



STATEMENT OF ACCOUNTS 2023/24



www.eaststaffsbc.gov.uk

Audit and Accounts Regulations 2015

Declaration under Regulation 15 (2 a i aa)

The Accounts set out on the following pages are subject to external audit and therefore may be subject to change.

Information in relation to the outcome of the external audit will be available to the public through the external audit findings report scheduled to be submitted to the Audit Committee.

Lloyd Haynes
Chief Finance and Section 151 Officer



Statement of Accounts

Year ended 31st March 2024

This page is intentionally blank

STATEMENT OF ACCOUNTS

2023 – 2024

Contents	Page
Narrative Statement by the Chief Finance Officer	1 – 6
Guide to the Main Financial Statements	7 – 8
Statement of Responsibilities for the Statement of Accounts	9
Comprehensive Income and Expenditure Statement	11
Movement in Reserves Statement	12 – 13
Balance Sheet	14
Cash Flow Statement	15
Notes to the Accounts (See table of notes overleaf)	16 – 97
Collection Fund	99 – 104
Independent Auditors Report	105 – 112
Glossary of Terms	113 – 117
Annual Governance Statement	119 – 126

TABLE OF DISCLOSURE NOTES

Note	Description	Page
1	Accounting policies	16 – 30
2	Critical judgements in applying accounting policies	31
3	Assumptions made about the future and other major sources of estimation uncertainty	31 – 33
4	Note to the expenditure and funding analysis	33 – 38
5	Expenditure and income analysed by nature	39
6	Accounting standards that have been issued but not yet adopted	39
7	Material and other notable items of income and expense	40
8	Adjustments between accounting basis and funding basis under regulations	40 – 43
9	Transfer to/(from) earmarked reserves	44 - 45
10	Other operating expenditure	45
11	Financing and investment income and expenditure	45
12	Taxation and non-specific grant income/expenditure	46
13	Property, plant and equipment	47 – 50
14	Investment properties	51 – 54
15	Intangible assets	54
16	Heritage assets	55
17	Long-term debtors	56
18	Financial instruments	56 – 59
19	Financial instruments risks	60 – 64
20	Stocks / inventories	64
21	Debtors	64
22	Cash and cash equivalents	65
23	Creditors	65
24	Construction Contracts	65
25	Provisions	66
26	Borrowing	66
27	Usable reserves	67
28	Unusable reserves	68 – 71
29	Cash flow statement – operating activities	72
30	Cash flow statement – investing activities	73
31	Cash flow statement – financing activities	73
32	Reconciliation of liabilities arising from financing activities	73 – 74
33	Trading activities	74
34	External audit services	74
35	Members allowances	74
36	Officers' remuneration	75 – 77
37	Grant income	78 - 79
38	Related party transactions	79 – 80
39	Capital expenditure and financing	80
40	Authority Acting as Agent	81 – 82
41	Finance and operating lease rentals	82 – 84
42	Impairment losses	85
43	Termination benefits and exit packages	85
44	Pensions	85 – 91
45	Contingent liabilities	91 – 92
46	Prior period restatement of service expenditure and income	92 – 97
47	Events after balance sheet date	97
48	Date financial statements authorised for issue	97

NARRATIVE STATEMENT BY THE CHIEF FINANCE OFFICER

INTRODUCTION

I am pleased to introduce the Council's Statement of Accounts for the year ended 31st March 2024. These accounts are presented in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom, published by the Chartered Institute of Public Finance and Accountancy.

East Staffordshire Borough Council is a non-metropolitan district council operating as part of a two tier administrative structure, whereby Staffordshire County Council is responsible for social services, education and highways.

East Staffordshire is located on the edge of the West Midlands boundary, adjacent to the East Midlands and has significant social and economic links with both. The Borough's position within the Midlands and proximity to the A38 and A50, are contributing factors to a number of well-known brands locating within the Borough resulting in growth in the distribution, warehousing, hotels and restaurants sector.

The Borough has two main towns; Burton upon Trent and Uttoxeter. As the Local Plan 2012-31 adopted in 2015, was heavily "front loaded," house building has rapidly resumed in recent years and there are a number of large housing developments currently underway or due to start across the Borough, which will expand existing settlements. The ONS estimates East Staffordshire had a population of 125,760 in 2022.

The Council approved the Corporate Plan for 2023-2027 which set out the way in which the Council would deliver, develop and improve its services over the financial year, which is an important role in ensuring that our strategic objectives are achieved for the People of East Staffordshire. This showed residents, partners and staff where the Council was heading during the year and beyond and was established within three overarching corporate priorities:

- Improving Local Democracy
- Creating a prosperous East Staffordshire
- Developing a Green New Deal for East Staffordshire
- Protecting our heritage
- Standing up for our communities

Detail on performance against the Corporate Plan is outlined later in the statement.

FINANCIAL POSITION

The outturn presented to the Council's Cabinet reported a revenue budget under-spend of £0.501m against a budget of £15.64m. When the budget was set in March 2023 it was against a backdrop of uncertainty due to the ongoing impact of Covid-19, the planned reforms to local government finance and demand levels for supported housing within the Borough. Despite these challenges, the Council's strategic approach to financial planning enable it to respond to this environment positively, through the investment in priorities, protecting services and at the same time balancing the budget. During the course of the year the economic conditions were extremely volatile at times with high levels of inflation and rapidly rising interest rates. Within this environment, the Council's sustainable underlying financial position resulted in the cost pressures that this caused being more than offset by increased investment income and recycling income due to higher commodity prices. Members have considered the outturn position and approved the transfer of the underspend against budget to the Council's General Fund.

Overall the outturn was a positive, particularly considering the economic volatility during the course of the year and the ongoing cost of living impact this has created. Members and officers across the Council continue to deserve credit for their tight budget management in what continues to be challenging and uncertain circumstances for local authority finances.

During the course of the year the Council provided grants for disabled facilities, completed further work towards a CCTV upgrade, and progressed work in relation to the enhancement of the Washlands and wider the projects contained within the Burton Towns Fund. Spending during the course of the year on capital projects amounted to £4.127m with a further £4.12m accrued against Towns Fund Projects.

The Medium Term Financial Strategy when it was approved in March 2023 took account of the ongoing impact of Covid-19 and the current economic circumstances. There remains significant uncertainties in relation to future funding from Central Government to local authorities with large scale reforms planned to take place into the next Parliament, however overall the level of our reserves provides a strong foundation of financial resilience. The Council remains well placed to meet the challenges ahead and ensure that the residents of East Staffordshire continue to receive high quality services.

The statements presented within the Council's accounts demonstrate a positive financial position for the Borough Council. Despite significant challenges during the year, we maintained prudent and responsible financial management.

KEY AREAS OF SIGNIFICANCE WITHIN THE ACCOUNTS

The Comprehensive Income and Expenditure Statement set out on page 11 of this document shows a surplus on the provision of services of £2.8m. This statement measures the authority's financial performance in terms of the resources consumed and generated over the period and is presented in a similar format to a commercial enterprise. However the authority is required by law to set its budget and raise council tax on a different accounting basis. As a consequence there are a number of statutory adjustments that are made to this figure (set out on pages 40 - 41), in order to determine the movement on the general fund balances, which was neutral as the revenue outturn under-spend has been set aside within reserves.

The general fund balance represents a minimum working balance in order to deal with any unexpected events. As at 31st March 2024 the balance, stands at £2.056m. This is an appropriate level for an authority of this size, level of expenditure and risk profile, it is also consistent with the approved medium term financial strategy. In addition, the Council holds a number of other specific earmarked reserves to mitigate against key risks (including the impact of the Business Rates Retention Scheme) but also to support the capital programme and allow for projects to take place over a number of years, and to meet future borrowing costs.

The Balance Sheet set out on page 14, shows an increase in the total net worth of £4m to £79m. The most significant underlying reason for this change relates to the reduction in the estimated pension fund liability from £22.5m to £19.6m. The pension fund liability is calculated by a firm of actuaries and is based on a number of assumptions – it is these assumptions that have changed and resulted in the increased liability. The pension liability represents the underlying long term commitment that the authority has to pay in relation to future retirement benefits. The pension fund is regularly assessed to determine the level of future contributions necessary to ensure that it is funded in the long term and any increase in these contributions must be met from the Council's budget – the approved Medium Term Financial Strategy makes provision for these contributions in line with the latest triennial review.

The amounts shown within the accounts in relation to non-current assets (primarily Property, Plant and Equipment and Investment Properties) have reduced by £0.4m, mainly relating to movements in valuations of properties. These amounts are underpinned by valuations provided by the Council's external valuers, and are measured on a range of valuation bases.

Short term creditors have reduced by £4.7m following the administration of the Council Tax Energy Rebate Scheme and the repayment to Government in respect of the balance of Covid Grants allocations.

GENERAL FUND REVENUE OUTTURN 2023/24

The table below sets out the position of the General Fund for 2023/2024. When the budget for the year was agreed in March 2023, it assumed total net revenue expenditure of £15.640m.

Overall there was an under-spend against the budget of £0.501m, which Cabinet approved to transfer to the Council's General Fund.

	Budget	Outturn	Variance
	£'000	£'000	£'000
Service Net Expenditure	15,640	15,139	(501)
Total Net Expenditure	15,640	15,139	(501)
<u>To be met from:</u>			
Retained Business Rates	5,302	5,302	-
Lower Tier Support Grant	116	116	-
Services Grant	129	129	
Financial Guarantee Grant	716	716	
New Homes Bonus	973	973	-
Collection Fund			
Demand for Year	8,172	8,172	-
Previous Years' Surplus	214	214	-
Total Revenue Budget Support	15,622	15,622	-
Amount to be Met from/(to) Reserves	18	18	(501)
	15,640	15,640	(501)

A full reconciliation between the above management outturn position and the financial statements is shown within the expenditure and funding analysis shown in note 4 to the accounts.

COLLECTION FUND

The Collection Fund is an agent's 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 Business Rates (NNDR) and its distribution to the relevant authorities.

The Collection Fund shows an in year deficit of £3.9m (£7.3m surplus in 2022/23), this includes a deficit of £1.268m in relation to Council Tax and a deficit of £2.591m in relation to Business Rates. This position is after taking into account payments of £1.8m (Council Tax) and receipts of £4.2m (Business Rates) relating to prior year surpluses.

Overall, after taking into account the balance brought forward from 2022/23, the Collection Fund has a surplus of £3.3m, which will be distributed in 2024/25 and 2025/26, in accordance with the respective legislative requirements.

Further details are given in the Collection Fund Income and Expenditure account and notes on pages 99 onwards.

CAPITAL EXPENDITURE 2023/2024

During 2023/2024 the Council spent £9.3m on capital projects. A breakdown of the most significant areas of spend and the sources of funds used to finance this expenditure is shown below.

Analysis of Capital Expenditure	£'000	Sources of Finance	£'000
Towns Fund project D : High St Linkages	463	Capital Grants and Contributions	8,201
Washlands Enhancement	56	Capital Receipts	38
Uttoxeter Masterplan maltings Precinct (UKSPF)	341	Borrowing	0
Uttoxeter Masplan	469	Revenue / Earmarked Reserves	1,072
(Stapenhill) Cemetery Expansion	5		
CCTV Upgrade	68		
ICT - SQL Licence	35		
ICT - WIFI	26		
Webcasting Streaming Equipment	25		
Other Minor schemes	10		
Sub-total	1,499		
**Expenditure Treated as REFCUS (Revenue Expenditure Funded From Capital Under Statute)			
Disabled Facilities Grants	1,097		
Tutbury S106 Grant Scheme	38		
Community Regeneration Fund	106		
Small Business Fund	37		
Towns Fund – Project G Canal Towpath Improvements	155		
Towns Fund – Project J Specialist Education Offer	3,502		
Towns Fund - Project H Cycle Network Enhancements	1,064		
Local Authority Housing Fund Scheme	980		
Local Authority Housing Fund (LAHF) 2	700		
Ward Enhancement - UKSPF	134		
Sub-total	7,812		
*Total Capital Expenditure	9,310	Total Capital Financing	9,310

**Relates to expenditure treated either in part or entirely as REFCUS (Revenue Expenditure Funded from Capital Under Statute where the authority has provided grants to a third party, in order to use for a capital purpose)

*Total Capital Expenditure does not include the impact from writing down a 31 March 2023 debtor, which related to a REFCUS grant paid out in a previous year.

BORROWING

At the end of 2023/2024 the total external loan debt of the Council, including both short terms and long term borrowing, was £6.493m (£11.058m at 31st March 2023). The Council's underlying need to

borrow reduced during the year from £14.326m to £13.472m. The Council's Medium Term Financing Strategy makes provision for the voluntary setting aside of resources to reduce the underlying need to borrow which will generate savings to the revenue budget and reduce the burden of existing debt on future taxpayers. No voluntary setting aside of resources took place in 2023/24, due to the timing of capital receipts.

PENSIONS

For the purposes of International Accounting Standard 19 (Accounting and Reporting by Retirement Benefit plans), the results of the Pension Fund actuary's calculations in respect of the Local Government Pension scheme on behalf of the Council revealed a net liability of £19.6m at 31st March 2024. This is shown under long-term liabilities on the Balance Sheet on page 14.

The pension liability of £19.6m represents the underlying long term commitment that the authority has to pay future retirement benefits. This deficit has no direct impact on the budget of the authority or the level of council tax. The fund is regularly assessed to determine the level of future contributions necessary to ensure that it is funded in the long term and any increase in these contributions must be met from the Council's budget.

FINANCIAL STRATEGY 2024/25 AND BEYOND

The Council approved its Medium term Financial Strategy (MTFS) for 2024/25 to 2025/26 in February 2024.

Whilst the financial position for local government overall remains challenging, the update of the MTFS has allowed the Council to identify opportunities for significant revenue budget growth in key areas to support, improve and expand service delivery to residents directly linked to Corporate Priorities, and to fund unavoidable items such as changes in assumptions to pay and inflation.

The MTFS takes appropriate account of external demands, service pressures and the impact of the capital programme to the extent that it can be ascertained at this time. It leaves the Council with an appropriate level of reserves. Although it also highlights that subject to the outcome of the local authority funding reforms further savings are likely to need to be delivered in the medium to longer term in order to reduce the reliance on one-off resources and to ensure the council's financial sustainability in the longer term.

Both the Asset Management and Capital Strategy and the Treasury Management Strategy inform the MTFS and should enable the council to move forward and meet its objectives, with those documents also highlighting that the most significant element of the capital programme relates to the continued delivery of the Towns Fund Programme.

The Towns Fund Programme originally totalled £27.8m, with £23.8m funded from Government Levelling Up monies and £4m from Section 106 contributions, with £12.1m of that committed to date and £15.7m remaining for continued delivery.

The Towns Fund Programme focusses on four key projects: High Street Project (led by ESBC), Canal Towpath Project (led by Canal Trust), Cycle Network Enhancement Project (led by Staffordshire County Council) and Specialist College Offer Project (led by Burton College), which are critical to the continued regeneration and economic development of the town.

As such, given both the size of the programme and the expected impact its successful delivery is a key element of the Council's ambitions for the town going forward, with the MTFS also noting the financial risks associated with that, namely the risk of cost increases above the allocated funding. These risks are mitigated through a robust project monitoring and management framework, outlined in the Capital Strategy.

The MTFS notes that whilst there are financial uncertainties and associated risks ahead, the budget is balanced for 2024/25. For 2025/26 onwards the budget is provisionally balanced by a planned

drawdown from the New Homes Bonus reserve pending the outcome of the local government finance reforms.

PERFORMANCE AGAINST THE CORPORATE PLAN

The Council has approved a Corporate Plan with the 2023/24 edition adopted at Full Council in March 2023, and then reviewed and revised in July 2023 following the outcome of local government elections. The plan is updated and refreshed on an annual basis and performance monitored throughout the year. For 2023/24 the Council monitored 130 corporate plan targets, of which 95.38% were fully or almost achieved. Overall performance is monitored against overarching priorities, as follows:

Improving Local Democracy 100%
Creating a prosperous East Staffordshire 100%
Developing a Green New Deal for East Staffordshire 90.91%
Protecting our heritage 100%
Standing up for our communities 100%
Not related to a specific portfolio 92.47%

Given its size and importance 9 of those 130 2023/24 Corporate Plan targets specifically related to the Towns Fund Programme, with delivery against those as follows:

- PH02 - With the National Brewery Trust, create a timeline and plan to ensure historical archives from the closed NBC are re-housed in the future development – Fully Achieved
- PH03 - With the National Brewery Trust, contact owners of all former NBC artefacts to discuss their return to the future development – Fully Achieved
- PH04 - With the Towns Fund Board, review and adapt High Street linkages project as appropriate – Fully Achieved
- RAD01 - Launch the temporary National Archive Centre and Regeneration Update Hub following completion of works and relocation of the collection – Completed within reasonable tolerance (opened in October 2024 rather than the original Corporate Plan target of September 2024)
- RAD02 - Continue to work in partnership with the Heritage Working Group and other stakeholders to develop the museum and heritage centre proposals for the High Street – Fully Achieved
- RAD03 - Work with partners to support the delivery of the three partner Towns Fund projects – Fully Achieved
- RAD04 - Appoint contractors to deliver Washlands Enhancement Project – Fully Achieved
- RAD05 - Submit planning application for a Washlands Visitor Centre – Off Target (due to the complexities of the site, with this being carried forward to the 2024/25 plan)
- RAD07 - Finalise designs for the Garden of Remembrance enhancements – Fully Achieved

Looking ahead to 2024/25, the Council has continued to set a range of development targets underpinning its corporate priorities. Further details on the Corporate Plan can be found on our website.

AUDIT OF THE ACCOUNTS

The Council's auditors, Azets Audit Services Limited, undertake the audit of these accounts. The contact details for the Auditor are: Laura Hinsley, Azets LLP, Regis House, 45 King William St, London, EC4R 9AN

FURTHER INFORMATION

The accounts and accompanying statistics in the following pages contain a great deal of information about East Staffordshire Borough Council's finances. I hope you will find it interesting. Further information on the Council's accounts is available from the Financial Management Unit, Town Hall, King Edward Place, Burton upon Trent, DE14 2EB. Or by telephone (01283) 508139 or e-mail to Daniel.Binks@eaststaffsbc.gov.uk. The public has a statutory right to inspect and, if they wish, object to the accounts prior to the completion of the audit.

GUIDE TO THE MAIN FINANCIAL STATEMENTS

The Council's accounts for the year 2023/2024 are set out on the following pages. The accounts comprise:

Statement of Responsibilities for the Statement of Accounts

Within this statement the respective responsibilities of the Council and the Chief Finance Officer are set out in relation to the preparation of the accounts, and also of members in the approval of the accounts.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxations. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the expenditure and funding analysis and the movement in reserves statement.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Statement shows how the movements in year of the authority'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 before transfers to earmarked reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority.

Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those that the authority 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 capital receipts may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserves), 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 'Adjustment between accounting basis and funding basis under regulations'.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator to the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash flows have been made for resources which are intended to contribute to the authority'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 authority.

Collection Fund Account

This is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

Annual Governance Statement

This sets out the framework within which internal control is managed and reviewed and provides reasonable assurance as to its effectiveness. The statement reports on any weaknesses identified and the actions being taken to rectify these.

Glossary of Terms

This explains the technical terms used within the Statement of Accounts.

Please note that where figures disclosed in the Statement of Accounts have been rounded to the nearest £'000, there is the potential for rounding errors and minor inconsistency when cross referencing due to inter-dependencies across different disclosures. These have been minimised as far as reasonably possible, whilst ensuring the robustness of values carried forwards and disclosures within the Core Statements carrying prominence.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

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

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

The Chief Finance Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Chief Finance Officer

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Borough Council at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.

Lloyd Haynes
Chief Finance Officer and Section 151

Date: 27 November 2024

Member Approval of the Statement of Accounts

The approval of East Staffordshire Borough Council's Statement of Accounts is the responsibility of a meeting of the Audit (Approval of Statement of Accounts) Committee.

The Statement of Accounts are due to be presented for approval to the Audit (Approval of the Statement of Accounts) Committee.

