

Tamworth Borough Council

# Statement of Accounts 2023/24

*Tamworth - celebrating our heritage,  
creating a better future*



**Tamworth Borough Council,  
Marmion House,  
Lichfield Street,  
Tamworth,  
Staffordshire  
B79 7BZ  
Tel: 01827 709709  
Email: [enquiries@tamworth.gov.uk](mailto:enquiries@tamworth.gov.uk)  
Website: [www.tamworth.gov.uk](http://www.tamworth.gov.uk)**

# **STATEMENT OF ACCOUNTS**

## **2023/24**

### **Contents**

	Page Number
<b>The Narrative Report</b>	<b>2</b>
<b>The Statement of Responsibilities</b>	<b>25</b>
<b>The Core Financial Statements</b>	
Comprehensive Income and Expenditure Statement	26
Movement in Reserves Statement	29
Balance Sheet	31
Cash Flow Statement	34
Notes to the Core Financial Statements	35
Approval of Accounts	122
<b>The Supplementary Financial Statements</b>	
Housing Revenue Account (HRA) – Income and Expenditure Statement	123
Statement of Movement on Housing Revenue Account Balance	124
Notes to the Housing Revenue Account	125
Collection Fund – Income and Expenditure Statement	130
Notes to the Collection Fund	133
<b>Annual Governance Statement</b>	<b>136</b>
<b>Glossary</b>	<b>155</b>
<b>Appendix to the Comprehensive Income and Expenditure Statement</b>	<b>161</b>
<b>Independent Auditor's Report to the Members of Tamworth Borough Council (to be included following audit)</b>	<b>163</b>

## THE NARRATIVE REPORT

The aim of this Narrative Report is to provide a context to the accounts by presenting a clear and simple summary of the Authority's financial position and performance for the year and its prospects for future years.

The statement of accounts presents the financial position and performance of the Authority for the year ended 31<sup>st</sup> March 2024. This narrative report describes the nature and purpose of each of the statements which follow and highlights the most significant matters which are contained within the accounts and the major influences affecting the Authority's income, expenditure and cash flows.

## THE FINANCIAL STATEMENTS

The Annual Statement of Accounts for the year ended 31<sup>st</sup> March 2024 has been prepared in accordance with the guidelines contained within the latest Code of Practice on Local Authority Accounting in the United Kingdom for 2023/24.

The Code is based on International Financial Reporting Standards (IFRS), and has been developed by the Chartered Institute of Public Finance and Accountancy (CIPFA)/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code Board overseen by the Financial Reporting Advisory Board.

The Authority's accounts for 2023/24 are set out on pages 26 to 135 and consist of the following:

### Core Financial Statements:

- **Comprehensive Income and Expenditure Account (CIES):** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The net effect to the Council taxpayer is shown in the Movement in Reserves Statement.

A surplus of £2.3m is reported for 2023/24 (£20.4m surplus in 2022/23). This is mainly explained by a re-measurement of the Net Defined Benefit Liability relating to the pension fund which resulted in a deficit of £2.8m (a surplus of £29.1m was reported in 2022/23) resulting mainly from financial assumption changes.

It also included a £7.6m gain on Revaluation of Property, Plant and Equipment Assets, as well as a deficit on the provision of services of £2.5m.

- **Movement in Reserves 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 Movement in Reserves Statement shows a net General Fund surplus of £1.1m for the year. This equates to a favourable variance of £2.3m (the planned transfer from balances at the start of the year in the original budget was £1.2m) and has resulted in General Fund Balances of £10.7m (£9.6m in 2022/23). Earmarked General Fund Reserves have increased by £4.6m to £20.1m resulting in total General Fund Reserves of £30.9m (£25.2m in 2022/23) and reflect the risks and uncertainties facing the Authority over the medium term.

- **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 £294.3m (£292.0m in 2022/23) which are matched by the reserves held by the Authority.

Key items are:

### Long Term Assets

The Authority holds property, plant and equipment assets of £279.0m (£273.9m in 2022/23) – mainly due to Council dwellings of £246.2m (£243.0m in 2022/23).

### Working Capital

Net working capital has reduced to £48.2m (£49.8m in 2021/22) mainly due to a reduction of £9.6m in the level of short-term investments offset by an increase of £7.8m in cash equivalents as at 31<sup>st</sup> March 2024.

### Provisions, Usable Reserves and Balances

The working balances as at 31<sup>st</sup> March 2024 are £60.4m (£55.6m in 2022/23) and comprise provisions, earmarked reserves, revenue balances and the unused element of capital receipts.

31st March 2023 £000	Provisions, Usable Reserves and Balances	31st March 2024 £000
1,827	Provisions	2,426
26,159	Earmarked Reserves	29,842
12,377	Revenue Balances	12,957
15,286	Unused Capital Receipts & Grants	15,153
55,649	Total Working Balances	60,378

Working balances of £24.5m (£24.8m in 2022/23) relate to capital (including the Capital Reserve of £10.5m). Deferred capital expenditure of £30.1m from 2023/24 and previous years carried forward to 2024/25 will be financed in part from these balances (£29.2m in 2022/23).

## Borrowing Facilities

The Authority borrows funds where necessary to meet both long term capital expenditure commitments and short-term cash flow demands. Funds are borrowed from the Government (Public Works Loan Board - PWLB) and from the commercial money market (banks, building societies and other lenders). The Authority's debt at 31<sup>st</sup> March 2024 was £63.1m (£63.1m in 2023/24) and was all borrowed from the PWLB.

## Pensions

Following the application of IFRIC 14 – IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, the pension fund has a deficit in the year of £8.1m (£6.8m deficit in 2022/23) and is required to be shown on the Balance Sheet of the Authority.

The change in financial assumptions adopted together with other experience for period ending 31<sup>st</sup> March 2024 can be approximately broken down as follows:

<b>Change in Financial Assumptions and Other Experience</b>	<b>31<sup>st</sup> March 2024 £'000</b>
Pension increase Rate	3,698
Salary increase Rate	380
Discount rate	945
Changes in demographic assumptions	647
Other experience (obligations)	(3,499)
Other experience (Assets)	0
Return on assets	8,770
Changes in the effect of the asset ceiling	(13,777)
Total loss	(2,836)

- Pension Increase Rate – Market derived CPI inflation has fallen over the period, which has led to a 0.20% reduction in this assumption. This has served to reduce the Employer's obligations and led to a gain of around £3.7m on the balance sheet.
- The change in the CPI inflation assumption is a result of underlying changes in market implied RPI (after allowance for the inflation risk premium adjustment), coupled with any changes in the RPI-CPI gap from the previous year and the adjustment to CPI to reflect observed inflation since 30<sup>th</sup> September 2023.
- Salary Increase Rate – the salary increase assumption has fallen over the period by 0.20%. This has served to reduce the Employer's obligations and led to a gain of around £0.38m on the balance sheet.
- Discount rate – The corporate bond yield (upon which the discount rate is derived) has risen over the period, which has led to a 0.05% increase in this assumption. This has served to reduce the

Employer's obligations and led to a gain of around £0.9m on the balance sheet.

