provision for appeals	(793)	-	(793)
134 Costs of Collection	138	-	138
(128) S13A(1)(c) Discretionary Reliefs Funded by General Fund	-	-	-
(14,787) Distribution of previous years Collection Fund Surplus / (Deficit)	(6,441)	2,761	(3,680)
78,704 Total Expenditure	25,831	61,890	87,721
(8,041) (Surplus)/Deficit for Year	(7,922)	1,898	(6,024)
Movement of Collection Fund Balances			
16,619 Balance brought Forward	9,076	(498)	8,578
Add (Surplus)/Deficit for the Year	(7,922)	1,898	(6,024)
16,619 Balance Carried Forward	1,154	1,400	2,554

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

1. Council Tax Base and Council Tax Levels

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

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

Council Tax Base 2022/23				
Band		Number of Properties (adj for discounts)	Ratio	Band D Equivalent
A	Disabled	57.28	5/9	31.82
A		12,161.09	6/9	8,107.39
B		12,752.24	7/9	9,918.41
C		7,923.25	8/9	7,042.89
D		5,084.71	1	5,084.71
E		1,852.51	11/9	2,264.18
F		609.76	13/9	880.76
G		255.25	15/9	425.42
H		10.75	2	21.50
		<u>40,706.83</u>		<u>33,777.08</u>
Other Adjustments and Discounts				(4,318.93)
				<u>29,458.15</u>

The actual tax base for 2022/2023 was 30,175.82 an increase of 717.67 (2.4%)

2. Council Tax Chargeable for a Band D Property

2021/22		2022/23	
Council	Tax	Precept	Council
	£	£000	£
1,360.62	Staffordshire County Council	41,280	1,401.30
225.64	Cannock Chase District Council	6,777	230.04
27.20	Parish Council (Average)	819	27.81
238.57	Office of the Police and Crime Commissioner - Staffordshire	7,322	248.57
78.78	Staffordshire Commissioner Fire & Rescue Service	2,367	80.35
1,930.81	Total	58,565	1,988.07

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

3. Non-Domestic Rates (NDR)

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

The rates payable, subject to reliefs and reductions, are calculated on the basis of Rateable Value of individual properties (provided by the Valuation Office Agency) multiplied by a specified rate as determined by Central Government. The specified rate for 2022/23 was 51.2p (2021/22 51.2p).

The total non-domestic rateable value at 31 March 2023 was £91.557M (£91.281M at 31 March 2022).

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the VOA and hence business rates outstanding as at 31 March 2023. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares.

4. The Fund Balance

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

Fund Balance		(Surplus)/ Deficit in year (Net Position)	Fund Balance
31 March 2022		year (Net Position)	31 March 2023
£000		£000	£000
(67) Cannock Chase District Council		249	182
(351) Staffordshire County Council		1,338	987
(59) Office of the Police and Crime Commissioner - Staffordshire		233	174
(21) Staffordshire Commissioner Fire & Rescue Service		78	57
(498)		1,898	1,400

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

Fund Balance		(Surplus)/ Deficit in year (Net Position)	Fund Balance
31 March 2022		year (Net Position)	31 March 2023
£000		£000	£000
3,631 Cannock Chase District Council		(3,169)	462
818 Staffordshire County Council		(713)	105
4,536 Central Government		(3,961)	575
91 Staffordshire Commissioner Fire & Rescue Service		(79)	12
9,076		(7,922)	1,154

The deficit for the year includes a distribution of the estimated deficit of £6.441 million as at 15 January 2022 position.

5. Precepts and Demands on the Collection Fund

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

2021/22 Precept/ Demand for year plus share of surplus	Council Tax	2022/23 Precept/ Demand for Year	Plus Share of Surplus	Total Paid in year
£000		£000	£000	£000
6,538	Cannock Chase District Council	6,777	361	7,138
792	Parishes	819	-	819
39,451	Staffordshire County Council	41,280	1,946	43,226
6,917	Office of the Police and Crime Commissioner - Staffordshire	7,322	341	7,663
2,284	Staffordshire Commissioner Fire & Rescue Service	2,367	113	2,480
55,982		58,565	2,761	61,326

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

2021/22 Precept/ Demand for Year	Business Rates	2022/23 Precept/ Demand for Year
£000		£000
14,247	Cannock Chase District Council (40%)	12,891
3,206	Staffordshire County Council (9%)	2,900
17,809	Central Government (50%)	16,114
356	Staffordshire Commissioner Fire & Rescue Service (1%)	322
<u>35,618</u>		<u>32,227</u>

The precept demand for the year includes the distribution of the deficit recorded in NNDR1 of £6.441 million in accordance with statutory requirements.

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

6. Provision for Appeals

As at 31 March 2023 the estimated value of appeals provision against Rateable Value amounts to £5.421 million. The provision is split into two periods covering 1 April 2010 to 31 March 2017 £0.432 million for the 2010 List and a period covering 1 April 2017 to 31 March 2020 £4.989 million for the 2017 List.

GLOSSARY OF FINANCIAL TERMS

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

Accounting Concepts

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

Accounting Policies

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

Accruals

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

Agent

This is where the Council when providing a service is acting as an intermediary which is not part of the Council's 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.