**This is an electronic copy without electronic signatures. The original was signed as dated above and a copy can be obtained from the financial management unit on request.*

This page is intentionally blank

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

For the year ended 31st March 2024

(Restated) 2022/23				2023/24		
Gross Expenditure £'000	Gross Income £'000 Restated	Net Expenditure £'000 Restated		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
3,229	(131)	3,098	Leader of the Council	3,194	(121)	3,073
2,442	(510)	1,932	Tourism and Cultural Development	2,611	(585)	2,026
4,101	(2,511)	1,590	Communities and Regulatory Services	6,382	(2,900)	3,482
10,587	(3,395)	7,192	Environment and Climate Change	10,632	(3,358)	7,274
20,039	(18,272)	1,767	Finance and Treasury Management	20,456	(17,989)	2,467
2,063	(1,616)	447	Regeneration and Development	7,645	(1,646)	5,999
695	(684)	11	External Funding and Holding Accounts	848	(1,071)	(223)
43,156	(27,119)	16,037	Cost of Services	4	51,768	(27,670)
2,315	(965)	1,350	Other operating expenditure	10	1,431	(70)
5,312	(8,093)	(2,781)	Financing and investment income and expenditure	11	7,043	(9,180)
20,450	(48,925)	(28,475)	Taxation and non specific grant income and expenditure	12	22,169	(48,280)
71,233	(85,102)	(13,869)	(Surplus) or Deficit on Provision of Service	5	82,411	(85,200)
	(8,050)		(Surplus)/deficit on revaluation of non current assets	**	(1,800)	
	(39,646)		Remeasurement of the net defined pension liability	44	(10,227)	
	16,734		Asset Ceiling Adjustment	44	10,965	
		(30,962)	Other Comprehensive Income and Expenditure			(1,062)
		(44,831)	Total Comprehensive Income and Expenditure			(3,851)

The figures for 2022/23 have been restated to reflect revised operating segments in line with in-year management reporting, as outlined within note 46.

**See Note 13, 16 and 18a

MOVEMENT IN RESERVES STATEMENT
For the year ended 31st March 2024

	General Fund		Total General Fund Reserves £'000	Capital Grants Unapplied Reserve £'000	Capital Receipts Reserve £'000	Total Usable Reserves (Note 27) £'000	Unusable Reserves (Note 28) £'000	Total Authority Reserves £'000
	Balance	Earmarked Reserves						
Balance at 31 March 2023 carried forward (restated)	1,278	24,963	26,241	6,250	240	32,731	42,694	75,425
Movement in reserves during 2023/24								
Surplus/(Deficit) on provision of services	2,789	0	2,789	0	0	2,789	0	2,789
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	1,062	1,062
Total Comprehensive Income and Expenditure	2,789	0	2,789	0	0	2,789	1,062	3,851
Adjustments between accounting basis & funding basis under regulations (note 8)	911	0	911	(556)	32	387	(387)	0
Net Increase before Transfers to Earmarked Reserves	3,700	0	3,700	(556)	32	3,176	675	3,851
Transfers to/from Earmarked Reserves (note 9)	(2,922)	2,922	0	0	0	0	0	0
Increase / (Decrease) in Year	778	2,922	3,700	(556)	32	3,176	675	3,851
Balance at 31 March 2024 carried forward	2,056	27,885	29,941	5,694	272	35,907	43,369	79,276

MOVEMENT IN RESERVES STATEMENT
For the year ended 31st March 2023

	General Fund		Total General Fund Reserves £'000	Capital Grants Unapplied Reserve £'000	Capital Receipts Reserve £'000	Total Usable Reserves (Note 27) £'000	Unusable Reserves (Note 28) £'000 Restated	Total Authority Reserves £'000 Restated
	Balance £'000	Earmarked Reserves £'000						
Balance at 31 March 2022 carried forward (restated)	1,278	24,956	26,234	1,035	573	27,842	2,752	30,594
Movement in reserves during 2022/23								
Surplus/(Deficit) on provision of services	13,869	0	13,869	0	0	13,869	0	13,869
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	30,962	30,962
Total Comprehensive Income and Expenditure	13,869	0	13,869	0	0	13,869	30,962	44,831
Adjustments between accounting basis & funding basis under regulations (note 8)	(13,862)	0	(13,862)	5,215	(333)	(8,980)	8,980	0
Net Increase before Transfers to Earmarked Reserves	7	0	7	5,215	(333)	4,889	39,942	44,831
Transfers to/from Earmarked Reserves (note 9)	(7)	7	0	0	0	0	0	0
Increase / (Decrease) in Year	0	7	7	5,215	(333)	4,889	39,942	44,831
Balance at 31 March 2023 carried forward	1,278	24,963	26,241	6,250	240	32,731	42,694	75,425

BALANCE SHEET
As at 31st March 2024

* 1st April 2022 Restated £'000	31st March 2023 Restated £'000		Note	31st March 2024 £'000
51,287	62,839	Property, Plant and Equipment	13	63,405
10,966	13,430	Investment Property	14	12,421
0	53	Intangible Assets	15	74
358	345	Heritage Assets	16	400
3	3	Long Term Investments		3
788	788	Long Term Debtors	17	788
63,402	77,458	Long Term Assets		77,091
		Current Assets		
-	-	Assets Held for Sale	18a	1,350
43,022	25,301	Short Term Investments	19	39,666
209	146	Inventories	20	118
5,911	4,829	Short Term Debtors	21	5,904
14,398	30,208	Cash and Cash Equivalents	22	9,653
63,540	60,484	Current Assets		56,691
(565)	(568)	Short-Term Borrowing	26	(564)
(33,215)	(19,537)	Short Term Creditors	23	(14,799)
(33,780)	(20,105)	Current Liabilities		(15,363)
(2,087)	(1,511)	Provisions	25	(2,330)
(10,550)	(10,490)	Long Term Borrowing	26	(5,929)
(42,292)	(22,509)	Pension Liability	44	(19,642)
(7,639)	(7,902)	Capital Grants Receipts in Advan	37	(11,242)
(62,568)	(42,412)	Long Term Liabilities		(39,143)
30,594	75,425	Net Assets		79,276
		Financed by:		
2,752	42,694	Unusable Reserves	28	43,368
27,842	32,731	Usable Reserves	27	35,908
30,594	75,425	Total Net Worth		79,276

*A third balance sheet position as of 1 April 2022 is presented in the statement above. This additional balance sheet is included due to Prior Period Adjustments related to infrastructure assets and pension disclosures. Further details are provided in Notes 46b and 46c.

CASH FLOW STATEMENT
For the year ended 31st March 2024

	Note	2023/24 £'000	2022/23 £'000
Net (surplus) or deficit on the provision of services		(2,789)	(13,869)
Adjustments to net surplus or deficit on the provision of services for non-cash movements	29	2,468	9,815
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	29	<u>1,204</u>	<u>1,871</u>
Net cash flows from operating activities		883	(2,183)
Investing activities	30	12,881	(12,933)
Financing activities	31	6,791	(694)
Net (increase) or decrease in cash and cash equivalents		20,555	(15,810)
Cash and cash equivalents at the beginning of the reporting period		(30,208)	(14,398)
Cash and cash equivalents at the end of the reporting period		<u>(9,653)</u>	<u>(30,208)</u>

NOTES TO THE ACCOUNTS

1. MATERIAL ACCOUNTING POLICIES

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/2024 financial year and its position as at the year-end 31st March 2024. The Authority is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which those regulations require 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 2023/24, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the statement of accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations 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. An exception to this principle housing benefits payments are matched to the subsidy claim which includes 52 weekly payment runs. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.
- 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 payable and receivable 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 income and expenditure has 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. Where the exact amount due in respect of accruals has not yet been confirmed, for example grant entitlements from Central Government, the accounts reflect the best estimate and use latest available information. The estimation techniques used have not generally been changed from the previous year.

iii. Tax Income (Council Tax, Non-Domestic Rates (NNDR) / Business Rates)

The Council is a billing authority and therefore acts as an agent, collecting council tax and non-domestic rates (NNDR) on behalf of major preceptors (including government for NNDR) and, as principals, collecting council tax and NNDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the collection fund) for the collection and distribution of amounts due in respect of council tax and NNDR. 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 NNDR collected could be less than predicted.

Accounting for Council Tax and NNDR

The Council Tax and NNDR income and expenditure 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 NNDR 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 year end balances in respect of council tax and NNDR relating to arrears, impairment allowances for doubtful debts, overpayments, prepayments and appeals.

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

iv. 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 one month 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 authority's cash management.

v. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the authority's financial performance.

vi. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, or other events and conditions on the authority's position or 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.

vii. 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 the fixed assets during the year. This comprises:

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

The authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation, impairment losses and amortisations are therefore replaced by a 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.

viii. Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those expected 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 current employees and are recognised as an expense for services in the year in which employees render the service to the authority. An accrual is made for the cost of the holiday entitlements (or any form of leave, such as time off in lieu) earned by employees but not taken before the year end in which employees can carry forward into the next financial year. The accrual is charged to the surplus or deficit in 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 the holiday absence occurs.

Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement 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 year-end.

Post-Employment Benefits

The employees of the Council may participate in the Local Government Pension Scheme administered by Staffordshire County Council (Staffordshire Pension Fund), which provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

The Local Government Pension Scheme

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

The liabilities of the Staffordshire Pension Fund attributable to this Council are included in the balance sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to the retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.80% (4.75% 2022/23). This rate is equal to the yield available on long-dated, high quality corporate bonds and is commonly referred to as the AA Corporate Bond Rate.

The assets of 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

Leisure Transfer – Pension Guarantee

During 2018/19 the authority transferred the provision of its leisure services to a third party provider, Sports and Leisure Management Ltd (SLM). As part of the contractual arrangements, all leisure centre staff were transferred to SLM or its subsidiaries via TUPE arrangements. SLM has been admitted to the Staffordshire County Council pension fund and pension arrangements between the three parties are managed using admission agreements. The IAS19 report provided by the actuary excludes the assets and liabilities relating to the transferred staff. As the contractual arrangements mean that Council acts as guarantor for the vast majority of the pension risks associated with the former employees, an annual assessment is carried out by management of the risk and potential financial consequences should the Council be called to settle these liabilities. For 2023/24, the risk has been assessed as nil as the IAS19 report estimates a net asset associated to the Leisure Providers proportion of the pension assets and liabilities (the liability was assessed as nil in 2023/24).

The change in the net pension's liability is analysed into the following components:

Service Cost Comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year. This is allocated to the revenue accounts of the services for whom the employees worked.
- Past service gains/costs – the increase or decrease in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. This is debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
- Net interest cost on the defined benefit liability, i.e. Net interest expense for the authority – the change during the period in the net defined benefit liability 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 at the beginning of the period – taking into account any changes in the net defined benefit payments.

Re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the defined benefit liability – charged to the Pension Reserve as other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is debited to the Pensions Reserve as other Comprehensive Income and Expenditure.
- Contributions paid to Staffordshire 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 limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. In the Movement on 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 year end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact on 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.

ix. Events after the Balance Sheet Date

An event (favourable or unfavourable) occurring after the balance sheet date of 31 March, which provides evidence of conditions which existed at 31 March, is an adjusting event with the amounts shown in the Statement of Accounts updated to take account of the new information.

An event occurring after 31st March which indicates conditions that arose from 1 April onwards is a non-adjusting event with no effect on amounts included in the Statement of Accounts. However if these events are material they are disclosed in the notes to the accounts.

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

x. Financial Instruments

Financial Assets

Financial assets i.e. amounts invested, are classified based on a classification and measurement approach that reflects the business model for holding the assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised cost;
- Fair value through profit and loss (FVPL); and

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the balance sheet when the authority becomes 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 the interest receivable are based on the carry amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains for losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line of the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all its financial assets held at amortised cost on either a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables and lease receivables held by the authority. The authority adopts the simplified approach to lease and trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that 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 since the instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on a 12 month expected losses basis.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured as FVPL are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

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

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

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

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. These amounts are trivial in nature.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes 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 instruments to the amount at which it was originally recognised.

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term remaining on the loan against which the premium was payable or discount receivable when it was repaid or a nominated shorter period. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movements in Reserves Statement.

xi. Foreign Currency Translation

From time to time the authority occasionally enters into a transaction denominated in a foreign currency. The transaction is converted into sterling at the exchange rate applicable on the date of the transaction.

xii. Government Grants and Contributions

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

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

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

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

The Council has received a number of grants from Central Government in order to support business and residents during both the pandemic and also the economic conditions. Section xxv of these accounting policies sets out our approach to accounting for these in line with the Code.

xiii. Heritage Assets

The authority's heritage assets include various paintings, sculptures and civic items which are held primarily as a contribution to knowledge and culture. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with our accounting policies for property, plant and equipment. However some of these measurement rules are relaxed in relation to Heritage Assets.

Heritage asset records are maintained within the fixed asset register and insurance records. Access to the vast majority of these items can be gained via the Brewhouse Centre and mayoral and civic rooms within the Town Hall.

Heritage Assets are measured and reported in the balance sheet based on insurance valuation, which are periodically updated. However sculptures are reported within the Balance Sheet at depreciated historic cost.

All assets are depreciated to the Comprehensive Income and Expenditure Statement based on an estimate of their useful lives – generally 50 years with sculptures 25 years. The carrying values are reviewed where there is evidence of impairment this is recognised and measured in accordance with our general policies on impairment, as set out in xix.

Further information in relation to Heritage Assets is set out with note 16 to the accounts.

xiv. Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council, e.g. computer software and related licences, is capitalised at cost when it will bring benefits to the Council for more than one financial year. The balance is amortised/depreciated to the relevant service lines in the Comprehensive Income and Expenditure Statement over the economic life of the investment to reflect the consumption of benefits.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses are recognised within the relevant service line within the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains or 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.

xv. Interests in Companies and Other Entities

The Council does not have any significant interest in companies and this interest does not require the preparation of group accounts.

xvi. Inventories and Long Term Contracts

Stocks/Inventories are included in the accounts on the basis of the latest price paid. This is a departure from the requirements of the Code, which require stocks to be shown at the lower of cost or net realisable value. The effect of the different treatment is immaterial.

Work in progress on long term contracts, for which interim valuations are made, is included in the surplus or deficit in the provision of services at historical cost covering labour, materials and direct overheads, net of any progress payments received.

xvii. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. As a non-financial asset, investment properties are valued at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses are posted to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xviii. Leases

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

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

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

Finance Leases – Authority as Lessee

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of a lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the authority 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 assets estimated life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising from leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund balance, by way of an adjustment transaction with

the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases – Authority as Lessee

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased property, plant or 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 start of the lease).

Finance Leases – Authority as Lessor

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

Lease rentals receivable are apportioned between:

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

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

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments. Any significant 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 the rental income.

xix. Property, Plant and Equipment

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

Recognition

All expenditure on the acquisition, creation or enhancement of tangible property, plant and equipment is capitalised on an accruals basis, provided that it yields benefit to the Council and the services it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of the asset, e.g. repairs and maintenance, is charged to revenue as it is incurred.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. The authority does not capitalise borrowing costs. Assets are then carried in the Balance Sheet using the following measurement bases:

- Other land and buildings, vehicles, plant and equipment – current value, determined as the amount that would be paid for the asset in existing use.
- Infrastructure, community assets and assets under construction - depreciated historical cost.
- Surplus assets, the current value measurement base is fair value, estimated at highest and best use from the market participants' perspective.

Where there is not market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the 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 Surplus or deficit on the Provision of Services 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 the balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of 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 the balance (up to the accumulated gains).
- Where there is no balance in the Revaluation Reserve or insufficient balance, the impairment is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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

Depreciation

Depreciation is provided for all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives at 1st April each year. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are yet available for use (i.e. assets under construction). Depreciation commences on newly acquire assets in the year after acquisition.

Depreciation is calculated on the following bases:

- Buildings – straight line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment – straight line allocation over the useful life of the asset.
- Infrastructure - straight line allocation over the useful life of the asset.

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

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charge 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.

De Minimis Levels

Charges to Revenue are made subject to a de minimis level regarding the capitalisation of expenditure. This has been set at £15,000 for land and buildings and £10,000 for equipment. If expenditure that would normally be capital is incurred below these levels, it would normally be charged directly to the revenue cost of the service concerned.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through the 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 previous losses recognised in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

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

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. These receipts are appropriated to the Capital Receipts Reserve from the General Fund balance in the Movement in Reserves Statement. These receipts can only be used for new capital investment or set aside to reduce the authority's underlying need to borrow.

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 Reserve balance in the Movement in Reserves Statement.

xx. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the authority 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 authority may be involved in a court case that could eventually result in the making of a settlement or payment of compensation.

Provisions are charged as an expense to the appropriate line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and can measure 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 each Balance Sheet date – where it becomes less probable that a transfer of economic benefits will now be required (or a lower settlement anticipated), the provision is reversed (or reduced) and credited back to the relevant service line within the Comprehensive Income and Expenditure Statement.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow or resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not included in the accounts as an item of expenditure. They are disclosed in the Notes to the accounts.

Contingent Assets

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

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

xxi. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year and included in the Net Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into 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 tangible fixed assets and retirement benefits and do not represent usable resources for the Council. These reserves are explained in the relevant accounting policies.

xxii. Revenue Expenditure Funded from Capital under Statute (REFCUS)

REFCUS represents expenditure that may be capitalised under statutory provisions but does not result in the creation of tangible assets. REFCUS incurred during the year have been written off as expenditure to the relevant service revenue account in the year. Where the Council has decided to meet the cost of the REFCUS from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged to the Movement in Reserves Statement so that there is no impact on the level of council tax.

xxiii. Value Added Tax

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

xxiv. Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets, investment properties 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 assets or liability; or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using 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 authority takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

xxv. Authority Acting as Agent

Where the authority is acting as an agent in situations or circumstances (i.e. as an intermediary, providing goods or services to a third party on behalf of another body) only the relevant income and expenditure incurred by the authority in providing the service is included within the Comprehensive Income and Expenditure Statement. The cash flows associated with providing the service itself are excluded.

In recent years the Council has administered a large number of grant schemes announced by Central Government as part of the both the Covid-19 response and in relation to the current economic circumstances. In many cases the eligibility for these schemes was set out within government guidance. For each of these schemes the Council has made an assessment as to whether it was acting as Principal or Agent. The main determining factor being the degree to which control over who receives the funding and associated amounts. For those schemes in which the Council acted as Principal the respective income and expenditure has been included within the Comprehensive Income and Expenditure Statement. For those schemes whereby the Council acted as agent the respective grant income and expenditure amounts are excluded from the Comprehensive Income and expenditure, with the grants awarded and associated Government funding disclosed in a separate note to the accounts.

2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in note 1, the authority 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 as follows:-

- Going Concern - In accordance with the Code of Practice the Council's Statement of Accounts have been prepared on a going concern basis which assumes that the Council will continue to operate in the foreseeable future.

This has been informed by CIPFA's guidance (specifically CIPFA Bulletin 01 – Closure of the 2017/18 Financial Statements issued in February 2018), which sets out their view on going concern as follows:

The provisions in the Code of Practice on the going concern requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, it would not therefore be appropriate for their financial statements to be prepared on anything other than a going concern basis.

In addition to that the Council has a long-term balanced budget plan (set out within the MTFs), which incorporates prudent assumptions, significant risk mitigations, and a strategy to deliver long-term sustainability, and that further supports the Statement of Accounts being produced on a going concern basis.

Further detail relating to specific accounting policies has been set out under the relevant note, where required.

3. 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 authority 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 authority's Balance Sheet as at 31st March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual result differs from assumptions
Pensions Liability	Estimation of the net liability to pay pensions (£19.6m) as at 31st March 2024, depends on a number of complex judgements relating to the discount rates used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension assets. The net liability also includes a prepayment of £2.838m, which will be released back to the General Fund in 2024/25 and 2025/26. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions applied. The estimated net pension	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, an increase in member life expectancy of 1 year would result in an increase in the pension liability by approx. £4.4m. Please refer to Note 44 for further details.

Item	Uncertainties	Effect if actual result differs from assumptions
	liability includes an asset ceiling adjustment for both the 2023/24 and 2022/23 periods. This adjustment ensures that the net position is not overstated, with further details provided in Notes 44 and 46c including detail of the prior period adjustment undertaken.	
Valuation of land and buildings and investment property	<p>Use of estimates</p> <p>The accounts include estimates with regard to the valuations of land and buildings of £51.730m and for investment property of £12.421m. Professional valuers are engaged to provide expert advice in line with the RICS guidance in relation to these valuations. Estimates and assumptions are provided from a number of sources including, for example, relevant market evidence where it is available, rebuild costs and the expected life of the asset.</p> <p>The investment property portfolio consists of local commercial/industrial units with no significant holding of shops or other retail space. However the units may be impacted by a lack of demand due to the inflationary pressures being experienced in the wider economy.</p>	A +/- 10% change against the assets which have been subject to valuation will result in a £5.173m increase or decrease in the value shown in the balance sheet for land and buildings and £1.242m for investment property.
Impairment allowance for doubtful debt	The Council calculates doubtful debts on arrears on the basis of prior year experience and current years' collection rates. As at 31 March 2024, the Council had an outstanding balance of short-term debtors totalling £9.552m. Against this debtors' balance, there is an impairment allowance of £3.648m. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not.	An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on historic experience and success rates experienced in collection. If collection rates were to deteriorate by 5% the provision would need to increase by £0.478m
Business Rate Appeals	As at 31 st March 2024 the Council's share of the estimated appeals and claims against business rates is £2.32m. This is a complex calculation based on rating listing, historic appeal success and claim levels.	A 10% increase in success rate and a 10% increase of RV reductions applied plus 10% increase in claim numbers would increase the provision required for this Council by £0.64m.

4. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

The expenditure and funding analysis shows how annual expenditure is used and funded from resources (government grants, rents, 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 services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

4a – Expenditure and Funding Analysis (2023/24)

	2023/24				
	Net Amount Reported as part of Management Outturn	Adjustment to arrive at net amount chargeable to the General Fund Balances*	Net Expenditure chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Leader of the Council	3,721	157	3,878	(805)	3,073
Tourism and Cultural Development	1,459	(107)	1,352	674	2,026
Communities and Regulatory	1,842	(238)	1,604	1,878	3,482
Environment and Climate Change	7,120	(55)	7,065	209	7,274
Finance and Treasury Management	(333)	125	(208)	2,675	2,467
Regeneration and Development	925	(826)	99	5,900	5,999
Corporate Items	404	(316)	88	(88)	0
External Funding/Holding Accounts	0	849	849	(1,072)	(223)
Cost of Services	15,138	(411)	14,727	9,371	24,098
Other Income and expenditure	(15,639)	(2,789)	(18,428)	(8,459)	(26,887)
(Surplus) or Deficit	(501)	(3,200)	(3,701)	912	(2,789)
Opening General Fund Balance			(26,241)		
Less/Plus (Surplus) or Deficit			(3,701)		
Closing General Fund Balance at 31st March			(29,942)		
General Fund Working Balance			2,056		
Earmarked Reserves (Note 9)			27,885		
			29,941		

* This column includes net transfers to and from earmarked reserves.

	Restated 2022/23				
	Net Amount Reported as part of Management Outturn	Adjustment to arrive at net amount chargeable to the General Fund Balances*	Net Expenditure chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Leader of the Council	3,840	25	3,865	(767)	3,098
Tourism and Cultural Development Communities and Regulatory Services	1,090	(141)	949	983	1,932
Environment and Climate Change	1,239	(141)	1,098	492	1,590
Finance and Treasury Management	6,090	103	6,193	999	7,192
Regeneration and Development	576	118	694	1,073	1,767
Corporate Items	179	(123)	56	391	447
External Funding/Holding Accounts	(440)	(1,009)	(1,449)	1,449	0
External Funding/Holding Accounts	0	292	292	(281)	11
Cost of Services	12,574	(876)	11,698	4,339	16,037
Other Income and expenditure	(13,138)	1,433	(11,705)	(18,201)	(29,906)
(Surplus) or Deficit	(564)	557	(7)	(13,862)	(13,869)
Opening General Fund Balance			(26,234)		
Less/Plus (Surplus) or Deficit			(7)		
Closing General Fund Balance at 31st March			(26,241)		
General Fund Working Balance			1,278		
Earmarked Reserves (Note 9)			24,963		
			26,241		

* This column includes net transfers to and from earmarked reserves.

The figures for 2022/23 have been restated to reflect revised operating segments in line with in-year management reporting, as outlined within note 46.

Adjustments between Funding and Accounting Basis 2023/24				
Adjustments from General fund to arrive at the Comprehensive Income and Expenditure Statement amounts.	Adjustments for Capital Purposes (Note 1)	Net Change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£'000	£'000	£'000	£'000
Segment				
Leader of the Council	449	(1,676)	422	(805)
Tourism and Cultural Development	914	(4)	(236)	674
Communities and Regulatory Services	1,867	(10)	21	1,878
Environment and Climate Change	830	(23)	(598)	209
Finance and Treasury Management	(831)	(10)	3,516	2,675
Regeneration and Development	5,898	(6)	8	5,900
Corporate Items	0	0	(88)	(88)
External Funding/Holding Accounts	0	0	(1,072)	(1,072)
Net Cost of Services	9,127	(1,729)	1,973	9,371
Other income and expenditure from the Expenditure and Funding Analysis	(7,569)	962	(1,852)	(8,459)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Surplus or Deficit on the Provision of Services	1,558	(767)	121	912

Adjustments between Funding and Accounting Basis 2022/23 - Restated				
Adjustments from General fund to arrive at the Comprehensive Income and Expenditure Statement amounts.	Adjustments for Capital Purposes (Note 1)	Net Change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£'000	£'000	£'000	£'000
Segment				
Leader of the Council	(2,475)	(1,544)	3,252	(767)
Tourism and Cultural Development	1,009	156	(182)	983
Communities and Regulatory Services	140	343	10	493
Environment and Climate Change	969	649	(619)	999
Finance and Treasury Management	(805)	403	1,475	1,073
Regeneration and Development	193	195	3	391
Corporate Items	0	0	1,449	1,449
External Funding/Holding Accounts	0	10	(292)	(282)
Net Cost of Services	(969)	212	5,096	4,339
Other income and expenditure from the Expenditure and Funding Analysis	(11,093)	1,167	(8,275)	(18,201)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Surplus or Deficit on the Provision of Services	(12,062)	1,379	(3,179)	(13,862)

Explanatory Notes:

Note 1 - Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and adjusts for the statutory financing charge (MRP) and Revenue Expenditure Financed from Capital under Statute (REFCUS).

In addition, within the other income and expenditure it adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets. 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.

Note 2 - Net Change for Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits Pension related expenditure and income:

- For Services – this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and for any past service costs.
- For Financing and Investment Income and Expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Note 3 - Other Differences

The other main differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For services – this includes adjustments for employee benefits, such as accrued leave, which are adjusted through the Accumulated Absences Account.
- For financing and investment income and expenditure – the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under 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.
- In addition, there are a number of re-classifications of expenditure for the purposes of conversion to the format for the Comprehensive Income and Expenditure. These include the transfer of New Homes Bonus and other grants such as Covid-19 support for business and residents from the corporate items and external funding lines to the Taxation and non-specific Income line and the transfer of interest payments and receipts from financial services to the financing and investment line.

The table below sets out income in relation to fees and charges from external customers on a segmental basis in line with the Comprehensive Income and Expenditure Statement.

Following the adoption of IFRS 15 (Revenue Recognition from Contracts with Customers) the Council re-assessed its performance obligations under planning fees and charges and identified planning applications where the planning decision had not been made by the Balance Sheet date and where work is outstanding. The value of the fee receivable has been assessed as £153k as at 31st March 2024 compared to £146k as at 31st March 2023 with no impairment considered likely as all applications are validated initially within the overall planning process and the applicable fees have been received in advance. These have been carried forward on the Balance Sheet as income in advance for future recognition.

(b) Segmental Income: Fees, charges from external customers on a Segmental Basis is Analysed Below		
Segment	2023/24	2022/23
	£'000	£'000
Leader of the Council	(941)	(832)
Tourism and Cultural Development	(507)	(410)
Communities and Regulatory Services	(728)	(780)
Environment and Climate Change	(3,205)	(3,314)
Finance and Treasury Management	(660)	(663)
Regeneration and Development	(677)	(901)
External Funding and Holding Accounts	(292)	(203)
Total Income from external customers analysed on a segmental basis	(7,010)	(7,103)

* The figures for 2022/23 have been restated to reflect revised operating segments in line with in- year management reporting, as outlined within note 46.

5. EXPENDITURE AND INCOME ANALYSED BY NATURE

The following table provides any analysis of the Income and Expenditure, consistent with the Comprehensive Income and Expenditure Statement, analysed subjectively:

Expenditure/Income	2023/24 £'000	2022/23 £'000
Expenditure		
Employees	12,691	13,018
Other service expenses	11,661	10,049
Discretionary Covid-19 Grants and Other Payments	0	(7)
REFCUS	8,771	1,462
Depreciation, amortisation, impairment and revaluation	2,365	2,432
Interest Payments, including Pensions	6,236	4,613
Rescheduling of Loans	150	0
Business Rates Transfers	22,169	20,457
Housing Benefits	16,938	16,895
Local Precepts and Grants	1,422	1,369
Book Value on Disposal of Assets	8	945
Total Expenditure	82,411	71,233
Income		
Fees, charges and other service income	(7,010)	(7,103)
Other Grants and Contributions	(2,170)	(1,630)
Interest and investment income, including Pensions	(8,195)	(4,334)
Income from council tax and non-domestic rates	(34,054)	(30,968)
Government Grants (Note 37)	(33,643)	(37,244)
Income on Disposal of Assets/Financial Instruments	(70)	(965)
Upward Revaluation of Investment Properties	(58)	(2,858)
Total Income	(85,200)	(85,102)
(Surplus)/Deficit on the Provision of Services	(2,789)	(13,869)

6. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

In accordance with the Code the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice on Local Authority Accounting in the United Kingdom and are therefore required to be disclosed.

From 1 April 2024 International Financial Reporting Standard (IFRS) 16 – Leasing will apply to all local authorities. This standard will change the way leases taken by local authorities (where the Council is the lessee) are accounted for. The standard will result in assets being recognised on the balance sheet as right of use assets rather than being off balance sheet as is the current position.

The definition of operating and operating leases will no longer apply to leases where the Council is the lessee. However, it will not change the accounting of leases where the Council is the lessor. In these cases, there will still be a distinction between operating and finance leases.

In addition to bringing assets onto the balance sheet with a corresponding financing liability, revenue expenditure will be split between a financing cost (interest) and the repayment of the lease principal. However, this will not change the total cost to the Council.

It is anticipated that the introduction of IFRS16 will increase the assets held by the Council by an estimated circa £0.5m with a corresponding increase in liabilities.

7. MATERIAL AND OTHER NOTABLE ITEMS OF INCOME AND EXPENSE

There is no material and notable item of income and expense compared to previous years.

8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

	General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	Total Movement in Unusable reserves
2023/24	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account				
Amortisation of intangible fixed assets	14	0	0	(14)
Depreciation and impairment of fixed assets	1,930	0	0	(1,930)
Revaluation gains on property, plant and equipment	(57)	0	0	57
Revaluation losses on property, plant and equipment	25	0	0	(25)
Movements in market value of investment properties	395	0	0	(395)
Capital grants and contributions applied	0	0	0	0
Gain or loss associated with financial instruments	0	0	0	0
Gain or loss on disposal of non current assets	(62)	0	70	(8)
Capital Expenditure charged to General Fund	(1,072)	0	0	1,072
Revenue expenditure funded from capital under statute	8,771	0	0	(8,771)
Balance carried forward to next page	9,944	0	70	(10,014)

2023/24	General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Balance brought forward from last page	9,944	0	70	(10,014)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Minimum revenue provision for capital financing	(855)	0	0	855
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied, credited to the CIES	(8,604)	8,604	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	(9,160)	0	9,160
Adjustment Primarily involving the Capital Receipts Reserve				
Use of capital receipts to finance new capital expenditure	0	0	(38)	38
Repayment of debt from capital receipts	0	0	0	0
Adjust primarily involving the Deferred Capital Receipts Reserve				
Gain on disposal where deferred receipt was held	0	0	0	0
Adjustment primarily involving the Financial Instruments Adjustment Account				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in the year in accordance with statutory requirements	(31)	0	0	31
Adjustments involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited	2,611	0	0	(2,611)
Employers pensions contributions and direct payments to pensioners payable in the year	(3,378)	0	0	3,378
Adjustments primarily involving the Collection Fund Adjustment Account				
Amounts by which council tax income credited to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	151	0	0	(151)
Amounts by which business rates income credited to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	1,037	0	0	(1,037)
Adjustment primarily involving the Accumulated Absences Account				
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	36	0	0	(36)
TOTAL ADJUSTMENTS	911	(556)	32	(387)

Comparator information for 2022/23 on this note follows.

2022/23	General Fund Balance £'000	Capital Grants Unapplied £'000	Capital Receipts Reserve £'000	Total Movement in Unusable reserves £'000
Adjustments primarily involving the Capital Adjustment Account				
Amortisation of intangible fixed assets	0	0	0	0
Depreciation and impairment of fixed assets	1,979	0	0	(1,979)
Revaluation gains on property, plant and equipment	0	0	0	0
Revaluation losses on property, plant and equipment	121	0	0	(121)
Movements in market value of investment properties	(2,526)	0	0	2,526
Capital grants and contributions applied	(7,022)	0	0	7,022
Gain or loss associated with financial instruments	0	0	0	0
Gain or loss on disposal of non current assets	(19)	0	1,039	(1,020)
Capital expenditure charged to the General Fund	(292)	0	0	292
Revenue expenditure funded from capital under statute	1,462	0	0	(1,462)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Minimum revenue provision for capital financing	(842)	0	0	842
Adjustments Primarily involving the Capital Grants Unapplied Account				
Capital Grants and contributions unapplied, credited to the CIES	(5,215)	5,215	0	0
Adjustment Primarily involving the Capital Receipts Reserve				
Use of capital receipts to finance new capital	0	0	(412)	412
Repayment of debt from capital receipts	0	0	(960)	960
Adjustments primarily involving the Deferred Capital Receipts Reserve				
Gain on disposal where deferred receipt was held	0	0	0	0
Adjustments primarily involving the Financial Instruments Adjustment Account				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in the year in accordance with statutory requirements	(31)	0	0	31
Adjustments involving the Pensions Reserve				
Reversal of items relating to retirement benefits	4,423	0	0	(4,423)
Employers pensions contributions and direct payments to pensioners payable in the year	(3,044)	0	0	3,044
Balance carried forward to next page	(11,006)	5,215	(333)	6,124

2022/23	General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Balance brought forward from last page	(11,006)	5,215	(333)	6,124
Adjustments primarily involving the Collection Fund Adjustment Account				
Amounts by which council tax income credited to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	(30)	0	0	30
Amounts by which business rates income credited to the Comprehensive Income and Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements	(2,825)	0	0	2,825
Adjustment primarily involving the Accumulated Absences Account				
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	(1)	0	0	1
TOTAL ADJUSTMENTS	(13,862)	5,215	(333)	8,980

9. TRANSFER TO / (FROM) EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2023/24.

	Balance at 31st March 2022	Transfers Out In 2022/23		Balance at 31st March 2023	Transfers Out In 2023/24		Balance at 31st March 2024
	£'000	£'000	£'000	£'000	£000	£000	£'000
Capital Programme	2,754	(223)	3,898	6,429	(647)	217	5,999
New Homes Bonus	5,412	0	0	5,412	0	0	5,412
Budget Risk Reserve	2,281	(221)	150	2,210	(71)	107	2,246
Housing Benefit Supported Housing	900	0	564	1,464	0	0	1,464
Covid-19 Section 31 Business Rates Grants	3,444	(3,444)	1,458	1,458	(1,458)	0	0
Debt Repayment Reserve	1,500	(283)	0	1,217	(811)	0	406
Business Rates Retention Reserve	3,853	(4,637)	1,392	608	(39)	4,304	4,873
Regeneration – Multi-Disciplinary Support	0	0	600	600	(110)	37	527
New Burdens	477	(226)	255	506	(203)	62	365
Local Development Framework (LDF)	493	(1)	0	492	0	49	541
Leisure Pension Reserve	228	0	264	492	0	73	565
Burton High Street - Pre-project costs	0	(8)	495	487	(72)	0	415
Housing Benefits	372	0	25	397	0	8	405
Bldg Control Fee Earning Reserve	302	0	65	367	(8)	0	359
2023-24 Budget Carry Forward	878	(878)	367	367	(392)	517	492
UKSPF Revenue Grant	0	(70)	384	314	(388)	676	602
Other Reserves	493	(419)	173	247	(39)	827	1,035
IT Equipment/Support Reserve	142	(22)	100	220	(92)	0	128
Professional Reserve	250	(157)	110	203	(177)	253	279
Leisure Management	174	0	23	197	0	0	197
MTFS Pressures – Energy	0	0	165	165	0	0	165
Licensing Income Volatility Reserve	154	(80)	69	143	(67)	0	76
Council Elections	94	0	47	141	(174)	82	49
Disabled Facilities Discretionary Payments Fund	70	(1)	55	124	0	0	124
Housing Options Fund	106	0	0	106	(47)	0	59
Towns Fund - (Regeneration Interest)	0	0	99	99	0	398	497
Local Strategic Partnership	87	0	0	87	0	0	87
Staffordshire Waste Partnership - Joint Officer	55	0	20	75	0	7	82
Car Park Maintenance Reserve	108	(40)	0	68	0	0	68
Homelessness Reduction Act Funding Reserve	59	0	0	59	0	0	59
Selective Licensing Reserve	47	0	11	58	0	7	65
Safer & Active Communities	51	0	0	51	(7)	0	44
Prevention Violent Extremism Reserve	51	0	0	51	0	0	51
Levelling Up Fund	121	(72)	0	49	0	0	49
Apprenticeship Reserve					0	100	100
Total	24,956	(10,782)	10,789	24,963	(4,802)	7,724	27,885

Further information in relation to the most significant reserves is described below.

Capital Programme: Funding for the capital programme.

New Homes Bonus: Funding set aside to support the budget and financial resilience as part of the approved Medium Term Financial Strategy.

Budget Risk Reserve: To support one-off non-recurring items and provide a contingency against unexpected events.

Housing Benefit Supported Housing: To provide support for potential backdated Supported Housing costs for which ESBC may become liable.

Debt Repayment Reserve: Used within the current MTFS to support ongoing debt costs on an annual basis until 2030 (or earlier) until debt matures.

Business Rate Retention Scheme: Held against the known risks associated with income volatility from the Business Rates Retention Scheme as well as to support balancing the budget in the medium term, pending the outcome of the proposed central funding reforms. This volatility arises due to appeals, reliefs and government changes that are outside of the Council's control.

10. OTHER OPERATING EXPENDITURE

	2023/24	2022/23
	£'000	£'000
Parish Council Precepts	1,364	1,310
Parish Council Tax Support Grant	59	59
(Gains) / losses on disposal of non current assets	(62)	(19)
	<u>1,361</u>	<u>1,350</u>

11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2023/24	2022/23
	£'000	£'000
Interest payable and similar charges	298	564
Interest element of finance leases	0	0
(Gain)/Loss from financial instruments	0	0
Revised Impairment of financial instruments	0	0
Net Pension Interest Expense	962	1,167
Interest receivable and similar income	(3,219)	(1,450)
Income and expenditure in relation to investment properties and changes in their fair values (note 14)	(416)	(3,247)
(Gain)/Loss on Trading Accounts (note 33)	238	185
	<u>(2,137)</u>	<u>(2,781)</u>

12. TAXATION AND NON SPECIFIC GRANT INCOME/EXPENDITURE

	2023/24	2022/23
	£'000	£'000
Council tax income	(9,598)	(9,233)
Non domestic rates income	(24,456)	(21,735)
Business Rates Tariff	20,558	18,913
Business Rates - Net Amount to the Pool	967	926
Revenue Support Grant	(116)	(1)
Services Grant	(129)	(220)
Capital Grants	(7,507)	(11,074)
New Homes Bonus	(973)	(1,533)
Small Business Rate Relief	(1,608)	(1,582)
Business Rates Compensation Grant	(2,506)	(2,746)
Business Rates Levy Surplus	(27)	(27)
Lower Tier Services Grant	0	(146)
Funding Guarantee	(716)	0
Covid-19 Sales Fees and Charges Support	0	0
Covid-19 Local Council Tax Support Grant	0	0
Covid-19 Council Tax Hardship Fund	0	(10)
Covid-19 Council Tax Hardship Fund Awarded	0	(7)
Covid-19 Discretionary Grants	0	0
Covid-19 Discretionary Grants Awarded	0	0
	<u>(26,111)</u>	<u>(28,475)</u>

13. PROPERTY, PLANT AND EQUIPMENT

Movements in 2023/24	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Infrastructure £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total Property, Plant and Equipment £'000
Cost or Valuation							
1st April 2023	52,319	7,417	2,023	1,967	6,004	424	70,154
Additions	0	36	0	0	1,427	0	1,463
Revaluations recognised in the Revaluation Reserve	299	0	0	0	0	0	299
Revaluations recognised in the Provision of Services	55	0	0	0	0	(23)	32
Reclassifications	(252)	0	0	0	0	(45)	(297)
Disposals with NIL Net Book Value	0	0	0	0	0	0	0
Disposals to I & E	(638)	(182)	0	0	0	0	(820)
31st March 2024	51,783	7,271	2,023	1,967	7,431	356	70,831
Depreciation and Impairment							
1st April 2023	(639)	(3,472)	(1,428)	(1,776)	0	0	(7,315)
Depreciation charge	(1,037)	(814)	(65)	0	0	0	(1,916)
Revaluation recognised in the Revaluation reserve	994	0	0	0	0	0	994
Revaluations recognised in the Provision of Services	0	0	0	0	0	0	0
Disposals with NIL Net Book Value	0	0	0	0	0	0	0
Disposal to I & E	629	182	0	0	0	0	811
31st March 2024	(53)	(4,104)	(1,493)	(1,776)	0	0	(7,426)
Balance Sheet as at 31st March 2024							
	51,730	3,167	530	191	7,431	356	63,405
Balance Sheet as at 1st April 2023							
	51,680	3,945	595	191	6,004	424	62,839

Comparator figures for 2022/23 are shown on the following page.