- Changes in demographic assumptions (c.£0.6m gain on the balance sheet). The assumptions have changed from the previous accounting period to reflect the latest available longevity information. This update has served to reduce the Employer's obligations.
- Other experience (c.£3.5m loss on the balance sheet). There are 3 possible elements that lead to the 'Other experience' item on the obligations side.
  - a) Pensions increase (PI) order – The actual PI order for April 2024 was 6.7%, which is significantly higher than the pension increase rate assumption built into the obligations at the start of the accounting period. This increases pensions in payment, deferred pensions and CARE pots and has served to increase the Employer's obligations and led to a loss of around £3.5m.

After allowing for the above Pensions Increase Order impact, the remainder of the 'Other experience' item is in relation to funding valuation remeasurement experience and any unfunded obligations experience (only in cases where the Employer has historically granted such unfunded benefits):

- b) 31<sup>st</sup> March 2022 funding valuation – there is no funding valuation experience impact in the 31<sup>st</sup> March 2024 results schedule as the impact was already accounted for last year.
- c) Unfunded pensioners – Where the Council has experienced more (or less) unfunded pensioner deaths over the period than expected, this will give rise to a typically small experience gain (or loss) on the balance sheet.

Other experience (Assets) there is no experience in relation to this item in the 31<sup>st</sup> March 2024 results schedule

- Return on assets excluding amounts included in net interest (c.£8.7m gain on the balance sheet). Any excess return (over and above the expected accounting return, i.e. the discount rate at the start of the accounting period) is recognised in the Other Comprehensive Income (OCI). The total investment return achieved by the Fund over the accounting period was 13.7%, compared to an expected accounting return of 4.75%.
- Following guidance from CIPFA issued in November 2023 with regard to the application of IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, due to a significant number of Councils (including Tamworth) moving from a net defined benefit liability to a net defined benefit asset position in 2022/23, a calculation is undertaken to consider whether there is an asset ceiling that would limit the Council's ability to

recognise the asset.

- The IAS 19 asset ceiling is a specified estimate of the present value of the economic benefit which the employer organisation can realise, either through refunds or by gaining economic benefit through reductions in future contributions. Such an economic benefit may be available even if it is not realisable immediately at the end of the reporting period. However, it should be noted that local authority LGPS plans do not have all the features on which IAS 19 and IFRIC 14 provide guidance. In particular:
  - No element of surplus fund assets belongs to pension fund members.
  - Local authority employers cannot normally obtain refunds of surplus during the normal life of the plan.
  - Local authority employers are not normally in a position to wind up a plan and thereby obtain refunds. In the event of the discontinuation of a local authority the pension fund assets and liabilities would be transferred to a successor authority.
  - The change in the net asset ceiling reflects the calculations undertaken by the actuary of the Staffordshire Pension Fund, incorporating an assessment of the economic benefit available as a contribution reduction and the minimum funding requirements from past service contributions, based on a number of assumptions with regard to discount rate, salary increase rate, and projected service costs.
  - It should be noted that there is no change to the underlying assets and obligations of the pension scheme as a result of the asset ceiling adjustment.

It should be noted that there has been no impact on the net cost to the taxpayer arising from this - contribution levels remain unchanged (an ongoing annual contribution plus a fixed lump sum element) arising from the formal valuation on 31<sup>st</sup> March 2022 (following the triennial review).



- **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.
- **Supplementary Statements:**
  - **Housing Revenue Account:** reflects the statutory requirement to maintain a separate account for Council Housing.

The overall revenue financial position relating to Council Housing as given on page 124 shows a reduction in HRA balances for the year of £0.5m (£3.0m decrease in 2022/23).

This equates to an underspend of £0.3m when compared to the approved budget for the year. This has resulted in a decrease in balances from £2.8m to £2.2m to be carried forward to 2024/25. Earmarked HRA Reserves have reduced by £1.2m (£1.0m increase in 2022/23) to £7.4m resulting in total HRA Reserves of £9.6m (£11.3m in 2022/23).

- **The Collection Fund:** shows the Council Tax income collected on behalf of Staffordshire County Council, the Office of the Police and Crime Commissioner (OPCC), the Staffordshire Commissioner Fire and Rescue Authority and this Authority's General Fund.

The fund also includes Non Domestic Rates (NDR) income under the Business Rates Retention Scheme. The Collection Fund, subject to collection of outstanding arrears, achieved the following:

- Council Tax – surplus of £0.7m (£1.2m in 2022/23, the Authority's share is 10%), of which £0.3m (£0.6m in 2022/23) will be distributed to preceptors during 2024/25;
- NDR – deficit of £4.8m (£2.1m deficit in 2022/23) of which the Authority's share is 40%.

The deficit relating to the NDR collection fund includes an increased provision of £6.0m, (£4.5m – 2022/23) with £2.4m being the Authority's share (£1.8m in 2022/23), for appeals outstanding on the 31<sup>st</sup> March 2024 of £16.2m (£37.5m in 2022/23).

This will mean that the deficit will be £1.9m (share for this Authority) for 2024/25 comparable to a deficit of £1.5m included within the 2024/25 budget. It should be noted that this will be funded in 2024/25 through additional section 31 Government grants received during 2023/24 (and transferred to reserve).

These accounting statements are supported by appropriate notes to the accounts and the General Accounting Policies. For 2023/24, the notes to support the primary statements include the relevant accounting policies as well as further detail regarding individual transactions.

## **CHANGES TO THE ACCOUNTS 2023/24**

An updated Code of Practice on Local Authority Accounting, applicable for 2023/24 (the Code) was issued by CIPFA in June 2023. In England and Wales, the Code constitutes a 'proper accounting practice' under the terms of Section 21(2) of the Local Government Act 2003.

Changes reflected in the 2023/24 updated Code do, on the whole, have to be incorporated into the Authority's accounts but do not necessarily impact on the Authority's accounting policies. This is because the changes are principally around additional or changed disclosure notes, points of clarification and additional guidance etc.

The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Financial Reporting Council where these provide additional guidance. The Code has been prepared on the basis of accounting standards and interpretations in effect for accounting periods commencing on or before 1 January 2023.