Movements in 2022/23 (Restated)	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Infrastructure £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total Property, Plant and Equipment £'000
Cost or Valuation							
1st April 2022 (Restated)	46,152	7,377	2,189	2,015	254	1,282	59,269
Additions	0	599	28	0	5,949	0	6,576
Revaluations recognised in the Revaluation Reserve	6,301	0	0	0	0	82	6,383
Revaluations recognised in the Provision of Services	(121)	0	0	0	0	0	(121)
Reclassifications	21	108	23	0	(199)	0	(47)
Disposals with NIL Net Book Value	(34)	(667)	(217)	(48)	0	0	(966)
Disposals to I & E	0	0	0	0	0	(940)	(940)
31st March 2023	52,319	7,417	2,023	1,967	6,004	424	70,154
Depreciation and Impairment							
1st April 2022 (Restated)	(1,205)	(3,425)	(1,533)	(1,819)	0	0	(7,982)
Depreciation charge	(1,134)	(714)	(112)	(5)	0	0	(1,965)
Revaluation recognised in the Revaluation reserve	1,666	0	0	0	0	0	1,666
Revaluations recognised in the Provision of Services	0	0	0	0	0	0	0
Disposals with NIL Net Book Value	34	667	217	48	0	0	966
Disposal to I & E	0	0	0	0	0	0	0
31st March 2023	(639)	(3,472)	(1,428)	(1,776)	0	0	(7,315)
Balance Sheet as at 31st March 2023	51,680	3,945	595	191	6,004	424	62,839
Balance Sheet as at 1st April 2022	44,947	3,952	656	196	254	1,282	51,287

For the purposes of valuation assets are grouped into classes. Assets within a class are valued at the same time. The table below shows the different classes within the asset net book value totals shown in the table above.

	31st March 2024	31st March 2023
	£'000	£'000
		Restated
Other Land and Buildings:		
Car Parks	1,549	1,092
Cemeteries & Crematorium	500	474
Changing Rooms	471	458
Community Centre	2,898	2,821
Leisure	23,949	23,553
Misc Property	18,681	19,510
Operational Buildings	3,034	3,131
Public Conveniences	648	641
Vehicles, Plant and Equipment	3,167	3,945
Infrastructure	530	595
Community Assets	191	191
Assets Under Construction	7,431	6,004
Surplus Assets	356	424
	63,405	62,839

Depreciation

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

Other Land and Buildings	10 – 100 years
Vehicles, Plant and Equipment	
Car Park Ticket Machines	15 years
CCTV Cameras	Between 5 and 10 years
Computer Hardware and Software	3 or 5 years
Parking Meters	15 years
Play Equipment	10 years
Recycling Bins	10 years
Organ	50 years
Others	between 2 and 10 years
Infrastructure Assets	
Bus shelters	15 years
Lighting	10 years
High Street/New Street improvements	50 years
Tree planting	100 years
Others, including footpaths, traffic calming, Cycle routes etc.	Between 10 and 25 years
Community and Heritage Assets	
Enhancement of Parks and Open Spaces	10 years
Works of Art and Sculptures	25 or 50 years

Capital Commitments

The Council has £0.468m in commitments outstanding in relation to capital contracts as at 31st March 2024 (2023 £0.280m) of which £0.298m relates to Disabled Facilities Grants.

Revaluations of Property, Plant and Equipment and Investment Property

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets. All valuations have been undertaken by externally appointed valuers, Wilkes Head & Eve Chartered Surveyors*, with the exception of an element of the investment property in relation to land on Lynwood Road Branston, Burton which has been valued by Salloway Property Consultants. The basis for valuation is set out in the accounting policies.

	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Surplus Assets £'000	TOTAL £'000
Valued at historical cost	6	3,167	-	3,173
Valued at current value as at 31 st March 2024*	51,724	-	356	52,080
Net Book Value at 31st March 2024	51,730	3,167	356	55,253
				Investment Property £'000
Valued at historical cost				-
Valued at current value as at 31 st March 2024				12,421
Net Book Value at 31st March 2024				12,421
Net Book Value at 31 March 2024 of Land & Buildings & Investment Property				67,674
Other Assets (all valued and depreciated, where necessary)				
Infrastructure Assets				530
Community Assets				191
Assets Under Construction				7,431
Net Book Value of Assets at 31st March 2024				75,826

*Wilkes Head & Eve, Chartered Surveyors were employed by the Council in March 2023. The carrying value of all valuations have been reviewed and apply their estimations and assumptions in accordance with RCIS methodology. There are a range of valuations of current assets that are undertaken using the DRC (Depreciated Replacement Cost) Method. These valuations are underpinned by estimated rebuild costs. The relevant asset valuations therefore take into account the recent increases in estimated rebuild costs over the past 12 months reflecting the current wider economic circumstances. In line with the Council's rolling programme of valuations, assets to a total value of £52.080m were subject to a full inspection which included all assets over £1m.

Since 1 April 2015, the council's surplus properties are valued in accordance with the fair value hierarchy and have been assessed as level 2 (see note 1 xxiv for explanation of level 2). The valuation technique for surplus properties at level 2 uses a market approach which takes into account market conditions, recent sale prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased/sold and the level of observable inputs are significant.

14. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement.

	2023/24	2022/23
	£'000	£'000
Rental income from investment property	(883)	(788)
Direct operating expenses arising from investment property	72	68
Revaluation Changes	395	(2,527)
Net (Gain) / Loss	<u>(416)</u>	<u>(3,247)</u>

Movements during the year in relation to Investment Property carrying value are shown in the table below. In line with the Code of Practice, Investment Properties are revalued each year. All valuations have been undertaken by externally appointed valuers, Wilkes Head & Eve Chartered Surveyors, with the exception of the land at Lynwood Road which has been valued by Salloway Property Consultants.

	2023/24	2022/23
	£'000	£'000
Balance at start of year	13,430	10,966
Reclassifications from Assets under Construction	0	18
Reclassifications to AHFS	(614)	
Disposals	0	(80)
Net gains/(losses) from fair value adjustments	(395)	2,526
Balance at Year end	<u>12,421</u>	<u>13,430</u>

Fair value measurement of investment properties

Fair Value Hierarchy

The council's investment property portfolio has been assessed as either level 2 or level 3 for valuation purposes (see note 1 xxiv for explanation of fair value levels). Details are shown in the tables below:

31st March 2024	Quoted prices in active markets for identical assets Level 1	Other significant observable inputs Level 2	Other significant Unobservable inputs Level 3	Fair Value 31st March 2024
Recurring fair value measurements using:	£'000	£'000	£'000	£'000
Residential	0	0	0	0
Office Units	0	589	0	589
Commercial units	0	9,213	0	9,213
Other	0	2,619	0	2,619
Total	0	12,421	0	12,421

31st March 2023	Quoted prices in active markets for identical assets Level 1	Other significant observable inputs (Restated) Level 2	Other significant Unobservable inputs (Restated) Level 3	Fair Value 31st March 2023
Recurring fair value measurements using:	£'000	£'000	£'000	£'000
Residential	0	0	0	0
Office Units	0	583	0	583
Commercial units	0	9,496	0	9,496
Other	0	3,351	0	3,351
Total	0	* 13,430	0	13,430

Transfers between levels of the fair value hierarchy

*For the 2022/23 financial year, the categorisation in the table has been restated so that all Investment Properties are classified as Level 2, consistent with the treatment in the 2023/24 financial year.

Valuation Techniques used to determine Level 2 and Level 3 Fair Values for Investment Properties:

Significant Observable Inputs – Level 2

The fair value for investment properties at level 2 has been measured using a market approach which takes into account market conditions, recent sale prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased/sold and the level of observable inputs are significant, leading to properties being categorised as level 2 on the fair value hierarchy.

Significant Unobservable Inputs – Level 3

The fair value for investment properties at level 3 has been measured using an income approach taking account available factors such as rent, duration of lease, occupancy and local market conditions. Properties where there is little or no active market are also included here.

Highest and Best Use of Investment Properties

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

Valuation Techniques and Process

There has been no change in the valuation techniques used during the year for investment properties.

The fair value of the authority's investment properties is measured annually as at 31 March 2024 remaining valid at each reporting date. All valuations are carried out by an independent external valuer, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The authority's valuation experts work closely with finance officers regarding all valuation matters. Further details with regard to investment property valuations and material uncertainties/ estimations can be found in Note 3.

15. INTANGIBLE ASSETS

The authority 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.

All software is given a finite life, based on assessments of the period that the software is expected to be of use to the authority. The useful life assigned to the major software suites used by the authority is generally 5 years.

The carrying amount of these software licences is amortised on a straight line basis.

	2023/24	2022/23
	£'000	£'000
Balance at start of year		
Gross Carrying amount	53	403
Accumulated amortisation	(14)	(403)
Net Carrying Amount at start of year	39	0
Reclassifications	0	28
Additions	35	25
Amortisation for Period	0	0
Net Carrying Amount at end of year	74	53

16. HERITAGE ASSETS

Reconciliation of the carrying value of heritage assets held by the authority is set out below. Valuations are undertaken, as set out below, with the last valuation dated January 2010.

	Ceramics £'000	Art Work £'000	Civic Regalia £'000	Other £'000	Total Heritage Assets £'000
Cost or Valuation					
1st April 2010	65	176	60	119	420
Additions - 2011/12	0	95	0	0	95
Impairment recognised prior to 2018/19	0	(11)	0	0	(11)
Additions - 2018/19	0	4	0	0	4
Revaluations 23/24			68		68
Gross Cost/Valuation	65	264	128	119	576
Depreciation b/f	(16)	(98)	(15)	(34)	(163)
Depreciation in Year	(1)	(7)	(1)	(4)	(13)
Cumulative Depreciation	(17)	(105)	(16)	(38)	(176)
Net Book Value 31/3/2023	49	166	45	85	345
Net Book Value 31/3/2024	48	159	112	81	400

Ceramics, Porcelain & Silverware etc.

The authority's collection of ceramics, porcelain work and silverware is reported within the balance sheet at insurance valuation, which is based on market values. These insurance valuations are updated periodically.

Art Collection

The authority's art collection includes a number of paintings and bronze figures which are held at both the Town Hall and the Brewhouse as well as a number of sculptures located around the Borough. Paintings are held within the Balance Sheet at insurance valuation, which is based on market values. These are updated periodically. Sculptures are held within the balance sheet at depreciated historic cost.

Civic Regalia

This includes the mayoral chains, mace and stand. These are reported within the balance sheet at insurance valuation, which is based on market values. These insurance valuations are updated periodically. Some Orton and Spooner carvings were discovered and have subsequently been valued for insurance purposes and included at this insurance valuation for 2023/24.

Other items

This includes other misc. items including fifty two leaded window panels of past mayors of the Borough from 1880 – 1975. These items are also reported within the balance sheet at insurance valuation, which is based on market values. These insurance valuations are updated periodically.

Additions

During the course of 2018/19 small scale refurbishment work was undertaken on certain sculptures.

The code requires, where practical, the disclosure of information in relation to these assets for the previous 4 years. This is neither practical nor significant in the context of these accounts.

17. LONG-TERM DEBTORS

These are mortgage advances made to previous Council tenants and private individuals under the Housing Act 1958. In addition, following the winding up of the Kickstart programme, loans to households totalling £162k were transferred to the Council and £89k repayments have been received to date. The summary of balance are as follows:

	Balance at 1st April 2023	Accrued in Year	Repaid for Year	Balance at 31st March 2024
	£'000	£'000	£'000	£'000
Housing Advances	21	0	0	21
Kick Start Loan Portfolio	73	0	0	73
Property, Plant and Equipment - Finance Leases	694	0	0	694
	788	0	0	788

18a. ASSETS HELD FOR SALE

	2023/24	2022/23
	£000's	£000's
Balance 1 st April 2023	0	0
Reclassifications	911	0
Disposals	0	0
Revaluations	439	0
Balance at 31st March 2024	1,350	0

18. FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity. Non exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments. The following categories of financial instrument are carried in the Balance Sheet:

	Long-Term		Short-Term	
	31st March	31 st March	31st March	31 st March
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
<u>Financial Assets</u>				
at amortised cost				
Investments	3	3	39,666	25,301
Cash and Cash Equivalents	0	0	(847)	12,208
at fair value through profit and loss				
Cash and Cash Equivalents (money market funds)	0	0	10,500	18,000
Total Investments	3	3	49,319	55,509
Financial assets carried at amortised cost				
Debtors	788	788	2,082	2,152
Total Debtors	788	788	2,082	2,152
Total Financial Assets	791	791	51,401	57,661

In line with regulations, excluded from the debtors figure above are Payments in Advance £0.355m (2022/23 £1.239m), HMRC £0.191m (2022/23 £0.184m), Other Government Departments £0.973m (2022/23 £0.041m), Local Authorities £1.247m (2022/23 £0.211m), Collection Fund £2.778m (2022/23 £2.693m), and Collection Fund Bad Debt Provisions - £1.722m (2022/23 - £1.673m).

	Long-Term		Short-Term	
	31st March	31 st March	31st March	31 st March
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
<u>Financial Liabilities</u>				
at amortised cost				
Creditors	0	0	2,345	3,987
Total Creditors	0	0	2,345	3,987
at amortised cost				
Loans	5,929	10,490	565	568
Total Borrowings	5,929	10,490	565	568
Finance Lease Liabilities	0	0	0	0
Total other Long Term Liabilities	0	0	0	0
TOTAL FINANCIAL LIABILITIES	5,929	10,490	2,910	4,555

In line with regulations, excluded from the creditors figure above are Receipts in advance £0.618m (2022/23 £0.516m), HMRC £0.196m (2022/23 £0.175m), Other Government Departments £6.323m (2022/23 £9.963m), Amounts due to Precept Authorities £1.203m, (2022/23 £1.932m), Other Local Authorities £1.806m (2022/23 £0.825m), and Collection Fund £2.306m (2022/23 £2.138m).
An analysis of financial liabilities is shown in note 26 – Borrowing.

Income, expense, gains and losses

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

	Financial Liabilities		Financial Assets		Total
	31st March 2024	31st March 2023	31st March 2024	31st March 2023	31st March 2024
	£'000	£'000	£'000	£'000	£'000
Financial Assets/Liabilities measured at amortised cost					
Interest expense	298	565	0	0	298
Total expense in surplus or deficit in the provision of services	298	565	0	0	298
at amortised cost					
Interest income	0	0	(2,278)	(1,113)	(2,278)
Impairment changes	0	0	0	0	0
at fair value through profit and loss					
Interest income (money market funds)	0	0	(941)	(338)	(941)
Total income in surplus or deficit in the provision of services	0	0	(3,219)	(1,451)	(3,219)
Net loss/(gain) for the year	298	565	(3,219)	(1,451)	(2,921)

Fair Values of assets and liabilities that are not measured at fair Value (but for which fair value disclosures are required)

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms-length transaction. Where liabilities are held as an asset by another party, such as Council borrowing, the fair value is estimated from the holder's perspective.

Financial liabilities and financial assets represented by loans and investments (other than money market fund investments) are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following methodology and assumptions:

The fair value of an instrument is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments/receipts in the future in today's terms.

The discount rate used in the NPV calculation should be equal to the current rate in relation to an instrument from a comparable lender. This is the rate applicable in the market on the date of valuation.

The new borrowing rate, as opposed to the premature repayment rate, has been used for PWLB borrowing. The premature repayment rate includes a margin representing the lender's profit on rescheduling loans, which should not be included in the fair value calculation. For comparison purposes this has been included in a footnote to the table.

Accrued interest has been included in the fair value calculation to provide a comparison with the carrying value on the Balance Sheet.

The rates used in the valuation were obtained by Link Assets Services from the market on 31st March 2024, using bid prices where applicable. There has been no change in the valuation techniques used during the financial year for the financial instruments.

The fair values calculated are as follows:

	31st March 2024		31st March 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial liabilities	6,494	6,628*	11,058	11,487*

The fair value is higher than the carrying amount as premia would be payable if loans were prematurely repaid.

**The table above shows the fair value of loan liabilities calculated using the new borrowing rate. By comparison using the premature borrowing rate would give a fair value figure of £6.847m as at 31st March 2024 and £11.889m as at 31st March 2023.*

In respect of investments (other than money market funds), the carrying amount/amortised cost is deemed to be a reasonable approximation of the fair value.

In respect of the Investments in money market funds – these are included at fair value. The fair value basis adopted for the money market funds is using Level 2 Inputs (i.e. inputs other than quoted prices that are observable for the financial asset/liability).

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

Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

	31st March 2024	31st March 2023
	Other significant observable inputs (Level 2)	Other significant observable inputs (Level 2)
	£'000	£'000
<u>Financial Liabilities held at amortised cost</u>		
Loans and borrowings	6,628	11,487
	6,628	11,487

19. FINANCIAL INSTRUMENTS RISKS

Nature of Risks

The Council's activities expose it to a variety of financial risks, with the key risks being:

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

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. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act.

The Council meeting of 20th February 2023 approved and accepted the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2023/24. Actual performance for 2023/24 is reported in the Annual Treasury Management Report, which will be submitted to Council on 23rd September 2024.

The Council maintains documented principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. These are included in Treasury Management Practices which are a requirement of the Code and are reviewed annually.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers i.e. outstanding debtors. This risk is minimised through the Annual Investment Strategy, which is available on the authority's website. Deposits are not made with banks and financial institutions unless they meet the minimum requirements and do not exceed the limits set in the investment criteria outlined in the Annual Investment Strategy 2023/2024.

The Council uses the creditworthiness service provided by Link Assets Services. This service uses a sophisticated modelling approach with credit ratings from all three agencies – Fitch, Moody's and Standard Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies.
- CDS spreads to give early warning of likely changes in credit ratings.
- Sovereign ratings to select counterparties from only the most creditworthy countries.

The strategy recognises only institutions in Countries with an 'AA' sovereignty weighting, with the UK being the only exception, and reviews all ratings on a regular basis, removing those counterparties that no longer meet the criteria.

The table below highlights all short-term investments held at the 31st March 2024.

Balance Sheet 31st March 2023 £	Institution / Account	Principal £	Accrued Interest £	Balance Sheet 31st March 2024 £
-	UK Treasury	12,500,000	-	12,500,000
3,040,296	National Westminster Bank (RFB)	5,000,000	81,909	5,081,909
3,544,220	Rabobank	3,500,000	118,540	3,618,540
3,518,091	DZ Bank	3,500,000	85,175	3,585,175
3,525,562	Lloyds	3,500,000	67,446	3,567,446
-	Commonwealth Bank of Australia	3,000,000	88,337	3,088,337
3,528,222	Toronto Dominion Bank	2,500,000	59,569	2,559,569
1,532,819	National Australia Bank	1,500,000	72,808	1,572,808
1,534,356	Royal Bank of Canada	1,500,000	46,080	1,546,080
-	DNB Bank	1,500,000	34,555	1,534,555
-	UBS	1,000,000	11,266	1,011,266
3,569,118	Bank of Montreal	-	-	-
1,508,151	Santander	-	-	-
25,300,835	Total	39,000,000	665,685	39,665,685

Other deposit account investment balances held within the Balance Sheet as cash equivalents, and cash in hand are as follows:

Balance Sheet 31st March 2023 £	Institution / Account	Principal £	Accrued Interest £	Balance Sheet 31st March 2024 £
6,000,000	CCLA Money Market Fund	6,000,000	-	6,000,000
6,000,000	Federated Money Market Fund	4,500,000	-	4,500,000
167,977	Royal Bank of Scotland	153,135	54	153,189
4,600	Cash in Hand	3,200	-	3,200
13,127,158	Uk Debt Management	-	-	-
6,000,000	Insight Money Market Fund	-	-	-
31,299,735	Total	10,656,335	54	10,656,389

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments.

Amounts arising from Expected Credit Losses

Investments – Amortised Cost

The Council's Investments (as set out in the tables above) have been classified as Financial Assets at Amortised Cost. Based on historical loss model the expected credit loss is De-Minimis as at 31st March 2023 and 2024.

Debtors/Trade Receivables

In relation to customers the simplified approach has been adopted to calculating the expected credit losses. This amounts to £0.105m as at 31st March 2023 and £0.112m as at 31st March 2024 (after excluding allowances for statutory Housing Benefits).