This is with the exception of IFRS 16 Leases. While the CIPFA/LASAAC Code Board is strongly of the view that IFRS 16 is the best form of reporting local authority leases, it has made a decision to defer mandatory implementation of IFRS 16 as a pragmatic response to severe delays in the publication of audited local authority financial statements in England. The decision should not be viewed as a commentary on the usefulness of the information derived from the implementation of the standard. While mandatory implementation has been deferred until 2024/25, adoption in earlier accounting periods (ie 2023/24) is permitted on a voluntary basis. This Authority has decided not to adopt IFRS 16 Leases before 2024/25.

The key accounting changes applicable to the Authority in the 2023/24 edition of the Code include:

- a) Amendments reflecting changes to IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), which clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors
- b) Amendments the Code reflecting changes to IAS 1 (Presentation of Financial Statements), which help preparers to provide more focused and proportionate information on accounting policies.
- c) Amendments to the Code, which provide a temporary relief so that local authorities are not required to report the gross book value and accumulated depreciation for infrastructure assets. Where a local

authority chooses to apply this temporary relief, the Code requires that additional information is provided to explain an authority's rationale for this decision. The Council has not made use of this relief in the 2023/24 Accounts.

- d) Confirmation of the transitional reporting requirements of the new standards introduced in the 2023/24 Code, while also having regard to requirements in relation to voluntary adoption of IFRS.
- e) Confirmation of the new standards introduced to the 2023/24 Code.

Under the oversight of the Financial Reporting Advisory Board, the CIPFA/LASAAC Code Board is in a position to issue mid-year updates to the Code. This will only be done in exceptional circumstances.

## FINANCIAL OUTLOOK

The Medium-Term Financial Planning process is being challenged by the ongoing uncertain economic conditions. The forecast is based on a 5 year period but does contain a number of uncertainties.

On 5<sup>th</sup> February 2024, the Secretary of State for Levelling Up, Communities and Local Government published a written ministerial statement on the 2024/25 local government finance settlement. This settlement was for one year only.

This settlement represents a 'holding position' until the next Parliament, aiming at stability. The ruling out of a business rates reset, or a fair funding review, means that the funding distribution will stay fairly stable (with the exception of Extended Provider Responsibility funding). But this means that the big questions about the future of the funding system remain unaddressed one way or another.

The current economic climate remains uncertain with many external influences. Local Government received a one-year funding settlement for 2024/25. With the general election to be held 4<sup>th</sup> July 2024, a further one year settlement for 2025/26 is expected, making it difficult to plan longer term.

There remains significant uncertainty around Local Government funding beyond 2025/26 now that there has been a change in the central government. The Business Rate Reset will also see the national redistribution of business rates so that any retained growth (since 2013/14) will be consumed into the national pot for redistribution. These reforms were expected to be in place by 2025/26, but this is now not expected until 2026/27 at the earliest. It is expected that Tamworth BC will lose significant growth when this occurs.

**There is a high risk that these reforms will have a significant effect on the Council's funding level from 2025/26.**

Members will face difficult decisions around prioritising services, when faced with significant reductions in funding.

There are also further uncertainties arising from current cost pressures and inflationary increases which have compounded the likely price increases for supplies that are required for building or construction/maintenance works. The budget proposals included in the MTFS reflect the need to compensate for reduced income levels arising from the uncertain political and economic conditions and potential significant medium-term reductions in Government funding. This is matched against a desire to continue to address the Council's priorities / issues identified by Members and at the same time to seek continuous improvement in service delivery.

The development of a Financial Stability Plan is required to avoid significant financial cuts in future years. This has been developed alongside the Productivity Plan required as part of the Final Local Government Finance

Settlement which needs to be published by July 2024. The Plan must be agreed by Council Leaders and members and published on local authority websites, together with updates on progress. It will give consideration to increasing income, reviewing services, tackling persistent over and underspends with a view to becoming financially sustainable over the medium term.

The Council's constitution requires Cabinet publish initial proposals for the budget, having first canvassed the views of local stakeholders as appropriate - budget proposals were considered at the Joint Scrutiny Committee (Budget) meeting on 31<sup>st</sup> January 2024. In line with the constitution a Leaders Budget Workshop was held on 29<sup>th</sup> November 2023 to outline the issues affecting the MTFS arising from the base budget forecast. The MTFS budget has been set following extensive consultation with the people of Tamworth. This includes feedback and responses from the Annual Survey consultation exercise.

The overriding goal is to make sure our organisation remains fit for the future, while protecting services to the most vulnerable in our community. The current 3 year Corporate Plan comes to an end in March 25 and a new Plan is currently under development.

The Council remains committed to promoting and stimulating economic growth and regeneration; meeting our housing needs; creating a vibrant town centre economy and protecting those most vulnerable in our communities. The Council is responding to these challenges by considering the opportunities to grow our income. We are ambitious with our commercial view and will continue to work hard to identify income streams that enable us to continue to meet the needs of our residents.

More than ever, we recognise that our financial capacity will be less than in previous years which means that we will need to maintain our approach to innovation, collaboration and transformation.

This approach will change the organisation and how it works; will require Members to put evidence and insight at the heart of our decision making to ensure that we are transparent about the rationale for our decisions and plans; will involve managed risks and will sustain essential services critical in supporting the most vulnerable in our communities at a time when demand is increasing and resources reducing.

There have been increasing demands for councils to assess their going concern status in recent years. This assessment has become more relevant with doubts being expressed about whether some local authorities will be able to deliver their full range of service commitments given the financial pressures they face and with some councils issuing warnings about their future financial viability. These concerns have gained greater weight following the recovery following the COVID-19 outbreak, the inflationary cost pressures and the significant impact that it has had on council finances.

It is important to be clear that the Code of Practice under which local authorities operate confirms that councils have no ability to cease being a going concern.

It would not therefore be appropriate for local authority financial statements to be prepared on anything other than a going concern basis. However, as part of putting these accounts together, the Council's financial monitoring and planning has continued focus on providing assurance that its financial position remains secure. This includes considering the impact of cost of living pressures on council income, assessment of any bad debt provisions and impairments required against existing debts and continued analysis of the Council's cashflow requirements.

In the immediate future, the level of the Council's reserve balances is a good indicator of its financial health and ability to withstand any short-term shocks. In addition, the statutory environment in which local authorities operate means that, were an authority to encounter financial difficulties, the prospect would be that central government would implement alternative arrangements for the continuation of services or provide assistance to allow the recovery of any deficit over more than one year. In the light of this and in the opinion of the Executive Director Finance, the Council remains in a sound financial position considering the statutory position held by local authorities and the relative strength of its sources of revenue. In the longer-term, the extent of recovery towards a more familiar operational environment and the continued work to redefine a new local government funding mechanism provide significant uncertainty for the whole sector.