Credit Risk Exposure

The authority has the following exposure to credit risk at 31st March 2024:

Investments/Cash Equivalents

Gross Carrying Amount 31st March 2023 £'000	Credit Risk Rating	Gross Carrying Amount 31st March 2024 £'000
31,127	Yellow - Up to 5 Years	23,000
3,208	Blue - Up to 1 year	5,235
17,227	Orange - Up to 1 Year	17,505
5,034	Red - Up to 6 months	4,579
(1,084)	No rating (see note 1 below)	(997)
55,512		49,322
	<u>Balance Sheet:</u>	
3	Long Term Investments	3
25,301	Short Term Investments	39,666
30,208	Cash and Cash Equivalents	9,653
55,512		49,322

Note 1 – This includes £1.003m of credits within the Cash and Cash Equivalents figure due to transactions in the clearing process (see note 22), which would not be subject to credit losses, and £3K cash in hand.

Debtors/Trade Receivables

The Council does not generally allow extended credit for customers, but some of the current balance is past its due date for payment. The table below demonstrates the outstanding amounts. The simplified approach to credit losses has been applied in respect of these amounts, with allowance for credit losses amounting to £0.112m (2022/23 £0.105m).

Gross Carrying Amount 31st March 2023 £'000	Credit Risk Rating (based on age)	Gross Carrying Amount 31st March 2024 £'000
1,396	Public Sector	2,166
774	Less than 30 days	1,239
111	30 - 89 days	29
9	90 - 149 days	27
18	150 - 365 days	41
88	Greater than 1 year	84
2,396		3,586

In line with regulations, non-financial assets that have been excluded above include statutory debtors in relation to the collection fund (Council tax and NNDR) totalling £1.056m (£1.001m at 31st March 2023) and also housing benefits of £1.374m (£1.537m as at 31st March 2023), net of allowances for impairment.

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 Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

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

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

Re-financing Risk

This risk relates to both the maturing of longer term financial assets and financial liabilities. The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for longer than one year are the key parameters used to address this risk. Operational risks are addressed within the approved parameters which include:

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

The maturity analysis of financial liabilities is shown in note 26.

Market Risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. The central treasury team will 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.

The Council has no financial assets or liabilities denominated in foreign currencies.

20. STOCKS / INVENTORIES

Stock balances at the end of each year are as follows:

	31st March 2023	Expenses	Drawn Down	31st March 2024
	£'000	£'000	£'000	£'000
Fuel	27	380	375	32
Other Stock Items	119	220	253	86
	146	600	628	118

21. DEBTORS

	31st March 2024	31st March 2023
	£'000	£'000
Amounts falling due in one year -		
HMRC	191	185
Other Government Departments	973	41
Local Authorities	1,247	211
Collection Fund	2,778	2,693
Other Sundry Debtors	4,363	5,227
	9,552	8,357
Provision for bad debts	(3,648)	(3,528)
	5,904	4,829

Notes

- a) Amounts due in relation to the monthly VAT return.
- b) The increase is due to DWP Housing Benefits sums owed and other Government Grants.
- c) Council Tax precepting authorities' balances have increased in line with position shown in the collection fund.
- d) Collection Fund debtors include the authority's share of Council Tax and Business Rates Arrears.
- e) The main variation relates to a reduction in Section 106 prepayments.
- f) The provision for bad debts includes £1.926m (£1.836m in 2022/23) relating to general customer accounts and housing benefit overpayments, £0.716m (£0.662m in 2022/23) relating to the authority's share of outstanding Council Tax and £1.006m (£1.030m in 2022/23) relating to the authority's share of outstanding Business Rates. It is based on historical recovery rates and incorporates other relevant assumptions.

22. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	31st March 2024	31st March 2023
	£'000	£'000
Bank current accounts	(1,003) *	(1,091)
Investment deposit accounts	10,653	18,168
Short term deposits of less than one month	0	13,127
Cash in Hand	3	4
	<u>9,653</u>	<u>30,208</u>

*The Council's bank account was not overdrawn at 31st March 2024 or 31st March 2023. The negative balance reflects items that are in the process of clearing the Council's bank account.

23. CREDITORS

	Note	31st March 2024	31st March 2023
		£'000	£'000
HMRC	a	196	175
Other Government Departments	b	6,324	9,963
Amount due to Precepting Authorities	c	1,203	1,931
Other Local Authority Creditors	d	1,806	825
Collection Fund	e	2,306	2,139
Other Sundry Creditors	f	2,964	4,504
		<u>14,799</u>	<u>19,537</u>

Notes

- a) Amounts due in relation to Income Tax, National Insurance and the Apprentice levy.
- b) The main reductions compared with 22/23 relate to S31 Business Rates grants and the Energy Bill Support Scheme.
- c) Amounts due to precepting authorities have increased in line with the position shown in the Collection Fund.
- d) A reduction in other Local Authority creditors has been offset by an increase in the levy outstanding to the business rates pool.
- e) Reflects the authority's share of business rates and council tax held in advance or owing to rate payers.
- f) Sundry creditors have reduced following a reclassification of s106 balances.

24. CONSTRUCTION CONTRACTS

At 31st March 2024 the council had £0.468m of construction contracts in progress (£0.275m as at 31st March 2023).

25. PROVISIONS

The following table provides a list of provisions the authority has made at the end of the financial year:

	Note	31st March 2023 £'000	Provisions Made £'000	Provision Reversed £'000	Amounts used £'000	31st March 2024 £'000
West Midlands Pensions	a	9	0	0	0	9
Business Rates	b	1,502	1,826		(1,007)	2,321
Leisure Pensions	c	0	0	0	0	0
		1,511	1,826	0	(1,007)	2,330

- a) W M Pensions Liability
The Council has a liability to contribute towards the pension cessation liability associated with West Midlands Councils.
- b) Business Rates Appeals
This represents the council's share of a provision for appeals against the individual businesses rateable value that have or it is anticipated will be lodged with the Valuation Office (£2.321m as at 31st March 2024). The equivalent figure at 31st March 2023 was £1.502m.
- c) Leisure Pension Provision
The Council transferred the delivery and operation of leisure services to a third party provider in February 2019. Under these arrangements the provider is an admitted body to the Local Government Pension Scheme. The contractual arrangements mean that the Council acts as guarantor for a number of risks associated with the pension liabilities. The level of this risk has been assessed as at the 31st March 2024 with no provision remaining.

26. BORROWING

	As at 31 ^s March 2024 £'000	As at 31 st March 2023 £'000
Long Term		
Analysis of Loans by Type		
Public Works Loan Board	5,929	5,990
Money Market - LOBOs	0	4,500
Total Long Term Borrowing	5,929	10,490
Analysis of Loans by Maturity		
Maturing in 1-2 Years	2,132	61
Maturing in 2-5 Years	105	6,701
Maturing in 5-10 Years	3,692	3,723
Maturing in 10-15 Years	0	5
	5,929	10,490
Short Term		
Public Works Loan Board	155	156
Other Loans	409	412
Total Short Term Borrowing	564	568

27. USABLE RESERVES

Movements in the authority's usable reserves are detailed in the Movement in Reserves Statement. Further narrative context is set out below:

General Fund Balance

This is a working balance held against unforeseen events.

Earmarked Reserves

These are reserves held by the authority for specific purposes and further detailed information is set out within note 9 to these accounts.

Capital Grants Unapplied

The capital grants unapplied account holds the grants and contributions received towards capital projects for which the authority is deemed to have met the conditions, as specified by the code of practice, that would otherwise require repayment of the monies but which have yet to be applied to meet capital 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 it can take place. The current balances held are shown in the table below:

	2023/24 £'000	2022/23 £'000
Towns Fund Grant	4,860	5,389
DFG Contributions	26	
Local Authority Housing Fund	241	294
Section 106 - Developers Deposits	567	567
	5,694	6,250

Capital Receipts

The Council receives receipts following the agreement to sell its long term assets. These are held within the capital receipts reserve (see Note 8) and applied to relevant capital expenditure or repayment of debt in accordance with the approved capital programme and Medium Term Financial Strategy.

28. UNUSABLE RESERVES

A breakdown of the unusable reserves is set out in the following tables:

	Note	31 st March 2024 £'000	31 st March 2023 £'000
			Restated
Revaluation Reserve	a	34,354	33,304
Capital Adjustment Account	b	30,627	29,839
Financial Instruments Adjustment Account	c	(60)	(91)
Pensions Reserve	d	(22,480)	(22,509)
Deferred Capital Receipts Reserve	e	94	94
Collection Fund Adjustment Account	f	1,113	2,301
Accumulated Absences Account	g	(280)	(244)
		43,368	42,694

(a) Revaluation Reserve

This was established with an opening balance of zero in 2007/08. The Reserve records as a credit the accumulated gains on the Property, Plant and Equipment held by the Council, arising from increases in value as a result of inflation or other factors. The Reserve is debited with amounts equal to depreciation charged on the revalued part of each asset, or where greater their impairment value and with the carrying amount of any asset sold or otherwise disposed of.

	2023/24 £'000	2022/23 £'000
Balance Brought Forward	33,305	25,924
Revaluation of Fixed Assets	1,800	8,051
In Year Fixed Asset Disposals	0	0
Depreciation of Revaluation Gains	(751)	(670)
Balance as at 31st March	34,354	33,305

(b) Capital Adjustment Account

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

Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The account is credited with amounts set aside by the authority as financing towards the costs.

The account also contains accumulated gains and losses on Investment Properties. In addition, the account also contains accumulated revaluation gains on Property, Plant and Equipment, before the Revaluation Reserve was created.

	2023/24	2022/23
	£'000	£'000
Balance Brought Forward	29,839	Restated 21,697
<u>Capital Financing</u>		
Usable Capital Receipts	38	413
Revenue	1,072	292
Grants and Contributions	9,160	7,021
Debt repayment from capital receipts	0	960
<u>Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement</u>		
Depreciation and Impairment of Fixed Assets	(1,930)	(1,979)
Revaluation Surplus /(Losses) on Property, Plant and Equipment	32	(121)
Amortisation of Intangible Assets	(14)	0
Revenue Expenditure Financed from Capital Under Statute	(8,771)	(1,462)
Minimum Revenue Provision	854	842
Voluntary Set-aside for repayment of debt	0	0
Movements in market value of investment properties	(395)	2,526
Gain or loss on Disposal of Fixed Assets	(8)	(1,020)
<u>Other Movements</u>		
Revaluation Reserve - Depreciation	751	670
Revaluation Reserve - Asset Disposal	0	0
Balance as at 31st March	30,628	29,839

Financial Instrument Adjustment Account

This account holds the deferred cost of premiums incurred following the restructuring of debt. The balance is charged to the general fund balance within the Movement in Reserves Statement and is detailed in note 8 to the accounts.

	31st March 2023 £'000	Movements	31 st March 2024 £'000
Deferred Premia	(91)	31	(60)
Total	<u>(91)</u>	31	<u>(60)</u>

d) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority 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 investments returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the authority makes employers contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority 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.

	31 st March 2024 £'000	31 st March 2023 £'000 Restated
Balance at 1st April	(22,509)	(44,042)
Actuarial gains and (losses) on pensions assets and liabilities	10,227	39,646
Asset Ceiling Adjustment	(10,965)	(16,734)
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	(2,611)	(4,423)
Employers pension contributions and direct payments to pensioners payable in year	3,378	3,044
Balance at 31st March	<u>(22,480)</u>	<u>(22,509)</u>

e) Deferred Capital Receipts Reserve

Deferred capital receipts are amounts derived from the sale of assets or from advances made to other bodies, which will be received or be repayable in instalments over agreed periods of time. They mainly arise from mortgages on the sale of council houses and loans inherited from the now defunct Kickstart scheme, which are shown as long-term debtors on the asset side of the Balance Sheet.

	31st March 2024	31st March 2023
	£'000	£'000
Balance at 1st April	94	94
Transfer to the Capital Receipts Reserve upon receipt of cash	0	0
Balance at 31st March	94	94

f) Collection Fund Adjustment Account

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

	31st March 2024	31st March 2023
	£'000	£'000
Balance at 1st April	2,301	(554)
Amount by which council tax income collected to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(151)	30
Amount by which business rates income collected to the Comprehensive Income and Expenditure Statement is different from business income calculated for the year in accordance with statutory requirements	(1,037)	2,825
Balance at 31st March	1,113	2,301

g) Accumulated Absences Account

The 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 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

	31st March 2024	31st March 2023
	£'000	£'000
Balance at 1st April	(244)	(245)
Cancellation of accrual made at end of preceding year	244	245
Amounts accrued at the end of the current year	(280)	(244)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(36)	1
Balance at 31st March	(280)	(244)

29. CASH FLOW STATEMENT – OPERATING ACTIVITIES

Adjustments made to the Net Surplus or deficit on the Provision of Services for non-cash and other movements not relating to operating activities are as follows:

	31st March 2024	31st March 2023
	£'000	£'000
Depreciation	(1,930)	(1,979)
Impairment and revaluations changes	471	(121)
Amortisation	(14)	0
Increase/ (decrease) in debtors	43	320
(Increase)/decrease in creditors	1,544	12,705
Increase/(decrease) in inventories	(28)	(63)
Pension liability	3,605	(3,129)
Carrying amount of non-current assets sold	(8)	(1,020)
(Increase)/decrease in other provisions	(819)	576
Increase/(decrease) in value of investment properties	(395)	2,526
Adjustment for non-cash movements	2,469	9,815
Capital grants credited to income and expenditure account	1,204	831
Net adjustment from sale of long and short term investments	0	0
Proceeds from sale of Property, plant and equipment	0	1,040
Adjustment for investing and financing activities	1,204	1,871

The Cash flows for operating activities include the following items:

	31st March 2024	31st March 2023
	£'000	£'000
Interest received	(3,219)	(1,450)
Interest paid	298	564
Total	(2,921)	(886)

30. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	31st March 2024	31st March 2023
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	758	6,373
Purchase of short term and long term investments	126,200	266,000
Proceeds from sale of short term and long term investments	(112,200)	(284,000)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(70)	(1,040)
Other capital receipts	0	0
Other grants and contributions received	(1,807)	(266)
Total	<u>12,881</u>	<u>(12,933)</u>

31. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	31st March 2024	31st March 2023
	£'000	£'000
Cash payments for the reduction or outstanding liabilities relating to finance leases	0	0
Repayments of short and long term borrowing	4,560	57
Net (inflow)/outflow from NNDR collected and payable to the authorities	75	(5,670)
Net (inflow)/outflow from Council Tax collected and payable to the preceptors	1,720	(706)
Net (inflow)/outflow from Covid 19 Grants administered by the Council as agents.	436	5,625
Total	<u>6,791</u>	<u>(694)</u>

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

2023/24	1st April 2023	Repayments	Acquisition	Non Cash Changes	31st March 2024
	£'000	£'000	£'000	£'000	£'000
Long Term Borrowings	10,490	(4,500)		(61)	5,929
Short Term Borrowings	568	(61)		57	564
Lease Liabilities	0	0		0	0
Total	<u>11,058</u>	<u>(4,561)</u>	<u>0</u>	<u>(4)</u>	<u>6,493</u>

2022/23	1st April 2022 £'000	Repayments £'000	Acquisition £'000	Non Cash Changes £'000	31st March 2023 £'000
Long Term Borrowings	10,550	-	-	(60)	10,490
Short Term Borrowings	565	(57)	-	60	568
Lease Liabilities	0	-	-	-	0
Total	11,115	(57)	0	0	11,058

33. TRADING ACTIVITIES

The Council operated retail markets in Burton upon Trent during 2023/24, generating rental income from the letting of stalls. Their financial results are set out below:

2022/23				2023/24		
Exp £'000	Income £'000	Deficit £'000		Exp £'000	Income £'000	Deficit £'000
300	(115)	185	Market Undertakings	341	(103)	238
300	(115)	185		341	(103)	238

34. EXTERNAL AUDIT SERVICES

During 2023/24 East Staffordshire Borough Council incurred the following fees relating to external audit and Inspection:

	2023/24 £'000	2022/23 £'000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	166	74
Fees payable to external auditors for the certification of grant claims and returns for the year	28	23
	194	97

35. MEMBERS' ALLOWANCES

The Council is required to disclose the total of members' allowances paid each year:

Members' Allowances	2023/24 £'000	2022/23 £'000
Elected Members		
Allowances	314	308
Expenses	2	6
Unelected/Independent Members		
Allowances	1	1
Expenses	-	-
Total	317	315

36. OFFICERS' REMUNERATION

The number of employees whose remuneration in the year ended 31st March 2024 was £50,000 or more, excluding employers' pension contributions, in £5,000 bands is set out in the table below.

Since 2010 the authority has undertaken significant management restructuring exercises, which has generated significant on-going savings.

During 2023/24 the original Head of Service/s151 Officer left on 19th May 2023, with the Chief Accountant then acting in to the Chief Financial/s151 Officer post until 25th October 2023. From 26th October 2023 to 1st January 2024 the Chief Financial/s151 Officer post was then held by an interim member of staff until the new permanent Chief Financial/s151 Officer joined the authority on 2nd January 2024.

The Interim Head of Regeneration and Development, whose post was created in 2022/23, was confirmed as the permanent Head of Regeneration and Development on 1st October 2023.

There was a further local government pay award which has increased officer pay in 2023/24. As a result of this a number of additional posts now attract salaries above £50,000. The table below includes the Chief Executive, Chief Financial/s151 Officer and three Heads of Service as well as a number of Senior Managers.

Remuneration Band	2023/24 Total Number of Employees	2022/23 Total Number of Employees
£50,000 - £54,999	3	6
£55,000 - £59,999	7	5
£60,000 - £64,999	-	-
£65,000 - £69,999	1	1
£70,000 - £74,999	-	1
£75,000 - £79,999	1	1
£80,000 - £84,999	-	-
£85,000 - £89,999	2	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	1
£100,000 - £104,999	1	1
£105,000 - £134,999	-	-
£135,000 - £139,999	-	1
£140,000 - £144,999	1	-
	16	17

Further details in relation to Senior Officers' remuneration are outlined within the following table. This information is in accordance with statutory regulations which came into effect from 31st March 2010 and includes comparator information for 2022/23. The definition used to determine Senior Officers has been taken from the Audit and Accounts Regulations which reference the Local Government and Housing Act 1989, and for this authority includes the eight Chief Officers, being the Chief Executive, Head of Service/s151 Officer, Chief Financial/s151 Officer, two Interim Chief Financial/s151 Officers and three Heads of Service, alongside one manager who reports directly to the Chief Executive (Head of Paid Service).

Detailed Information of Senior Officers Remuneration – 2023/24

The authority has generated significant ongoing savings through management re-structuring in prior years. Benefits in Kind figures represent car allowance and car insurance costs paid for officers using cars to drive for business need. In addition, these figures include costs associated with the car leasing scheme, whereby officers have sacrificed salary in terms of their entitlement to incremental grade progression.

Post holder information	Salary (including fees & allowances) 2023/24	Compensation for loss of office	Benefits in Kind (see note above)	Total Remuneration excluding pension contributions 2023/24	Pension contributions	Total Remuneration including pension contributions 2023/24
<u>Senior Management Roles</u>	£	£	£	£	£	£
Chief Executive	139,465	0	5,167	144,631	30,682	175,314
Head of Service/s151 Officer (1st Apr 2023 – 19th May 2023)	14,722	0	632	15,354	2,983	18,337
Chief Financial/s151 Officer (from 2nd Jan 2024)	24,497	0	871	25,368	5,389	30,758
Interim Chief Financial/s151 Officer (19th May 2023 – 25th Oct 2023) *	39,329	0	0	39,329	7,867	47,196
Interim Chief Financial/s151 Officer (Agency) (26th Oct 2023 – 1st Jan 2024)	63,000	0	0	63,000	0	63,000
Head of Corporate and Environment Services	100,872	0	772	101,644	22,192	123,836
Head of Regeneration and Development **	85,260	0	1,239	86,499	18,757	105,256
Head of Legal and Regulatory Services and Monitoring Officer ***	87,152	0	706	87,858	19,173	107,031
<u>Other Non-Chief Officers that meet the criteria in the Regulations</u>						
Shared Services Manager (HR, OD & Payments)	55,196	0	0	55,196	12,143	67,339
Human Resource and Shared Services Centre Cover (Agency) ****	39,150	0	0	39,150	0	39,150

* The post-holders substantive position does not meet the requirements for inclusion in this note, or as a role with a FTE pay in excess of £50,000 for 2023/24

** Interim Head of Regeneration and Development post had been occupied from 26th May 2023. The post was confirmed permanent Head of Regeneration and Development on 1st October 2023

*** Monitoring Officer and Borough Solicitor was re-designated statutory officer as Head of Legal and Regulatory Services and Monitoring Officer on 26th May 2023.