The 2024/25 budget of £8.2m requires the use of £1.1m use of reserves. The use of reserves is currently projected to increase to unsustainable levels in future years and it will be necessary to deliver savings through the Financial Stability Plan to enable the Council to move towards a balanced budget.

## FINANCIAL PERFORMANCE

### General Fund

The main components of the General Fund approved budget and how these compare with actual income and expenditure are set out below.

General Fund	Actual £000	Approved Budget £000	Variance £000
(Surplus) or Deficit for the Year	(1,121)	1,208	(2,329)

The net income for the Authority was £1.1m, representing an underspend of £2.3m. Major differences between the budget and the outturn are as follows:-

Variance between Budget & Actual Outturn	£000	£000
<b>Increased / Non-Budgeted Income*</b>		
Higher levels of investment income due to the rise in interest rates during the year, including item 8 recharge and property fund dividends	(2,036)	
Bad debt provision for unpaid rent invoices	(353)	(2,389)
<b>Non-Budgeted Expenditure / Overspends</b>		
Higher levels of interest payable to the HRA and reserves	722	722
<b>Savings / Underspends</b>		
NDR Levy Payments	(1,182)	(1,182)
<b>Other Variances - Net (Underspends) / Overspends</b>		520
<b>Total (Favourable) / Unfavourable Variance</b>		<b>(2,329)</b>

## Council Housing

A summary of the Housing Revenue Account for 2023/24, compared with the approved budget (including decisions made by Members during the financial year) is shown below:-

Housing Revenue Account	Actual £000	Approved Budget £000	Variance £000
(Surplus) or Deficit for the Year	541	823	(282)

The net deficit was £0.5m, representing an underspend of £0.3m. Major differences between the budget and the outturn are as follows:-

Variance between Budget & Actual Outturn	£000	£000
<b>Increased / Non-Budgeted Income</b>		
Increased investment income on balances (item 8)	(722)	<b>(722)</b>
<b>Non-Budgeted Expenditure / Overspends</b>		
Higher provision for depreciation due to increased asset valuation	947	
Increased Contribution to Capital due to reinvestment of affordable rents in line with agreed policy	379	
Increased interest on debt due to rising interest rates	131	1,457
<b>Savings / Underspends</b>		
Housing Repairs - reduced planned maintenance	(536)	
Provision for bad debts	(147)	
Contingency Budget not required	(130)	(813)
<b>Other Variances - Net (Underspends) / Overspends</b>		(204)
<b>Total (Favourable) / Unfavourable Variance</b>		<b>(282)</b>



## Capital Expenditure

During 2023/24 the Authority spent £23.9m on capital expenditure (£18.8m in 2022/23). A breakdown by category and sources of finance is shown as Note 33 to the Core Financial Statements on page 100.

The majority of expenditure is related to improvement, enhancement or ongoing construction works:

Capital Expenditure	£m	£m
<b>General Fund Services</b>		
Future High Street Fund Town Centre Regeneration	10,397	
Commercial Lease Bolebridge	532	
Disabled Facilities Grants	210	
Other Capital Schemes	1,400	12,539
<b>Housing Capital Programme</b>		
Enhancements to Council Dwellings	6,341	
Improvements to the High-Rise Flats	1,197	
Regeneration & Acquisition of Council Dwellings	2,352	
Other Capital Schemes	1,430	11,320
<b>Total</b>		<b>23,859</b>

A total of £30.1m spending originally planned for 2023/24, or earlier, has been deferred to 2024/25 (£29.2m in the previous year). Included within this deferred expenditure:

Deferred Capital Expenditure	£000	£000
<b>General Fund Services</b>		
Future High Street Fund Town Centre Regeneration	14,825	
Gungate Development	2,184	
Commercial Lease Bolebridge	368	
Amington Community Woodland	757	
Installation of 3G pitches at Anker Valley	802	
Town Hall Improvements	689	
Disabled Facilities Grant	1,700	
Other Capital Schemes	4,386	25,711
<b>Housing Capital Programme</b>		
Enhancements to Council Dwellings	2,532	
Regeneration & Acquisition of Council Dwellings	1,331	
Other	572	4,435
<b>Total</b>		<b>30,146</b>

During the year, the Authority disposed of land and property with capital receipts totalling £1.7m, primarily relating to the disposal of 18 Council Dwellings through Right to Buy sales.

## NON-FINANCIAL PERFORMANCE

In February 2022 Council approved the current Vision, Strategic priorities and the Council’s Corporate Plan for the period 2022 to 2025 following a detailed review and refresh to respond to the demands from local people.

This was brought together by councillors, during a number of councillor-led workshops and seminars, into a new refocused vision to reflect new priorities following more collaborative budget setting workshops which were held to ensure all councillors were able to have involvement in what is important to them and their residents.

Our vision is **‘Tamworth – celebrating our heritage, creating a better future’**

In order to achieve that vision, we have developed the Corporate Plan which is being delivered with a workforce and organisation that has adapted to an unprecedented national challenge, working hand in hand with our partners and communities.

This vision, together with the Corporate Plan, details five areas of focus for the borough; including the key outcomes we are seeking to achieve and how we are working to achieve them. Each priority has a number of supporting areas of focus and progress will be achieved through the delivery of corporate and transformational projects; each having clearly defined objectives and outcomes.

<b>TAMWORTH BOROUGH COUNCIL: VISION</b>	
<i>‘Tamworth - celebrating our heritage, creating a better future’</i>	
<b>OUR PRIORITIES</b>	<b>AREAS OF FOCUS</b>
<b>1. The Environment</b>	<ul style="list-style-type: none"> <li>• Enforcement and education with regard to litter and fly-tipping</li> <li>• Development of infrastructure for acting on climate change</li> <li>• Support more people to recycle and to reduce waste</li> <li>• Working with partners to protect, maintain and improve the green space offer</li> </ul>
<b>2. The Economy</b>	<ul style="list-style-type: none"> <li>• Development of business initiatives to promote start up and growth</li> <li>• Support business growth to generate employment opportunities by working with businesses</li> <li>• Provision of good quality and affordable housing</li> </ul>








OUR PRIORITIES	AREAS OF FOCUS
	<ul style="list-style-type: none"> <li>• Improve tourism in terms of good access information for visitors to help local businesses and Tamworth as a destination as a whole, maximise and improve the quality of the visitor experience</li> </ul>
<b>3. Infrastructure</b>	<ul style="list-style-type: none"> <li>• Review Local Plan to improve the transport links within Tamworth</li> <li>• Improve existing walkways and cycling routes</li> <li>• Ensure more people can access council services digitally / digital enhancement with partners and within Council housing stock</li> </ul>
<b>4. Living in Tamworth</b>	<ul style="list-style-type: none"> <li>• Ensure adequate supply of affordable housing through the Local Plan review</li> <li>• Investment in Neighbourhood and Place environment</li> <li>• Through our Economic Development team, we will support job creation and business retention and expansion through interventions and advice, and seek to protect the local economy where we can influence this.</li> <li>• Improve and promote Tamworth’s historic and cultural assets and events</li> <li>• Community safety focus on neighbourhoods and place</li> <li>• Working with partners to ensure the fear of crime within Tamworth is reduced</li> </ul>
<b>5. Town Centre</b>	<ul style="list-style-type: none"> <li>• Continue to develop street market and extend supporting events around the market to add vibrancy within the town centre</li> <li>• Create a branding scheme for “created in Tamworth”</li> <li>• Provide the infrastructure to improve evening and night time economy</li> <li>• Embrace Tamworth’s history and culture so as to build a sense of local pride and to support our children education and understanding of the significant part Tamworth played in British history</li> <li>• Continue to promote all outdoor events</li> <li>• Development of a new Tamworth Enterprise Centre as part of the structural transformation of the town centre</li> <li>• Make the town centre more accessible</li> <li>• Improve leisure and food offer</li> <li>• Improve night time transport</li> </ul>




Further details on the Authority's Key Performance Indicators for 2023/24 (and previous years) together with our vision and priorities for Tamworth, our values along with our performance are set out in **our Corporate Plan** which sets out our plans and priorities for the coming year, and is available from the Authority's website:

<http://www.tamworth.gov.uk/performance>





## HIGH LEVEL CORPORATE PLAN PROJECTS/PROGRAMMES

An update on the 2022 to 2025 Corporate Plan actions is shown below.

Code	Project	Project Status	Due Date	Projects Highlights (Overall Project Comments)	Managed By
CP2022-25_PD_034	Asset management Strategy		31-Jul-2024	The key Asset Management Strategy is nearing completion and will be ready to present to The Asset Strategy Steering Group in the near future with an aim to present to Scrutiny and Cabinet before the end of Q2 2024.	Paul Weston
CP2022-25_TCP_004	FHSF		31-Mar-2025	The work is progressing positively and multiple projects are moving forwards simultaneously. Challenges persist but these are known to the project team.	Anna Miller
CP2022-25_TCP_005	Gungate		31-Mar-2025	Key priority is land assembly and work continues to achieve this.	Anna Miller
CP2022-25_PD_027	HRA Business Plan (2024-2054)		31-Mar-2025	HRA Business plan modelling completed with Cabinet decisions agreed 22/2/24 for tenant consultation on longer-term options. HRA showing balanced position over MTFS with longer term challenges from horizon scanning	Tina Mustafa
CP2022-25_PD_008	Local Government Boundary Review		31-Mar-2025	Awaiting Local Government Boundary Commission project inception. Review likely to be concluded in time for 2026 elections, with project commencing in 2024. The timetable is provided by the electoral commission.	Zoe Wolicki
CP2022-25_TCP_007	Net Zero		31-Mar-2025	Consultants Aether have been commissioned to work on an Action Plan which will provide a road map for net zero activities.	Anna Miller
CP2022-25_PD_047	Social Housing Regulatory Programme		31-Mar-2025	<ul style="list-style-type: none"> <li>• Full Programme Mid-term review agreed by ELT 13/5/24</li> <li>• Draft Recommendations in draft to agree with new Portfolio Holder for Cabinet June 2024</li> <li>• Comms Plan in place</li> </ul>	Tina Mustafa


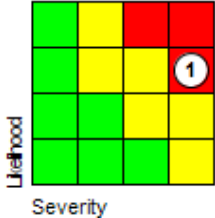

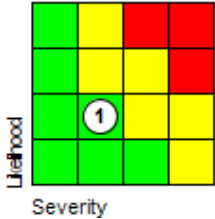

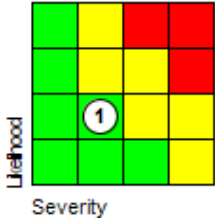
Code	Project	Project Status	Due Date	Projects Highlights (Overall Project Comments)	Managed By
				<ul style="list-style-type: none"> <li>Resourcing and business case being prepared</li> <li>RSH introductory meeting 6/6/24</li> </ul>	
CP2022-25_PD_048	Strategic Review of Leaseholder Service Charges		31-Mar-2025	<ul style="list-style-type: none"> <li>Cabinet report delivered 26th October 2023</li> <li>The specification has been agreed and the Invitation to Tender issued. Tenders are due to be returned on 6th November 2023.</li> <li>Detailed delivery plan in place by January 2024</li> <li>Survey work has been completed</li> <li>Draft report of findings to be delivered by June 2024</li> <li>Some additional outputs likely to be identified <ul style="list-style-type: none"> <li>Briefing for new portfolio holder to be undertaken June 2024</li> </ul> </li> </ul>	Paul Weston
CP2022-25_PD_043	Sustainability Strategy to resolve long term MTFS position		31-Mar-2025	Project being scoped Report to cabinet March 2024	Becky Smeathers
CP2022-25_TCP_004	FHSF		31-Mar-2025	The work is progressing positively and multiple projects are moving forwards simultaneously. Challenges persist but these are known to the project team.	Anna Miller


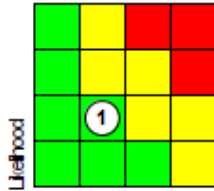

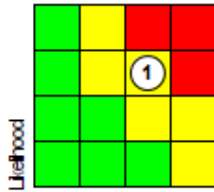

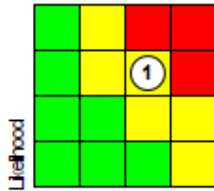

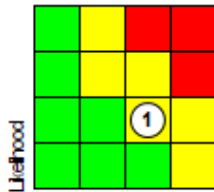
### Key to Symbols

RAG Status	Overall Project Status
	Action / Key Workstream / Project on track and in control
	Action / Key Workstream / Project not on track but is in control
	Action / Key Workstream / Project Completed
	Action / Key Workstream / Project not on track and not in control


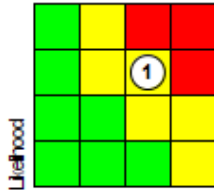
## CORPORATE RISK REGISTER





The Authority's Corporate risks for 2023/24 are outlined below.