**** Human Resource and Shared Services Centre Cover was from 15th January 2024 to cover the Shared Services Manager.

Detailed Comparative Information of Senior Officers Remuneration – 2022/23

Post holder information	Salary (including fees & allowances) 2022/23	Benefits in Kind (see note above)	Total Remuneration excluding pension contributions 2022/23	Pension contributions	Total Remuneration including pension contributions 2022/23
<u>Current Senior Management Roles</u>	£	£	£	£	£
Chief Executive	134,749	4,868	139,617	20,482	160,099
Head of Service	97,461	4,702	102,163	14,814	116,977
Head of Service	97,461	767	98,228	14,814	113,042
Interim Head of Regeneration*	74,388	477	74,865	11,307	86,172
<u>Other Non-Chief Officers that meet the Criteria in the Regulations¹</u>					
Borough Solicitor & Monitoring Officer	65,847	0	65,847	10,009	75,855
SSC Manager (HR OD and Payments)	51,615	0	51,615	8,097	59,712

* Interim Head of Regeneration post was occupied from 1st May 2022. The post-holders substantive position does not meet the requirements for inclusion in this note, but is included in the Remuneration Band table on the previous page.

¹ The Audit and Accounts Regulations cross reference to the Local Government and Housing Act (Part 1, Section 2 (7)) in relation to the definition of Senior Officers which require disclosure, which incorporates those Officers whose annual salary exceeds £50,000 and report directly into the Head of Paid Service / Chief Executive.

37. GRANT INCOME

The authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

The authority has received a number of significant capital grants and contributions that have yet to be recognised as income, as they have conditions attached to them that may require the monies to be returned to the giver if these conditions are not met. These are held in Capital Grants Receipts in Advance within the Balance Sheet, and the balances at year end are as follows:

	2023/24 £'000	2022/23 £'000
Credited to Taxation and non Specific Grant Income		
Revenue Support Grant	(116)	(1)
Business Rates - Reliefs - Compensation	(2,516)	(1,288)
New Homes Bonus	(973)	(1,533)
Small Business Rate Relief	(1,608)	(1,582)
Business Rates Levy Account Surplus	(27)	(27)
Capital Grants	(7,507)	(11,074)
Lower Tier Services Grant	0	(146)
(CARF) Additional Relief Fund Grant	10	(1,458)
Services Grant	(129)	(220)
Funding Guarantee Grant	(716)	0
Covid 19 Council Tax Hardship Grant	0	(10)
Covid 19 General Support Grant	0	0
Covid 19 Sales Fees and Charges Support	0	0
Covid 10 Local Council Tax Support Grant	0	0
Covid 19 Discretionary Grants	0	0
	(13,582)	(17,339)
Credited to Services		
NNDR Collection Grant	(170)	(167)
Housing Benefits Administration Grants	(262)	(655)
Housing and Council Tax Benefits Subsidy	(16,515)	(16,504)
New Burdens Grant	(348)	(366)
New Burdens Grant - Covid 19	0	0
Disabled Facilities Grant (Capital)	(1,097)	(1,162)
Towns Fund - Projects (Capital)	0	0
Homelessness Grants	(548)	(439)
Next Steps Accommodation Programme	(47)	(47)
Flood Recovery Framework Grant	(55)	(59)
UK Shared Prosperity Fund	(709)	(384)
Covid 19 Compliance and Enforcement Funding	0	0
Covid 19 Re-Opening the High Streets	0	0
Levelling Up Fund	(2)	(71)
Contain Outbreak Management Fund	(48)	(3)
Other Grants	(260)	(48)
	(20,061)	(19,905)
Total	(33,643)	(37,244)

	31st March 24	31st March 23
	£'000	£'000
Regional Housing Grant	207	207
Section 106 - Developers Deposits	7,652 *	4,716
Disabled Facilities Grant	1,872	1,707
Environment Agency Contribution	944	1,000
Others	567	274
Total	11,242	7,904

* Rounding adjustment of £2k compared to the 2022/23 comparatives

38. RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions with related parties. These are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council, and include members, chief officers and close family members of the same household as these individuals. 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 authority.

Central Government

Central government has effective control over the general operations of the authority – it is responsible for providing the statutory framework, within which the council operates, provides a significant proportion of its funding in the form of grants and prescribes the term of many of the transactions that the authority has with other parties (i.e. council tax bills and housing benefits). Grants received from government departments are largely those set out in note 37 Grant Income and when acting as agent in note 40, with sums due to or from central government set out within the debtors and creditors notes – 21 and 23 respectively.

Members and Officers

Declarations under section 81 of the Local Government Act 2000 and under the Local Authorities (Model Code of Conduct) (England) Order 2001 are made by members. In addition, members and officers make annual disclosures of their interests to the Council's Monitoring Officer for inclusion in the Register of Members and Officers Interests. Members have to make declarations on individual committee agenda items. Finally a separate declaration has been returned at year-end by members and chief officers.

Based on these key data sources, no material related party transactions have been identified for 2022/23 or 2023/24 amongst either Members or Chief Officers.

A number of Councillors serve on, or have interests in the following outside bodies which receive or have received some form of financial support from the Council:

	2023/24	2022/23
East Staffordshire Sports Council	£8,400 – Grant	£7,400 – Grant
Uttoxeter Heath Community Centre	£6,910 – Grant and Contribution	£1,000 – Grant
Waterside Community Centre	£2,854 – Grant and Contribution	£1,696 - Contribution
Total	£18,164	£10,096

In addition a number of councillors and officers serve on the following outside bodies, which have some financial dealings with the Council:

2023/24

Carver Road Community Centre
Uttoxeter Leisure & Development Co Ltd

2022/23

Carver Road Community Centre
Uttoxeter Leisure & Development Co Ltd

No payments were made to the above bodies in 2023/2024, with income collecting totalling £38,647. This compares to payments of £0 and receipts of £38,720 for 2022/2023.

Local Authorities

Staffordshire County Council, Staffordshire Police and Crime Commissioner and Staffordshire Fire and Rescue Authority issue precepts on the Council which are shown in the Collection Fund. There are other transactions with Staffordshire County Council involving service provision and funding, and the County administers the Council's pension fund.

39. CAPITAL EXPENDITURE AND FINANCING

The table below demonstrates that there has been a reduction in the capital financing requirement of (£0.854m). The capital financing requirement represents the Council's underlying need to borrow in order to finance capital expenditure that has already been incurred.

	2023/24	2022/23
	£'000	£'000
Opening Capital Financing Requirement	14,326	15,791
<u>Capital Investment:</u>		
Property, Plant and Equipment	1,464	6,576
Intangible Assets	35	25
Revenue Expenditure Financed from Capital Under Statute	8,771	1,462
<u>Sources of Finance:</u>		
Capital Receipts	(38)	(413)
Capital Grants	(9,160)	(7,021)
Revenue/Reserves	(1,072)	(292)
Minimum Revenue Provision	(854)	(842)
Debt Repayment from Capital Receipt	0	(960)
Voluntary Set Aside	0	0
Increase/(Reduction) in Long-term Debtors	0	0
Closing Capital Financing Requirement	13,472	14,326
EXPLANATION OF MOVEMENTS IN YEAR		
In year Debt Repayment	(854)	(1,802)
Increase/(Decrease) in underlying need to borrow	0	337
	(854)	(1,465)

40. AUTHORITY ACTING AS AN AGENT

During the course of 2023/24 the Council has administered a small number of additional schemes on behalf of Government, and in previous years including during 2022/23 the Council administered and finalised a number of grant schemes announced by Central Government as part of the Covid-19 Response. In many cases the eligibility for these grants was set out within government guidance. For each of these schemes the Council has made an assessment as to whether it was acting as Principal or Agent. The main determining factor being the degree to which the Council has control over who receives the funding and associated amounts.

Principal

For those schemes in which the Council acted as Principal the respective income and expenditure has been included within the Comprehensive Income and Expenditure Statement.

Agent

For those schemes whereby the Council acted as agent the respective grant income and expenditure amounts are excluded from the Comprehensive Income and Expenditure, with the grants awarded and associated Government funding disclosed in the table below, with the difference being held in the balance sheet as a creditor pending further awards the following year or return to Government or where grants have exceeded the funding paid on account a debtor in respect of monies due from Government. As shown in the table below a number of the grant schemes are now complete with monies owed back to Government. At the outset, the government issued Section 31 Grant funding to all Local Authorities based on its own formula. Using the guidance issued by government, the Council identified all potentially eligible ratepayers based on its records at the time. The Council published all schemes extensively following government announcements, issued invitations to eligible ratepayers identified from its records as well as accepting applications from ratepayers not identified as eligible. All applications have been processed by the end of each scheme closing date, and grants have been paid to successful applicants that have satisfied the relevant criteria for each grant.

The unspent amounts are a combination of eligible ratepayers deciding not to apply for grant funding and/or over-funding by Government. A comprehensive reconciliation is completed when requested by government and any unspent funding then returned, in accordance with scheme/funding conditions.

Grant Scheme		Grant Payments made to Households / Businesses		Amounts (received from) / repaid to Government		Net Debtor / (Creditor) Position
		2023/24	2022/23	2023/24	2022/23	
		£'000	£'000	£'000	£'000	
Test and Trace Support Grant - Main	1	0	0	0	(179)	0
Local Restrictions Support Grant - Closed	2	0	0	0	3,220	0
Closed Business Lockdown Grant	3	0	0	0	2,210	0
Restart Grants	4	0	0	0	475	0
Omicron Hospitality and Leisure Grant	5	0	0	0	515	0
Council Tax Energy Rebate	6	(16)	6,493	93	(6,570)	0
Energy Bills Support Scheme	7	93	0	(93)	0	0
Domestic Alternative Fuel Payment Alternative fund	8	61	0	(61)	0	0
		138	6,493	(61)	(329)	0

Notes

1. This scheme commenced in 2020/21 and was finalised during 2022/23, with Government reimbursing £179K to the Council.
2. This scheme commenced in 2020/21 and was finalised during 2022/23, with Council repaying £3.220m to Government.
3. This scheme commenced in 2020/21 and was finalised during 2022/23, with Council repaying £2.210m back to Government.
4. This scheme commenced in 2021/22 and was finalised during 2022/23, with Council repaying £0.475m back to Government.
5. This scheme commenced in 2021/22 and was finalised during 2022/23, with Council repaying £0.515m back to Government.
6. A total of £6.570m grant funding was received in advance during 2021/22, from which £6.493m of payments were made to eligible households during 2022/23. Following the reconciliation process during 23/24, a balance of £93K was repaid to Government due to reimbursements and clawbacks of £16K being obtained.
7. A total of £371K grant funding was received in advance during 2022/23, from which £93K of payments were made to eligible households during 2023/24. Following the reconciliation process during 2023/24 the balance of £278K was repaid to Government.
8. A total of £115K grant funding was received in advance during 2022/23, from which £61K of payments were made to eligible households during 2023/24. Following the reconciliation process during 2023/24 the balance of £54K was repaid to Government.

41. FINANCE AND OPERATING LEASE RENTALS

Authority as Lessee

Finance Lease

The authority has no further Property Plant and Equipment finance leases.

Operating Leases

The authority has acquired a small number of vehicles and properties under operating leases.

Future minimum lease payments due under non-cancellable leases in future years are as follows:

	2023/24	2022/23
	£'000	£'000
Not more than one year	57	54
later than one year and not later than five years	208	194
Later than five years	731	779
	996	1,027

Authority as Lessor

Finance Leases

The authority has leased out property at Branston Golf Course and Uttoxeter Racecourse on long term finance leases of 125 and 200 years respectively.

The authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	2023/24	2022/23
	£'000	£'000
Finance lease debtor (net present value of minimum lease payments)	694	694
Unearned finance income	7,431	7,492
Gross investment in the lease	8,125	8,186

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Finance Lease Liabilities	
	2023/24	2022/23	2023/24	2022/23
	£'000	£'000	£'000	£'000
Not more than one year	61	61	61	61
later than one year and not later than five years	244	244	244	244
Later than five years	7819	7,881	7,126	7,249
	8,124	8,186	7,431	7,554

Operating Leases

The authority leases out property under operating leases for the generation of income to support the budget.

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

	2023/24	2022/23
	£'000	£'000
Not more than one year	567	186
later than one year and not later than five years	1,412	440
Later than five years	5,242	4,612
	7,221	5,238

42. IMPAIRMENT LOSSES

Impairment of Property, Plant and Equipment

Impairment losses of £16,000 was incurred during 2023/24 due to a building demolition.

	2023/24	2022/23
	£'000	£'000
Bal at 1/4/23	0	0
Impairments recognised in the Revaluation Reserve (OLB)	-14	0
Impairments recognised in the Provision of Services	-2	0
Total Impairment 31/3/24	-16	0

43. TERMINATION BENEFITS AND EXIT PACKAGES

There were no termination benefits or exit packages paid in 2023/24 and 2022/23.

44. PENSIONS

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 (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pensions Scheme. This scheme is administered locally by Staffordshire County Council. It is a funded defined benefit career average salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Staffordshire County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the committee. Further details can be found in the Annual Report published on the Staffordshire County Council Pension Fund website.

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 the amounts required by statute as described in the accounting policies note.

Transactions Relating to Post-employment Benefits

We recognise 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 we are required to make against the council tax is based on the cash payable in the year, so the real costs

of post-employment 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.

Comprehensive Income and Expenditure Statement	Local Government Pension Scheme	
	2023/24 £'000	2022/23 £'000
Cost of Services		Restated
Current Service Cost	1,649	3,256
Financing and Investment Income and Expenditure		
Net Interest Expense	962	1,167
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	2,611	4,423
Other Post Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on Plan Assets (excluding the amount included in the net interest expense)	(8,196)	4,846
Actuarial gains and losses arising on changes in demographic assumptions	(639)	(938)
Actuarial gains and losses arising on changes in financial assumptions	(4,913)	(51,978)
Other Experience	3,521	8,424
	(10,227)	(39,646)
Asset Ceiling Adjustment	10,965	16,734
Total Post Employment Benefits charged to the Comprehensive Income & Expenditure Statement	3,349	(18,489)
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(2,611)	(4,423)
Actual Amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to scheme	3,378	3,044
	767	(1,379)

Asset Ceiling

Following the pensions valuation by the Council's Actuary, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan liabilities as at 31st March 2024, resulting in a pension asset.

IAS19 Employee Benefits requires that when a pension plan asset exists, it is measured at the lower of the surplus in the defined benefit plan, and the asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan, or reductions in future contributions to the plan. The Council's Actuary calculated the asset ceiling as the net present value of future service costs less net present value of future contributions.

The Council has therefore limited the Pension asset recognised in the Balance Sheet to the asset ceiling. The Adjustment has been recognised within Other Comprehensive Income and Expenditure in the CIES, as identified in the table above.

Pension Fund Prepayment

The Council's Pension Fund is subject to triennial reviews by an independent actuary to assess the levels of contributions that will be required. The most recent valuation was undertaken as at 31st March 2022, determining the contribution rates for the 3 year period from 2023/24 to 2025/26. This includes employer contribution rate plus a secondary deficit repair lump sum payment. The Council took the option to pay the annual lump sum deficit payment for the three years to March 2026 as one advance payment of £4.297m. This was paid in April 2023 and reflected a discount of £0.3m or 4.6% on the nominal sums. Of this lump sum amount, £1.459m relating to 2023/24 has been charged to the General Fund Balance via the Movement in Reserves Statement. The Pension Reserve and Pension Liability differ by the remaining balance of the prepayment totalling £2.838m which will be released to the General Fund in 2024/25 (£1.432m) and in 2025/26 (£1.406m). At the 31st March 2026 the Pension Reserve and Pension Liability will be back in balance.

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:

	Local Government Pension Scheme	
	2023/24 £'000	2022/23 £'000 Restated
Present value of the defined benefit obligation	110,061	109,538
Fair Value of Plan Assets	(118,913)	(103,763)
Sub total	(8,852)	5,775
Effect of the Asset Ceiling	28,494	16,734
Other Movements in the liability	0	0
Net liability arising from benefit obligation	19,642	22,509

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

	Local Government Pension Scheme	
	2023/24	2022/23
	£'000	£'000
Opening fair value of scheme assets	103,763	107,889
Interest Income	4,975	2,882
Remeasurement gain/(loss):		
The return on plan assets, excluding the the amount included in the net interest	8,196	(4,846)
Other Experience on Obligations	0	0
Contributions from employer relating to current year	3,378	1,294
Advance Lump Sum Contributions	2,838	0
Contributions from employees	538	483
Benefits Paid	(4,775)	(3,939)
Closing fair value of scheme assets	118,913	103,763

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

	Local Government Pension Scheme	
	2023/24	2022/23
	£'000	£'000
Opening balance at 1 st April	109,538	150,181
Current Service Cost	1,649	3,256
Interest Cost	5,142	4,049
Contributions from scheme participants	538	483
Remeasurement (gains) and losses:		
Actuarial gains/ losses arising from changes in demographic assumptions	(639)	(938)
Actuarial gains/ losses arising from changes in financial assumptions	(4,913)	(51,978)
Other	3,521	8,424
Past Service Cost	0	0
Benefits Paid	(4,775)	(3,939)
Closing balance at 31st March	110,061	109,538

Local Government Pension Scheme assets comprised:

	Fair Value of Scheme Assets	
	2023/24	2022/23
	£'000	£'000
Cash & Cash Equivalents	1,934	4,067
Equity Securities:		
Consumer	3,220	3,493
Manufacturing	1,604	2,851
Energy & Utilities	732	783
Financial Institutions	4,369	3,718
Health & Care	3,292	3,927
Information Technology	5,259	4,516
Other	0	0
Sub total equity	18,476	19,288
Bonds:		
Corporate Bonds	8,852	6,096
Government	0	0
Sub total bonds	8,852	6,096
Property:		
UK Property	8,778	8,310
Overseas Property	0	0
Sub total property	8,778	8,310
Private Equity:		
All	6,258	5,141
Sub total equity	6,258	5,141
Other investment funds and unit trusts:		
Equities	53,885	49,291
Bonds	9,332	6,494
Hedge Funds	0	38
Infrastructure	5,168	276
Other	6,230	4,762
Sub total investment funds	74,615	60,861
Total Assets	118,913	103,763

Basis for Estimating Assets & 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 dependant on assumptions about mortality rates, salary levels etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Staffordshire County Council Fund being based on the latest full valuation of the scheme as at 31st March 2022.

The significant assumptions used by the actuary have been:

	2023/24	2022/23
Duration in years of Employers funded obligations as at the date of latest valuation	17.0	17.0
Mortality assumptions:		
Longevity at 65 for current pensioners (years)		
Male	21.2	21.2
Female	23.8	24.2
Longevity at 65 for future pensioners (years)		
Male	21.8	21.8
Female	25.4	25.8
	%	%
Long Term expected rate of return on assets	4.80	4.75
Rate of inflation (CPI)	2.80	3.00
Rate of increase in salaries	3.30	3.50
Rate increase in pensions	2.80	3.00
Rate for discounting scheme liabilities	4.80	4.75

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice this is 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 method and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Obligation in the Scheme 2023/24 £000
0.1% decrease in Real Discount Rate	1,912
1 year increase in member life expectancy	4,402
0.1% increase in the Salary Increase Rate	69
0.1% increase in the Pension Increase Rate	1,877

Impact on the Authority's Cash Flows

Staffordshire County Council has agreed a strategy with the fund actuary to achieve a funding level of 100% over the next 17 years. Funding levels are monitored on an annual basis. Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data, for cash contribution setting purposes. The last triennial valuation dated the 31st March 2022 for English and Welsh LGPS Funds were concluded by 31st March 2023.

The most recent triennial review at the 31st March 22 considered the long term implications and funding requirements of the pension scheme, and has resulted in increased employer contributions from 2023/24 onwards with the intention of ensuring the scheme remains fully funded.

The authority anticipates payment of £1.711m in expected contributions to the scheme in relation to the financial year 2024/25.

Recent Court Cases

Guaranteed Minimum Pension (GMP) and McCloud

Guaranteed minimum pension (GMP) rights were accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of the GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

The Fund's actuary has allowed for the impact of full GMP indexation in the calculation of the 31 March 2019 triennial funding valuation results, and the more recent 2022 triennial valuation. Therefore, any financial impact of GMP to the pension obligations are accounted for in the closing balance sheet position.

McCloud Judgement

A court ruling has been made regarding age discrimination arising from public sector pension scheme transition arrangements (the McCloud case), which has implications for the Local Government Pension Scheme (LGPS).

An allowance has previously been made for McCloud, with no specific further adjustment made to the current service cost this year.

45. CONTINGENT LIABILITES

Externally Funded Schemes

The Council was previously involved as the accountable body in a number of schemes where grants are received from external funding agencies - primarily the European Commission for European Regional Development Fund (ERDF) grant and Advantage West Midlands for Single Regeneration Budget grant. Under the conditions for offer of grant, there is a potential for these bodies to claw-back grants if these conditions are not met, although none are known at present.