Code	Corporate Risk Heading	Status	Status	Current Risk Matrix	Executive Leadership Team
1	<p>Finance/Financial stability 2023/24.</p> <p>The risk that the Council is not financially sustainable as an organization</p> <p>This risk is mitigated by the robust monthly budget and MTFS monitoring processes in place; financial stability strategy in place; annual review of fees and charges; annual review of reserves; etc.</p>		Alert		Joanne Goodfellow; Becky Smeathers
2	<p>Governance 2023.</p> <p>The risk that the Council is not fully compliant in all legislative requirements</p>		OK		Rob Barnes; Anica Goodwin
3	<p>Promoting community resilience and cohesive communities</p> <p>Failure to understand Borough issues that may lead to community cohesion challenges and community resilience issues affecting Tamworth 'the place'</p>		OK		Rob Barnes

Code	Corporate Risk Heading	Status	Status	Current Risk Matrix	Executive Leadership Team
4	Lack of resources, capacity and right skills in place Failure to have the resources, capacity and right skills in place (recruitment and retention) to deliver corporate objectives		OK	 Likelihood Severity	Rob Barnes; Anica Goodwin
5	Organisational Resilience 2023/24 Failure to provide services or maintain the continued wellbeing and operations within the Borough and be resilient to the unprecedented changes of the future.		Warning	 Likelihood Severity	Rob Barnes
6	Failure to meet climate change ambitions/ meet net zero targets and plan for major weather impacts and force majeure. Failure to plan ahead financially for cost implications and lack of specialist skills in place to develop adverse climate resistant infrastructure		Warning	 Likelihood Severity	Rob Barnes
7	Information and Data Management Lack of insight from information and data systems could impede effective decision making and affect systems viability		Warning	 Likelihood Severity	Rob Barnes; Anica Goodwin



Code	Corporate Risk Heading	Status	Status	Current Risk Matrix	Executive Leadership Team
8	Inability to deliver economic growth, sustainability and prosperity in the Borough Lack of economic growth, sustainability and prosperity in the Borough at the levels required		Warning		Rob Barnes

Risk Status	
	Alert
	High Risk
	Warning
	OK

As a result of ongoing review of corporate risks during 2024/25, some updates have been made to the corporate risk register.

Risks 4 (Lack of resources, capacity & right skills in place) & 5 (Organisational Resilience) have been amalgamated into risk 5 titled 'Organisational Resilience'.

Two new risks have also been created –

Risk 4 'Inability to meet social housing targets, deliver affordable housing and meet the requirements of the social housing regulations,' which is split into two sub risks to differentiate between social housing (failure to meet the Regulator Social housing

consumer standards) and affordable housing risks (failure to deliver a new Local Plan by 2031 and failure to deliver affordable housing).

Risk 9 - Cyber Security, to ensure the council is resilient against Cyber security threats, as this is one of the top 5 risks most likely to present a material crisis as per the World Economic Forum Global Risks Report, and will now be monitored as its own risk outside of Information and Data Management. The risk status of Cyber Security is red, risk mitigations include robust cybersecurity and data management measures, processes and procedures in place along with associated controls, such as cyber defence tools, regular penetration testing, disaster recovery and back up processes, training and awareness for staff, and anti-virus and anti-malware software.

Further information about the Statement of Accounts is available from the Interim Executive Director Finance, Tamworth Borough Council, Marmion House, Lichfield Street, Tamworth, Staffs. B79 7BZ.

Email: [joanne-goodfellow@tamworth.gov.uk](mailto:joanne-goodfellow@tamworth.gov.uk) Telephone : 01827 709241

This is part of the Authority's policy of providing full information about the Authority's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the Authority's website at [www.tamworth.gov.uk](http://www.tamworth.gov.uk)

**The information in this document may be made available in other selected languages. Copies may be made available on tape, in Braille or large print.**

## **Statement of Responsibilities**

### **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 Executive Director Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

### **The Executive Director Finances' Responsibilities**

The Executive Director Finance 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 Executive Director Finance 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.

The Executive Director Finance has also:

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

This Statement of Accounts gives a true and fair view of the financial position of Tamworth Borough Council and its expenditure and income for the year ended 31<sup>st</sup> March 2024.



Jo Goodfellow

Interim Executive Director of Finance

Dated: 29th November 2024

## **Comprehensive Income and Expenditure Statement (CIES)**

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

A breakdown of the individual services contained within the CIES headings are detailed within the Appendix to the CIES on page 161.

A detailed breakdown of the movement on the HRA is shown within the HRA Statements on page 123.

Gross Expenditure £000	2022/23		Comprehensive Income & Expenditure Statement	Notes	2023/24		
	Gross Income £000	Net Expenditure £000			Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,768	(682)	2,086	Chief Executive		2,682	(639)	2,043
8,166	(2,272)	5,894	Assistant Director Growth and Regeneration		13,173	(2,275)	10,898
816	(259)	557	Executive Director Organisation (GF)		781	(230)	551
3,685	(1,363)	2,322	Assistant Director People (GF)		3,419	(993)	2,426
6,992	(3,564)	3,428	Assistant Director Env, Culture and Wellbeing (GF)*		6,002	(2,347)	3,655
144	(50)	94	Executive Director Finance		135	(30)	105
14,494	(13,529)	965	Assistant Director Finance		13,926	(16,221)	(2,295)
2,126	(430)	1,696	Assistant Director Assets (GF)		1,569	(479)	1,090
1,487	(596)	891	Assistant Director Neighbourhoods (GF)		1,631	(674)	957
1,330	(434)	896	Assistant Director Partnerships		1,396	(418)	978
157	(100)	57	Executive Director Communities (HRA)		143	(115)	28
15,418	(20,027)	(4,609)	HRA Summary		13,213	(21,317)	(8,104)
280	-	280	Assistant Director People (HRA)		253	-	253
295	-	295	Assistant Director Operations and Leisure (HRA)		355	-	355
1,408	(446)	962	Assistant Director Assets (HRA)		1,320	(381)	939
5,312	(1,184)	4,128	Assistant Director Neighbourhoods (HRA)		5,367	(1,328)	4,039
5,352	(75)	5,277	Housing Repairs		4,854	(166)	4,688
<b>70,230</b>	<b>(45,011)</b>	<b>25,219</b>	<b>Cost of Services</b>	<b>7</b>	<b>70,219</b>	<b>(47,613)</b>	<b>22,606</b>

(47)	Other Operating Expenditure	11	(296)
5,474	Financing and Investment Income and Expenditure (FIIE)	12	283
-	(Surplus) or Deficit of Discontinued Operations	27	-
(15,121)	Taxation and Non Specific Grant Income	13	(20,088)
<b>15,525</b>	<b>(Surplus) or Deficit on Provision of Services</b>	7	<b>2,505</b>
(6,827)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	23a	(7,646)
(29,102)	Re-measurement of the Net Defined Benefit Liability	23d	2,836
<b>(35,929)</b>	<b>Other Comprehensive Income and Expenditure</b>		<b>(4,810)</b>
<b>(20,404)</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>(2,305)</b>

\*Change of post title in 2023/24

## **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 (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net (Increase) / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Authority.

The reserve movements for 2022/23 and 2023/24 are shown on the following pages.

**Movement in Reserves Statement  
2022/23**

	<b>General Fund Balance</b>	<b>Earmarked Reserves</b>	<b>Total General Fund Balances</b>	<b>Housing Revenue Account</b>	<b>Earmarked HRA Reserves</b>	<b>Total HRA Balances</b>	<b>Capital Receipts Reserve</b>	<b>Major Repairs Reserve Note HRA 3</b>	<b>Capital Grants Unapplied</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Authority Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance as at 1<sup>st</sup> April 2022</b>	<b>9,155</b>	<b>15,505</b>	<b>24,660</b>	<b>5,717</b>	<b>9,542</b>	<b>15,259</b>	<b>14,384</b>	<b>2,447</b>	<b>420</b>	<b>57,170</b>	<b>214,436</b>	<b>271,606</b>
<b>Movement in Reserves during 2022/23</b>												
Surplus or (Deficit) on the Provision of Services	(7,596)	-	(7,596)	(7,929)	-	(7,929)	-	-	-	(15,525)	-	(15,525)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	35,929	35,929
<b>Total Comprehensive Income and Expenditure</b>	<b>(7,596)</b>	<b>-</b>	<b>(7,596)</b>	<b>(7,929)</b>	<b>-</b>	<b>(7,929)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,525)</b>	<b>35,929</b>	<b>20,404</b>
Adjustments between Accounting Basis and Funding Basis Under Regulations (Note 9)	8,112	-	8,112	3,971	-	3,971	(72)	(388)	555	12,178	(12,178)	-
<b>Net (Increase) / Decrease before transfers to Earmarked Reserves</b>	<b>516</b>	<b>-</b>	<b>516</b>	<b>(3,958)</b>	<b>-</b>	<b>(3,958)</b>	<b>(72)</b>	<b>(388)</b>	<b>555</b>	<b>(3,347)</b>	<b>23,751</b>	<b>20,404</b>
Transfers to / (from) Earmarked Reserves (Note 10)	(55)	55	-	1,002	(1,002)	-	-	-	-	-	-	-
<b>Increase / (Decrease) in 2022/23</b>	<b>461</b>	<b>55</b>	<b>516</b>	<b>(2,956)</b>	<b>(1,002)</b>	<b>(3,958)</b>	<b>(72)</b>	<b>(388)</b>	<b>555</b>	<b>(3,347)</b>	<b>23,751</b>	<b>20,404</b>
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>9,616</b>	<b>15,560</b>	<b>25,176</b>	<b>2,761</b>	<b>8,540</b>	<b>11,301</b>	<b>14,312</b>	<b>2,059</b>	<b>975</b>	<b>53,823</b>	<b>238,187</b>	<b>292,010</b>



**Movement in Reserves Statement  
2023/24**

	<b>General Fund Balance</b>	<b>Earmarked Reserves</b>	<b>Total General Fund Balances</b>	<b>Housing Revenue Account</b>	<b>Earmarked HRA Reserves</b>	<b>Total HRA Balances</b>	<b>Capital Receipts Reserve</b>	<b>Major Repairs Reserve Note HRA 3</b>	<b>Capital Grants Unapplied</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Authority Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance as at 1st April 2023</b>	9,616	15,560	25,176	2,761	8,540	11,301	14,312	2,059	975	53,823	238,187	292,010
<b>Movement in Reserves during 2023/24</b>												
Surplus or (Deficit) on the Provision of Services	1,512	-	1,512	(4,017)	-	(4,017)	-	-	-	(2,505)	-	(2,505)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-	4,810	4,810
<b>Total Comprehensive Income and Expenditure</b>	<b>1,512</b>	<b>-</b>	<b>1,512</b>	<b>(4,017)</b>	<b>-</b>	<b>(4,017)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,505)</b>	<b>4,810</b>	<b>2,305</b>
Adjustments between Accounting Basis and Funding Basis Under Regulations (Note 9)	4,183	-	4,183	2,325	-	2,325	(380)	260	246	6,634	(6,634)	-
<b>Net (Increase) / Decrease before transfers to Earmarked Reserves</b>	<b>5,695</b>	<b>-</b>	<b>5,695</b>	<b>(1,692)</b>	<b>-</b>	<b>(1,692)</b>	<b>(380)</b>	<b>260</b>	<b>246</b>	<b>4,129</b>	<b>(1,824)</b>	<b>2,305</b>
Transfers to / (from) Earmarked Reserves (Note 10)	(4,574)	4,574	-	1,151	(1,151)	-	-	-	-	-	-	-
<b>Increase / (Decrease) in 2023/24</b>	<b>1,121</b>	<b>4,574</b>	<b>5,695</b>	<b>(541)</b>	<b>(1,151)</b>	<b>(1,692)</b>	<b>(380)</b>	<b>260</b>	<b>246</b>	<b>4,129</b>	<b>(1,824)</b>	<b>2,305</b>
<b>Balance as at 31st March 2024</b>	<b>10,737</b>	<b>20,134</b>	<b>30,871</b>	<b>2,220</b>	<b>7,389</b>	<b>9,609</b>	<b>13,932</b>	<b>2,319</b>	<b>1,221</b>	<b>57,952</b>	<b>236,363</b>	<b>294,315</b>

## **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 reserves 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 the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is 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 Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments Between Accounting Basis and Funding Basis Under Regulations'.

31st March 2023 £000	Balance Sheet	Notes	31st March 2024 £000
273,934	Property, Plant & Equipment	14	279,128
3,677	Heritage Assets	15	4,156
22,410	Investment Property	16	20,154
325	Intangible Assets		263
10,842	Long Term Investments	17	10,143
12,716	Long Term Debtors	17	12,721
<b>323,904</b>	<b>Long Term Assets</b>		<b>326,565</b>
59,843	Short Term Investments	17	50,252
25	Inventories		22
3,596	Short Term Debtors	18	2,721
2,395	Cash & Cash Equivalents	19	10,158
<b>65,859</b>	<b>Current Assets</b>		<b>63,153</b>
(876)	Cash & Cash Equivalents	19	(2,438)
(310)	Short Term Borrowing	17	(313)
(14,377)	Short Term Creditors	21	(11,485)
(529)	Provisions	22	(678)
<b>(16,092)</b>	<b>Current Liabilities</b>		<b>(14,914)</b>
(407)	Long Term Creditors	17	(373)
(1,298)	Provisions	22	(1,748)
(63,060)	Long Term Borrowing	17	(63,060)
(6,841)	Other Long Term Liabilities	23c/37	(8,116)
(10,009)	Capital Grants Receipts in Advance	31	(6,920)
(46)	Revenue Grants Receipts in Advance		(272)
<b>(81,661)</b>	<b>Long Term Liabilities</b>		<b>(80,489)</b>
<b>292,010</b>	<b>Net Assets</b>		<b>294,315</b>
53,822	Usable Reserves		57,952
238,188	Unusable Reserves	23	236,363
<b>292,010</b>	<b>Total Reserves</b>		<b>294,315</b>

*Jo Goodfellow*

Jo Goodfellow  
Interim Executive Director of Finance

Dated: 29th November 2024

## 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 of 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 outflows 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.