Municipal Mutual Insurance

The Scheme of Arrangement was enacted in 2012/13. The liability upon the Council as a scheme creditor cannot be fully estimated at this stage for unknown claims incurred but not yet reported. Whilst the council has considered the financial impact in producing its Statement of Final Accounts there is a risk that the Council's financial liability could increase from this level.

Business Rates – Appeals and Reliefs

The Council has made a provision for NNDR Appeals based on its best estimate of the actual liability as at the year-end in known appeals and an estimate of future appeals against the current 2023 list, and the outstanding 2017 list. These estimates are based on historical data in relation to the level and success of appeals, it is possible that the actual costs may exceed provision based on historical data analysis.

Leisure Provision

On 1st February 2019, Sports and Leisure Management Ltd (trading as Everyone Active) took over the management of the Council's Leisure Services.

The staff were transferred by TUPE and SLM are an admitted body to the Staffordshire County Council LGPS Pension Fund. The contractual arrangements mean that the Council is guarantor of pension commitments for these former employees.

For 2023/24, the actuarial IAS19 results indicate the risk is low, as the estimates indicate a surplus as at 31st March 2024.

Supported Housing Tribunal

Following a lengthy process of engagement, two landlords failed to provide the Council with sufficient evidence to support their claims for supported housing and as a result the Council took the decision to cancel the claims. Following the internal review/appeal process, the landlords have decided to dispute this decision. One of these cases was settled during 2023/24 in favour of ESBC but at 31st March 2024 one of these cases is still awaiting tribunal hearings. The Council has a strong case to dispute the claim. It is difficult to assess the potential cost to the Council should the tribunal decide in favour of the landlord due to the fluid nature of individual tenants requiring supported housing, however this could be in the region of £2.03m if it is fully backdated.

46. (A) PRIOR PERIOD RESTATEMENT OF SERVICE EXPENDITURE AND INCOME

Expenditure on services and income disclosed within in the Comprehensive Income and Expenditure Statement is in accordance with the CIPFA Code of Local Authority Accounting in the UK. This requires that authorities present expenditure and income on services on the basis of its reportable segments. These reportable segments are based on the authority's internal management reporting structure. During the course of 2023/24 the reporting structure changed to reflect Cabinet Member portfolios therefore the comparative figures for 2022/23 within the Comprehensive Income and Expenditure Statement have been amended to reflect the revised structure and ensure a like for like comparison. This has resulted in the transfer of services between portfolios. This predominantly relates to the transfer of the Revenues, Benefits and Customer Contacts service to Finance and Treasury Management, and the transfer of Planning and Land Charges service to Regeneration and Development. Other transfers include Off Street Parking, Licensing and Enforcement, and Cultural Services Marketing. The tables below outline the services within each portfolio and the movements (shown in bold) between services.

A number of associated notes have also been re-stated to ensure consistency with the re-stated comparator figures in the Comprehensive Income and Expenditure Statement.

	22/23		
	Gross Expenditure 2022/23 Statement of Accounts £'000	Adjustments £'000	Gross Expenditure 2022/23 Restated £'000
Corporate and Commercial	0	942	942
Legal Services	600	0	600
Corporate Management Team	693	0	693
Planning and Land Charges	1,551	(1,551)	0
Human Resources, Payments & Pensions	485	0	485
IT and Printing	0	509	509
Leader of the Council	3,329	(100)	3,229
Arts, Brewhouse and Functions	1,363	0	1,363
Leisure Services	812	0	812
Licensing and Enforcement	478	(478)	0
Off Street Parking	611	(611)	0
Marketing	0	103	103
Strategic Tourism	165	0	165
Rounding Adjustment	0	(1)	(1)
Tourism and Cultural Development	3,429	(987)	2,442
Environmental Health	1,905	0	1,905
Housing	977	0	977
Revenue, Benefits and Customer Contacts	19,094	(19,094)	0
Community and Civil Enforcement	354	0	354
Licensing and Enforcement	0	478	478
Partnerships	46	0	46
Social Regeneration	233	0	233
CCTV	108	0	108
Communities and Regulatory Services	22,717	(18,616)	4,101
Climate Change	42	0	42
Community and Open Spaces	2,689	0	2,689
Environment	7,245	0	7,245
Off Street Parking	0	611	611
Environment and Climate Change	9,976	611	10,587
Corporate and Commercial	942	(942)	0
IT and Printing	509	(509)	0
Financial Services	944	0	944
Revenue, Benefits and Customer Contacts	0	19,094	19,094
Rounding Adjustment	0	1	1
Finance and Treasury Management	2,395	17,644	20,039

Balance carried forward to next page	41,846	(1,448)	40,398
Balance brought forward from last page	41,846	(1,448)	40,398
Marketing	103	(103)	0
Enterprise	512	0	512
Planning and Land Charges	0	1,551	1,551
Regeneration and Development	615	1,448	2,063
Non Distributed Costs	0	0	0
External Funding and Holding Accounts	695	0	695
	695	0	695
	43,156	0	43,156

22/23			
	Gross Income 2022/23 Statement of Accounts £'000	Adjustments £'000	Gross Income 2022/23 Restated £'000
Corporate and Commercial	0	(36)	(36)
Legal Services	(32)	0	(32)
Corporate Management Team	(18)	0	(18)
Planning and Land Charges	(1,112)	1,112	0
Human Resources, Payments & Pensions	(31)	0	(31)
IT and Printing	0	(14)	(14)
Leader of the Council	(1,193)	1,062	(131)
Arts, Brewhouse and Functions	(319)	0	(319)
Leisure Services	(186)	0	(186)
Licensing and Enforcement	(325)	325	0
Off Street Parking	(1,010)	1,010	0
Marketing	0	0	0
Strategic Tourism	(5)	0	(5)
Rounding Adjustment	0	0	0
Tourism and Cultural Development	(1,845)	1,335	(510)
Environmental Health	(1,421)	0	(1,421)
Housing	(656)	0	(656)
Revenue, Benefits and Customer Contacts	(18,240)	18,240	0
Community and Civil Enforcement	(2)	0	(2)
Licensing and Enforcement	0	(325)	(325)
Partnerships	0	0	0
Social Regeneration	0	0	0
CCTV	(106)	0	(106)
Rounding Adjustment	0	(1)	(1)

Communities and Regulatory Services	(20,425)	17,914	(2,511)
Balance carried forward to next page	(23,463)	20,311	(3,152)
Balance brought forward from last page	(23,463)	20,311	(3,152)
Climate Change	0	0	0
Community and Open Spaces	(404)	0	(404)
Environment	(1,982)	0	(1,982)
Off Street Parking	0	(1,010)	(1,010)
Rounding Adjustment	0	1	1
Environment and Climate Change	(2,386)	(1,009)	(3,395)
Corporate and Commercial	(36)	36	0
IT and Printing	(14)	14	0
Financial Services	(32)	0	(32)
Revenue, Benefits and Customer Contacts	0	(18,240)	(18,240)
Rounding Adjustment	0	0	0
Finance and Treasury Management	(82)	(18,190)	(18,272)
Marketing	0	0	0
Enterprise	(504)	0	(504)
Planning and Land Charges	0	(1,112)	(1,112)
Regeneration and Development	(504)	(1,112)	(1,616)
Non Distributed Costs	0	0	0
External Funding and Holding Accounts	(684)	0	(684)
	(684)	0	(684)
	(27,119)	0	(27,119)

22/23			
	Net Expenditure 2022/23 Statement of Accounts £'000	Adjustments £'000	Net Expenditure 2022/23 Restated £'000
Corporate and Commercial	0	906	906
Legal Services	568	0	568
Corporate Management Team	675	0	675
Planning and Land Charges	439	(439)	0
Human Resources, Payments & Pensions	454	0	454
IT and Printing	0	495	495
Leader of the Council	2,136	962	3,098
Arts, Brewhouse and Functions	1,044	0	1,044
Leisure Services	626	0	626
Licensing and Enforcement	153	(153)	0
Off Street Parking	(399)	399	0
Marketing	0	103	103
Strategic Tourism	160	0	160

Rounding Adjustment	0	(1)	(1)
Tourism and Cultural Development	1,584	348	1,932
Balance carried forward to next page	3,720	1,310	5,030
Balance brought forward from last page	3,720	1,310	5,030
Environmental Health	484	0	484
Housing	321	0	321
Revenue, Benefits and Customer Contacts	854	(854)	0
Community and Civil Enforcement	352	0	352
Licensing and Enforcement	0	153	153
Partnerships	46	0	46
Social Regeneration	233	0	233
CCTV	2	0	2
	0	(1)	(1)
Communities and Regulatory Services	2,292	(702)	1,590
Climate Change	42	0	42
Community and Open Spaces	2,285	0	2,285
Environment	5,263	0	5,263
Off Street Parking	0	(399)	(399)
Rounding Adjustment	0	1	1
Environment and Climate Change	7,590	(398)	7,192
Corporate and Commercial	906	(906)	0
IT and Printing	495	(495)	0
Financial Services	912	0	912
Revenue, Benefits and Customer Contacts	0	854	854
Rounding Adjustment	0	1	1
Finance and Treasury Management	2,313	(546)	1,767
Marketing	103	(103)	0
Enterprise	8	0	8
Planning and Land Charges	0	439	439
Regeneration and Development	111	336	447
Non Distributed Costs	0	0	0
External Funding and Holding Accounts	11	0	11
	11	0	11
	16,037	0	16,037

(B) PRIOR PERIOD RESTATEMENT OF INFRASTRUCTURE ASSETS

The Council has identified 20 infrastructure assets that no longer provide service benefits and has consistently excluded them from the balance sheet. Consequently, the 2022/23 accounts have been revised to reflect the exclusion of these assets. To ensure compliance with IAS 8 requirements, the balance at the beginning of the prior period has also been reported. The impact on the balance sheet is summarised below:

	2022/23	2022/23	2022/23
	£'000	£'000	£'000
	Original	Change	Restated

*Property, Plant and Equipment	63,687	-848	62,839
*Offsets to Capital Adjustment Account			

(C) PRIOR PERIOD RESTATEMENT OF PENSION LIABILITY

The Council has applied an Asset Ceiling Adjustment consistently to the calculation of its Pension Reserve and Pension Liability. The Asset Ceiling is the maximum value of pension assets that can be recognised in the financial statements, in accordance with International Financial Reporting Standards (IFRS). The purpose is to ensure that the Council's net asset position is not overstated. Consequently, the 2022/23 accounts have been revised to reflect the Asset Ceiling Adjustment. To ensure compliance with IAS 8 requirements, the balance at the beginning of the prior period has also been reported. The impact on the balance sheet is summarised below:

	2022/23 £'000	2022/23 £'000	2022/23 £'000
	Original	Change	Restated
Pension Liability (including prepayments)	-5,775	-16,734	-22,509
Pension Reserve	-5,775	-16,734	-22,509

47. EVENTS AFTER BALANCE SHEET DATE

The 2023/24 unaudited Statement of Accounts were authorised for issue on 27 November 2024. Events occurring after 31 March 2024 and up to the approval of the financial statements, do not require adjustments to the financial statements or notes but are disclosed if they have a significant impact on the Council's assets or liabilities. Where additional information has become available about the conditions existing as at 31 March 2024, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information.

Up to the approval on 27 November, there have been no events after the balance sheet date which require adjustment to the financial statements and notes. Equally, there have been no events requiring additional disclosures to be added to the financial statements and notes.

48. FINANCIAL STATEMENTS AUTHORISED FOR ISSUE

The audited accounts were issued on 27 November 2024.

Lloyd Haynes
Chief Finance Officer and Section 151

This page is intentionally blank



Collection Fund 2023/24

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT
For the year ended 31st March 2024

2022/23 Council Tax £'000	2022/23 Business Rates £'000	2022/23 Total £'000		2023/24 Council Tax £'000	2023/24 Business Rates £'000	2023/24 Total £'000
INCOME						
(79,088)	-	(79,088)	Council Tax Payers	(83,960)	-	(83,960)
-	(53,761)	(53,761)	Income from Business Ratepayers	-	(62,432)	(62,432)
-	(6,388)	(6,388)	Transfer of Collection Fund Deficit (See Note 1)	-	-	-
(79,088)	(60,149)	(139,237)		(83,960)	(62,432)	(146,392)
EXPENDITURE						
Precepts						
54,734	-	54,734	- Staffordshire County Council	58,938	-	58,938
9,709	-	9,709	- Staffordshire PCC	10,438	-	10,438
3,138	-	3,138	- Staffordshire Commissioner Fire and Rescue	3,375	-	3,375
9,065	-	9,065	- East Staffordshire BC	9,534	-	9,534
Business Rates						
-	26,544	26,544	- Payment to Government	-	29,347	29,347
-	4,778	4,778	- Staffordshire County Council	-	5,283	5,283
-	531	531	- Staffordshire Commissioner Fire and Rescue	-	587	587
-	21,236	21,236	- East Staffordshire BC	-	23,478	23,478
-	167	167	- Cost of Collection	-	170	170
Bad and Doubtful Debts						
524	432	956	- Provisions	648	(61)	587
486	355	841	- Write Offs	479	-	479
-	(955)	(955)	Change in Provision for Appeals	-	2,048	2,048
1,171	-	1,171	Transfer of Collection Fund Surplus (See Note 1)	1,816	4,171	5,987
78,827	53,088	131,915		85,228	65,023	150,251
(261)	(7,061)	(7,322)	Deficit/(Surplus) for the Year	1,268	2,591	3,859
<u>Collection Fund Balance</u>						
(1,735)	1,897	162	Balance brought forward at 1 April	(1,996)	(5,164)	(7,160)
(261)	(7,061)	(7,322)	Deficit/(Surplus) for Year (as above)	1,268	2,591	3,859
(1,996)	(5,164)	(7,160)	Balance c/f at 31 March	(728)	(2,573)	(3,301)
Allocated to						
(235)	(2,065)	(2,300)	- East Staffordshire Borough Council	(84)	(1,029)	(1,113)
(1,426)	(465)	(1,891)	- Staffordshire County Council	(521)	(232)	(753)
(253)	-	(253)	- Staffordshire PCC	(92)	-	(92)
(82)	(52)	(134)	- Staffordshire Commissioner Fire and Rescue	(30)	(26)	(56)
-	(2,582)	(2,582)	- Government	-	(1,286)	(1,286)
(1,996)	(5,164)	(7,160)		(727)	(2,573)	(3,300)

NOTES TO THE COLLECTION FUND ACCOUNT

1. General

The Collection Fund is an agent's 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 Business Rates and its distribution to Local Government bodies and the Government.

The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and Business Rates. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund surpluses or deficits declared by the billing authority in relation to Council Tax are apportioned to the relevant bodies that precept against the Collection Fund in subsequent financial years. For Council Tax these bodies are Staffordshire County Council, Staffordshire Police and Crime Commissioner (PCC) and Staffordshire Commissioner Fire and Rescue Authority.

A breakdown of the surpluses/deficits is shown in the table below.

Council Tax 2022/23	Business Rates 2022/23		Council Tax 2023/24	Business Rates 2023/24
-	(3,194)	Central Government	-	2,085
837	(575)	Staffordshire County Council	1,297	376
147	-	Staffordshire PCC	231	-
48	(64)	Staffordshire Commissioner Fire and Rescue	74	42
139	(2,555)	East Staffordshire BC	214	1,668
1,171	(6,388)	Transfer of Collection Fund Surplus / (Deficit)	1,816	4,171

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils greater incentive to grow businesses in the Borough. It does, however, also increase financial risk due to non-collection and the volatility of the business rates tax base.

Business Rates surpluses or deficits declared by the billing authority in relation to Collection Fund are apportioned to the relevant bodies in subsequent financial years in their respective proportions.

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 meanwhile is incorporated into the Council's consolidated balance sheet.

2. Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A-H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent number of Band D dwellings).

The Council Tax base for 2023/24 was 40,060.0 (39,059.2 in 2022/23). The tax base for 2023/24 was approved by Executive Decision (Ref No. 525/22) on 8th December 2022 and was calculated as follows:

Valuation Band	No. of Dwellings after Discounts and Exemptions	Ratio to Band D	Band D Equivalent Dwellings
A Up to £40,000	15,835.6	6/9	10,552.7
B £40,001 to £52,000	10,654.6	7/9	8,286.9
C £52,001 to £68,000	8,592.0	8/9	7,637.3
D £68,001 to £88,000	6,211.5	9/9	6,211.5
E £88,001 to £120,000	4,671.6	11/9	5,709.7
F £120,001 to £160,000	2,454.2	13/9	3,544.9
G £160,001 to £320,000	1,212.8	15/9	2,021.3
H Over £320,000	78.3	18/9	156.5
	49,710.5		44,120.9
Less adjustment for council tax support			(3,243.3)
Less adjustment for collection rates and property changes			(817.6)
Council Tax Base for 2023/24			40,060.0

3. Income from Business Ratepayers

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government.

In 2013/14, the allocation of business rates resources changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to a central pool, local authorities retain a proportion of the total collectable rates due. In the case of East Staffordshire the local share is 40%. The remainder is distributed to the preceptors and in the case of East Staffordshire these are Central Government 50%, Staffordshire County Council 9% and Staffordshire Commissioner Fire and Rescue Authority 1%.

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 Valuation Office Agency. As such, authorities are expected to make a provision for these amounts. The total provision at 31st March 2024 has been calculated at £5.804m (£3.756m at 31st March 2023). This increase is due to the new level of provision set aside for the 2023 Non-Domestic Rating list.

The business rates shares payable to preceptors for 2023/24 were estimated before the start of the financial year and these sums have been paid in 2023/24 and charged to the Collection Fund in year.

The total non-domestic rateable value at 31st March 2024 was £155.058m, compared to £141.120m at 31st March 2023. The national non-domestic rate multiplier for the year was 51.2p for properties with a rateable value in excess of £51k and 49.9p for properties with a rateable value lower than £51k, this remained the same from the previous year.

The increase in income from Business Ratepayers during 2023/24 reflects an increased gross liability compared to 22/23 and a reduction in discretionary reliefs following the winding down of Covid-19 relief adjustments. The Collection Fund surplus will be shared in accordance with the respective legislative requirements.

4. Provisions for Doubtful Debts and for Valuation Appeals

Provision for Council Tax Doubtful Debts

The Collection Fund account provides for doubtful debts on arrears on the basis of prior year experience and current years' collection rates.

	2023/24	2022/23
	£'000	£'000
Balance at 1 st April	5,600	5,076
Net Increase/(Decrease) in provision	648	524
Balance at 31st March	6,248	5,600

East Staffordshire Borough Councils proportion of this provision is shown below.

	2023/24	2022/23
	£'000	£'000
Balance at 1 st April	662	603
Net Increase/(Decrease) in provision	54	59
Balance at 31st March	716	662

Provision for Business Rates / NNDR Doubtful Debts

The Collection Fund account also provides for doubtful debts on NNDR arrears.

	2023/24	2022/23
	£'000	£'000
Balance at 1 April	2,576	2,144
Net Increase/(Decrease) in provision	(61)	432
Balance at 31st March	2,515	2,576

East Staffordshire Borough Councils proportion of this provision is shown below.

	2023/24	2022/23
	£'000	£'000
Balance at 1 st April	1,030	858
Net Increase/(Decrease) in provision	(24)	172
Balance at 31st March	1,006	1,030

NNDR – Provision for Appeals/Reliefs

The Collection Fund account also provides for provision for appeals against the rateable valuation set by the valuation Office Agency (VOA) not settled as at 31st March 2024. The appeals provision has been estimated based on historical data regarding the potential success rate and average movement for successful appeals, as well as the Valuation Office's list of outstanding appeals as of 31 March 2024.

	2023/24	2022/23
	£'000	£'000
Balance at 1 st April	3,756	4,711
Net Increase/(Decrease) in provision	2,048	(955)
Balance at 31st March	5,804	3,756

East Staffordshire Borough Council's proportion of this provision is shown below.

	2023/24	2022/23
	£'000	£'000
Balance at 1 st April	1,502	1,884
Net Increase/(Decrease) in provision	820	(382)
Balance at 31st March	2,322	1,502



Independent Auditors Report

This page is intentionally blank pending the External Auditors Opinion

This page is intentionally blank pending the External Auditors Opinion

This page is intentionally blank pending the External Auditors Opinion

This page is intentionally blank pending the External Auditors Opinion

This page is intentionally blank pending the External Auditors Opinion

This page is intentionally blank pending the External Auditors Opinion

This page is intentionally blank pending the External Auditors Opinion

Glossary of Terms

GLOSSARY OF TERMS

Accounting Concepts

The fundamental accounting principles that are applied to ensure that the Statement of Accounts present a true and fair view of 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 authority 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

Sums included in the accounts to recognise revenue and capital expenditure and income incurred or earned in the financial year, but for which actual payment had not been made or received as at 31 March (see Creditors and Debtors).

Amortisation

This is a charge made to the service revenue accounts each accounting period to reflect the reduction in the value of the intangible assets used in the delivery of services.

Asset

An item having value measured in monetary terms. Assets can be defined as non-current or current. A non-current asset has a value for more than one year (for example a building or long-term investment). A current asset can be readily converted into cash (for example stocks or short term debtors).

Audit of Accounts

An independent examination of the council's financial statements.

Balances

The total level of funds the Council has accumulated over the years, which form part of the Council's reserves.

Balance Sheet

A statement of the recorded assets, liabilities and other balances of the Council at the end of the financial year.

Billing Authority

A council that has the power to set and collect council tax.

Budget

The spending plans of the Authority over a specific period of time - generally the financial year, 1st April to 31 March.

Capital Adjustment Account (CAA)

An unusable reserve which is charged with the historic cost of creating or enhancing non-current assets over the life of those assets. This account also contains the appropriations needed to ensure that any depreciation or impairment losses debited to the Comprehensive Income and Expenditure Statement do not impact on the level of local taxation.

Capital Expenditure

Expenditure on the acquisition of a fixed asset, or which adds to the life or value of an existing fixed asset.

Capital Receipts

Income received from the sale of assets and from the repayment of grants and loans made by the Council. Capital receipts may be used to finance new capital expenditure or to repay loan debt.

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 Accounting is the professional body for accountants working in Local Authorities.

Collection Fund

A separate account which records receipts of Council Tax and Business Rates. Payments to the Council and other authorities are shown.

Community Assets

Assets which the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their

GLOSSARY OF TERMS

disposal. Examples of community assets are parks and historic buildings.

Consistency

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

Creditors

Amounts owed by the Council for works done, goods received or services provided within the financial year, but for which payment has not been made at the end of the financial year.

Debtors

Amounts owed to the Council for works carried out, goods provided or services rendered within the financial year, but for which payment has not been received at the end of the financial year.

Deferred Credits

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

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset.

Earmarked Reserve

A sum set aside for a specific purpose.

Emoluments

All sums paid to or receivable by an employee, including the money value of any non-cash benefits.

Events after the Balance Sheet Date

Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed for issue by the Chief Finance Officer.

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 e.g. the use of leisure facilities.

Finance Lease

A lease that transfers all the risks and rewards of ownership of a fixed asset to the lessee.

Financial Instrument

Any contract which gives rise to a financial asset of one entity and a financial liability or equity instrument of another equity.

Financial Year

The period of time to which the Statement of Accounts relates. The financial year of the Council is from 1 April to 31 March.

General Fund

The account which records the cost of all Council services except those shown in the Collection Fund.

Government Grants

Grants made by the government and other bodies towards either revenue or capital expenditure, in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

Gross Expenditure (Total Cost)

Gross expenditure includes expenditure relating to employees, premises, transport, supplies and services, third party payments, transfer payments, support services and capital charges including depreciation.

IAS

International Accounting Standard

IFRS

International Financial Reporting Standards.

Impairment

A reduction in the value of a fixed asset to below the amount it is included on the balance sheet.

Income and Expenditure Account

This statement reports the net cost for the year of all the functions for which the authority is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers.

Infrastructure Assets

Assets belonging to the Council which cannot be transferred or sold and therefore their cost is only recoverable by continued use of the

GLOSSARY OF TERMS

asset created. Examples are highways and footpaths.

Intangible Assets

Represents expenditure on assets that do not have a physical substance but are identifiable and controlled by the Council (e.g. computer software licences).

Investments

The lending of surplus revenue balances to provide additional income in the form of interest received.

Investment Properties

Are held by the Council for investment purposes (income generation or capital value appreciation) only and cannot be classified as any other type of asset.

LASAAC

Local Authority Scotland Accounts Advisory Committee.

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.

Materiality

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

Minimum Revenue Provision (MRP)

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP).

National Non-Domestic Rates (NNDR)

Are nationally set rates levied on business properties and therefore known as business rates. The Council collects these rates and under the Business Rates Retention Scheme this is shared 50% to central government, 40% to East Staffordshire Borough Council, 9% to the County Council and 1% to the Fire Authority.

Net Book Value

The amount at which fixed assets are 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 Expenditure

Net expenditure is gross expenditure less income from grants, contributions, sales, fees and charges, rents and recharges.

Net Realisable Value

Open market value of an asset in its existing use, less the expenses to be incurred in realising the asset.

Non-Operational Assets

Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties and assets surplus to requirements and awaiting sale or redevelopment.

Operating Lease

The ownership of the asset remains with the leasing company who charge an annual rental.

Operational Assets

Fixed assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Post Balance Sheet Events

Material events which can be either favourable or unfavourable which occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precepts

Amounts which the Council is required to collect as council tax on behalf of other authorities.

Prior Period Adjustments

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.

Provisions

Amounts set aside to meet liabilities which are likely to be incurred, but where the amount and date on which they will arise is uncertain.

GLOSSARY OF TERMS

Prudence

The concept that income is not anticipated but is recognised only when realised in the form of cash or other assets and 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.

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.

Residual Value

The net realisable value of an asset at the end of its useful life.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure which may properly be incurred, but does not result in an asset owned by the council. Examples of these are expenditure on items such as improvement grants.

Revenue Expenditure

Expenditure on the day-to-day running of the Council, such as employee costs and supplies and services.

Revenue Support Grant (RSG)

A grant paid by Central Government towards the cost of providing services.

Stocks

The value of items purchased for use on a continuing basis, but which have not been used at the balance sheet date.

Tangible Fixed Assets

Tangible assets that yield benefits to the council and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

Triennial Revaluation

A formal review of the pension fund which occurs every 3 years and is undertaken by the scheme actuary.

TUPE

Transfer of Undertakings (Protection of Employment) Regulations.

Useful Life

Period over which the Council will derive benefits from the use of a fixed asset.

This page is intentionally blank



Annual Governance Statement

ANNUAL GOVERNANCE STATEMENT 2023/24

1. SCOPE OF RESPONSIBILITY

The scope of responsibility is set out in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016). This Framework requires Councils to publish the Annual Governance Statement and sets objectives included in the scope of responsibility as follows:

- Public money is safeguarded and properly accounted for.
- Resources are used economically, efficiently and effectively to deliver agreed priorities and benefit local people.
- Council business is conducted in accordance with relevant laws and regulations.

The above objectives are particularly important in the context of the current uncertainty around future reform of Fair Funding and Business Rates Retention. The Framework also set out seven core principles that are the enablers that enable the delivery of the above objectives:

- Behave with integrity
- Engage with Stakeholders
- Define outcomes
- Ensure planned outcomes are achieved
- Develop capacity, capability and leadership
- Manage risks and performance effectively
- Demonstrate transparency and accountability

Further, the Framework sets out the importance of putting in place proper arrangements for the management of its affairs, including the management of risk. These proper arrangements include the Council's Governance framework: decision making through Council, Cabinet and Leader; Overview and Scrutiny Committee, Audit Committee, Risk Management arrangements, the Chief Management Team.

Proper arrangements set out in the CIPFA/Solace Framework include structuring the role of the Chief Finance Officer (CFO) as set out below:

- Reports directly to the Chief Executive
- Is a member of the leadership team with at least an equivalent statement to the other members.
- Is actively involved and able to bring influence on ESBC's financial strategy.
- Is actively involved and is able to bring influence on all material business decisions.
- Leads ESBC in the delivery of good financial management.
- Directs a fit for purpose finance function
- Is professionally qualified and suitable experienced.

Further, there are key Council Strategies and documents which support the Governance Framework, as set out below:

- The Medium Term Financial Strategy
- The Treasury Management Strategy
- A statement on Internal Control
- Self-Assessment against the CIPFA Code of Financial Management
- Statement of Accounts

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The purpose of the Governance framework is to structure the decision-making, culture and processes of the organisation; including the channels through which decisions are made, as well as roles, responsibilities, rules and procedures. The end purpose is effective and transparent governance for the Council.

Further, it is declared that the governance framework has been in place at ESBC for the year ended 31st March 2024, but continues to be effective up to the approval dates for the 2021/22 statement of accounts (11 April 2024) and the 2022/23 accounts (17 April 2024).

3. THE GOVERNANCE FRAMEWORK

The governance framework in detail comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. Further, it enables ESBC to demonstrate to the public that it has effective stewardship of the public funds it is entrusted to spend.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of ESBC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

ESBC operates a number of systems and processes that comprise the authority's governance arrangements including:

- The Corporate Plan and the monitoring the delivery of corporate objectives via quarterly monitoring at the Corporate Management Team, Cabinet and the three Scrutiny Committees. The Corporate Plan, and Service Plans, are reviewed annually. Communication with respect to the Corporate Plan is carried out with key stakeholders externally and through internal communications. Service Plans are communicated through internal communications and via the employee appraisal process;
- The effective facilitation and operation of policies and decision-making processes including Cabinet and Scrutiny Committees, the Council's Constitution and delegated decision making powers. The Constitution sets out how the Council operates and the procedures which are followed to enable transparent and accountable decisions to be made by the Cabinet. Scrutiny Committees provide the opportunity for independent Member review of Cabinet decisions and Council services and meetings are open to the public except where confidential matters are being disclosed. In addition, delegated decision making authority is given to senior officers in certain circumstances outlined in the Council's Constitution. The Council publishes a Forward Plan containing details of future key decisions to be made by the Council;
- The operation of the statutory officer roles of Head of Paid Service (Chief Executive), Chief Financial Officer and Monitoring Officer, having specific responsibility for ensuring compliance with established policies, procedures, laws and regulations. The Monitoring Officer has the authority to report to Council if it is considered that any proposal, decision or omission would give rise to unlawfulness or maladministration, thereby stopping the proposal or decision being implemented until the report has been considered.
- The statutory officers have the statutory duty to report to all the local authority's Elected Members if there is or is likely to be unlawful expenditure or an unbalanced budget set;

- The Council's procedure rules, and scheme of delegation are contained within the authority's Constitution. The constitution is reviewed on a regular and ongoing basis, with recommendations regarding changes and improvements being made to full Council;
- Effective financial management of the Council is conducted in accordance with Financial Regulations as Appended to Part 4 of the Constitution and appropriate professional standards, under the responsibility of the Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. This includes comprehensive budget setting processes and budgetary control systems, clearly defined capital expenditure guidelines and regular reporting mechanisms to Services and Members including quarterly and annual financial reports that indicate financial performance against forecasts. The Council has introduced a reporting mechanism to demonstrate the relationship between financial and operational performance. The Council has in place an annually updated financial plan in line with Central Government's funding policy and aligned with the authority's Corporate Plan;
- The Council maintains an Internal Audit Service, which operates to the Public Sector Internal Audit Standards;
- The Council has a formally constituted Audit Committee which is responsible for providing independent assurance on the adequacy and effectiveness of the authority's control environment;
- The Council has positions for two independent members to reside on the Audit Committee;
- The Council has an objective and professional relationship with external auditors and statutory inspectors, as evidenced in the Auditors Annual Report for previous years and maintained in 2023/24 with the Council's new external auditors Azets;
- There is a robust risk management approach which is considered and overseen by the Audit Committee. This enables the Council to identify, and take appropriate action to mitigate against or eradicate significant risks to the Council's objectives in line with the requirements of the Council's Risk Management Strategy. This approach is continually being developed, maintained and embedded through the proactive participation of all services, which strengthens the links between risk management and audit;
- Corporate review of services, processes and procedures to ensure the economical, effective and efficient use of resources, combined with target setting and monitoring via a performance management framework designed to secure continuous improvement in the way in which its services are delivered;
- Services are delivered by suitably trained and experienced staff, all posts having detailed job descriptions and person specifications while training and development needs are identified through a staff appraisal scheme which ensures that objectives and targets are clear and agreed;
- The adoption and use of PRINCE2 methodology to ensure the effective and ultimately successful management of projects. This, combined with the regular meeting of the Business Assurance Group (BAG), enables the Council to proactively monitor and appraise appropriate projects;
- A comprehensive performance management and benchmarking framework including regular reporting to senior officers and Members through to Cabinet;
- An effective approach to engaging with local people and other stakeholders through partnership arrangements, electronic channels such as the website, e- mail, e-newsletters and social media, and through stakeholder engagement forums such as those undertaken for the Resident's Survey, Uttoxeter Master Plan and the Stronger Towns Fund. We also commissioned a 'Place Narrative' for marketing the local area for inward investment;

- A customer feedback scheme for the public to make complaints, comments, compliments and constructive criticism about any aspect of the Council's services, which is used to improve services;
- The Council's whistle-blowing policy enables the authority to receive and investigate alleged incidences of malpractice or illegal activities. The policy is reviewed and updated on a regular basis, and allows for staff, members, partners, public and other stakeholders the opportunity to report such instances of malpractice or illegal activity. The policy is widely publicised, and is effectively communicated to the aforementioned stakeholders;
- Appropriate governance arrangements are put in place for each of the partnerships the authority is involved with and relevant partnerships are reviewed;
- Developing the capacity and capability of Members in order to improve and become more effective, and also ensure that officers (including statutory officers) have the capability and capacity to deliver efficiency; and
- The authority's financial management arrangements conform to the governance requirements of the CIPFA statement on The Role of The Chief Financial Officer in Local Government. By doing so, the Authority is able to demonstrate that the core principles are adhered to and achieved.
- Further, it is declared that the governance framework has been in place at ESBC for the year ended 31 March 2024; and will be in place up to the date of approval of the annual report and statement of account.

Overall, therefore, the control environment includes the strategies, policies, plans, procedures, processes, structures, attitudes, and behaviours required to deliver good governance.

4. REVIEW OF EFFECTIVENESS

ESBC has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

In practice, this review of the effectiveness of the system of internal control is an ongoing process incorporating the various elements described above. This review has been carried out throughout 2023/24 and encompassed the following:

- The ongoing review of existing corporate policies and production and approval of new or revised policies and procedures in accordance with best practice. This included a refreshed Treasury Management and Annual Investment Strategy, an updated Medium Term Financial Strategy, a revised Procurement Policy, an update to the Anti-Social Behaviour Procedure, a revised Domestic Abuse Strategy and an Options Appraisal of the potential for shared services. A revised Risk Management Policy was approved and implemented in 2023/24;
- The Council responded to the 2021 Local Government Association Corporate Peer Challenge's recommendations in November 2022. The Peer Challenge Team's feedback was that the Council's response was very positive;
- The ongoing review of the Council's Constitution by Members and Senior Officers of the Council;

- The continued operation of clear policy and decision making through Cabinet and Regulatory Committees and review and challenge through Scrutiny Committees;
- Formal reporting mechanisms to members to review and monitor the work of the Internal Audit Service through reports to the Audit Committee, including an annual report containing an opinion statement on the overall adequacy and effectiveness of the Council's internal control environment;
- The development of the authority's chosen internal audit supplier, 360 Assurance, and implementing advice and guidance;
- The Audit Committee also, as part of its terms of reference, approves and/or recommends changes to the Annual Governance Statement, and reviews its content and effectiveness on an annual basis;
- The Audit Committee has received training and briefing sessions to support with its effectiveness;
- The Standards Committee is responsible for the Council's ethical framework, and works closely with the Monitoring Officer. Issues covered by the Committee's terms of reference include member conduct and ethical standards;
- There have been quarterly formal reports being considered by Cabinet which focus on both Corporate Plan and Financial Performance;
- The Audit Committee received and reviewed the quarterly financial performance reports which cover the revenue budget, capital programme, treasury management and risk management;
- The Scrutiny Value for Money Council Committee, Scrutiny Regeneration Development and Market Hall Committee, Scrutiny Climate Change and Environment Committee and Scrutiny Health and Wellbeing Committee received and reviewed quarterly corporate plan performance reports as well as reviewing all Executive Decision Records that have been taken by the Council's Cabinet Members. Two reports have also been initiated by Scrutiny Climate Change and Environment Committee: Scrutiny Review of Grounds Maintenance; and Scrutiny Review of Car Park Charges;
- The Leisure Operating Contract (LOC) states that a Partnership Board shall be maintained throughout the Contract Period, consisting of five representatives of the Authority comprising the Leader of the Council, Deputy Leader (Leisure, Amenities & Tourism), Chief Executive, Head of Service and Corporate & Commercial Manager on behalf of the Council and the Regional Director, Area Manager and Contract Manager on behalf of the Operator. This is chaired by the then Cabinet Member (Leisure, Amenities & Tourism) and supports the partners to work cooperatively with each other to discharge their respective responsibilities under the LOC and to provide strategic direction for the provision of the services and the operation of the Facilities;
- Regarding the Council's leisure services, a significant outsourced contract, the delivery of this partnership has continued to be managed closely on an ongoing basis and detailed performance reports presented quarterly to senior officers and elected Members, including the Scrutiny Value for Money Council Committee;
- The Council and its leisure operating partner have continued to work closely to manage the impact of COVID-19 and the increased cost of energy, the service and the contract, agreeing appropriate interim arrangements for support utilising appropriate government funding to minimise the impacts on leisure provision;
- The Council's ICT infrastructure and security arrangements remain robust and the ICT infrastructure remains patched and up to date to current standards, verified and backed up by regular vulnerability scanning and external penetration testing;

- In March 2022 the Council submitted the required project documentation to the Department for Levelling Up, Housing and Communities as required by the Heads of Terms for four projects contained within the original Burton upon Trent Town Investment Plan (December 2020). The Council was awarded £23.8m later in the year the subsequent programme of work was initiated;
- In March 2023 formal assurance had to be provided to DLUHC to state that “the Council had processes in place to ensure proper administration of financial affairs relating to the funded projects”. A positive statement was provided following an independent review of the processes by CW Audit on behalf of the Council’s CFO;
- Internal Audit’s review of services and functions based on a risk assessed audit plan, in order to provide an independent opinion on the adequacy and effectiveness of the system of internal control;
- Internal Audit’s presence and participation on appropriate Council projects in order to provide additional assurance;
- There are regular review meetings that are held with external auditors and the Council’s Chief Finance Officer and Chief Accountant;
- There are regular meetings that are held between the Head of Internal Audit and the Chief Accountant;
- There are regular meetings between the Council’s three statutory officers to discuss risk and governance;
- The Council approved its Medium term Financial Strategy for 2024/25 to 2026/27 in February 2023.
- As well as supporting the continued delivery and improvement of our existing services, it made provision for significant investment in the Borough and was prepared following extensive discussion between Chief Officers, Managers and leading Members;
- It acknowledged that both demand for supported housing the planned reforms to local government finance as well as the current economic conditions has created a high degree of uncertainty within our financial planning. Nevertheless, the budget was balanced for the three year period pending the outcome of the local government reforms and supported housing disputes, whilst acknowledging that ongoing savings will be needed in the medium term in order to maintain financial sustainability;
- The Council has a robust underlying financial position which provides a strong foundation of financial resilience during these unprecedented times.

The requirement for the Council's opinion on governance arrangements being fit for purpose is delegated to the Audit Committee. Their opinion is informed by the Annual Governance Statement, Auditors Annual Report, Internal Audit annual opinion (and annual work programme) and other reports including those covering risk management and internal governance issues. For 2023/24 Internal Audit provided an opinion of significant assurance in the annual report presented to Audit Committee in June 2024 as detailed below:

“I am providing an opinion of Significant Assurance that there is a generally sound framework of governance, risk management and control designed to meet the organisations objectives, and controls are generally being applied consistently.

- **Strategic risk management** – I am providing an opinion of Significant Assurance. The Council has updated the Strategic and Corporate Risk Registers and further developed arrangements during 2023/24.

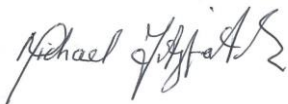
- **Internal Audit outturn** – I am providing an opinion of Significant Assurance for this element of the opinion. We have issued 1 moderate review and 1 limited review which are in areas where the Council has requested inclusion in the plan as they were known areas of potential risk.
- **Implementation of Internal Audit Actions** – I am providing an opinion of Moderate Assurance for this element of the opinion. At year end the Council’s overall action implementation rate was 62%.”

5. SIGNIFICANT GOVERNANCE ISSUES

During the 2023/24 financial year no significant governance issues arose. There were no significant governance issues identified in the 2022/23 Annual Governance Statement requiring action.

However, the challenges brought on by the cost of living implications which were effectively managed throughout 2022/23 and 2023/24 will continue to be closely monitored and any associated impacts will be responded to appropriately.

We propose that we continue to maintain the level of governance at the authority, whilst striving to improve wherever we can.



Signed:

Leading Member on behalf of East Staffordshire Borough Council



Signed:

Chief Executive on behalf of East Staffordshire Borough Council