2022/23 £000	Cashflow Statement	Notes	2023/24 £000
15,525	Net (Surplus) or Deficit on the Provision of Services		2,505
(23,172)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for non-cash movements		(16,626)
7,269	Adjustments for items included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities		12,268
(378)	Net cash flows from Operating Activities (Surplus)/Deficit	24	(1,853)
9,382	Investing Activities	25	(5,655)
1,702	Financing Activities	26	1,307
10,706	Net (increase) or decrease in Cash and Cash Equivalents		(6,201)
12,225	Cash and Cash Equivalents at the beginning of the reporting period		1,519
<b>1,519</b>	<b>Cash and &amp; Cash Equivalents at 31st March 2024</b>	19	<b>7,720</b>

<b>Notes to the Core Financial Statements – Summary</b>		<b>Page</b>
Note 1	Accounting Policies	36
Note 2	Accounting Standards that have been issued but have not yet been adopted	41
Note 3	Critical Judgements in Applying Accounting Policies	41
Note 4	Assumptions made about the future & other major sources of estimation uncertainty	43
Note 5	Material Items of Income and Expense	46
Note 6	Events after the Reporting date	46
Note 7	Expenditure and Funding Analysis and Adjustment Detail	46
Note 8	Expenditure and Income Analysed by Nature	50
Note 9	Adjustments between Accounting Basis & Funding Basis Under Regulations	50
Note 10	Transfers to / (from) Earmarked Reserves	55
Note 11	Other Operating Expenditure	57
Note 12	Financing & Investment Income & Expenditure	57
Note 13	Taxation & Non-specific Grant Incomes	57
Note 14	Property, Plant & Equipment	58
Note 15	Heritage Assets	68
Note 16	Investment Properties	70
Note 17	Financial Instruments	72
Note 18	Debtors	79
Note 19	Cash & Cash Equivalents	80
Note 20	Assets Held for Sale	80
Note 21	Creditors	81
Note 22	Provisions	81
Note 23	Unusable Reserves	83
Note 24	Cash Flow Statement – Operating Activities	89
Note 25	Cash Flow Statement – Investing Activities	90
Note 26	Cash Flow Statement – Financing Activities	90
Note 27	Acquired & Discontinued Operations	90
Note 28	Members' Allowances	91
Note 29	Officers' Remuneration	91
Note 30	External Audit Costs	93
Note 31	Government Grants and Contributions	93
Note 32	Related Parties	97
Note 33	Capital Expenditure & Financing	100
Note 34	Leases	101
Note 35	Impairment Losses	104
Note 36	Termination Benefits	105
Note 37	Defined Benefit Pension Schemes	106
Note 38	Contingent Liabilities	114
Note 39	Nature & Extent of Risks Arising from Financial Instruments	116

## **NOTES TO THE ACCOUNTS**

### **1. Accounting Policies**

#### **BASIS FOR PREPARATION**

The notes relating to specific financial statement lines include the corresponding accounting policy. As a result, there is not an overall principal accounting policies note. However, the general accounting policies where there are not any accompanying notes are detailed within this note.

#### **i. GENERAL PRINCIPLES**

The Statement of Accounts summarises the Authority's transactions for the 2022/234 financial year and its position at the year end of 31<sup>st</sup> March 2024. The Accounts and Audit Regulations (England) 2015 require the Authority to prepare an Annual Statement of Accounts in accordance with proper accounting practices. These practices 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, other than prepayments which are accounted for on a cash basis. In particular:

- a) 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 in the contract;
- b) 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;
- c) 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;
- d) Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- e) Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written

down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

The Authority's policy is to review all accruals over £1k together with payments and receipts over £5k made in February, March and April to ensure that they are recorded in the appropriate period. Any accruals below this amount are not considered to be material.

### **iii. 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, other events and conditions on the Authority's financial 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.

### **iv. 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 fixed assets during the year:

- a) depreciation attributable to the assets used by the relevant service;
- b) 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
- c) 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 amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance.

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

### **v. COUNCIL TAX AND NON-DOMESTIC RATES (ENGLAND)**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as

principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (ie the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of Council Tax and NDR collected could be less or more than predicted.

### **Accounting for Council Tax and NDR**

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

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

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

### **vi. INTANGIBLE ASSETS**

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the authority can be determined by reference to an active market. In practice, no intangible asset held by the authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or



abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

#### **vii. VAT**

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

#### **viii. FAIR VALUE MEASUREMENT**

The Authority measures some of its non-financial assets such as Surplus Assets and Investment Properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

The 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.

The Authority uses internal and external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

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

Level 3 – unobservable inputs for the asset or liability.

**ix. INTERESTS IN COMPANIES AND OTHER ENTITIES**

The authority has no material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

## 2. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the UK (the Code) requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 2024/25:

**IFRS 16 Leases** will be implemented to recognise a right-of-use asset on the Balance Sheet for all leases where the Council is the lessee (except where short-term or low value). Short term leases are those with less than 12 months left to run. A lease will be considered low value where the value of the underlying asset is less than £10k, in line with the Council's capital de minimis limit. Lease rental payments will be applied partly to write down the liability and partly charged as interest on the outstanding liability. The cost of the right-of-use asset will be reflected in depreciation charges in Comprehensive Income and Expenditure Statement.

The Council has reviewed and updated the current leasing portfolio and identified those leases that will be exempt from IFRS16 due to being less than 12 months or low value. The Council is currently in the process of procuring a number of new vehicles under leasing arrangements and until completion of this process the full impact of the new assets and liabilities on the balance sheet for 2024/25 is not yet known. The Council is working with an external provider to support with ensuring all the remaining and new leases for 2024/25 are accounted for correctly under IFRS16.

It is not possible to reliably estimate the impact of IFRS 16 based on the work being ongoing with the external provider. The Council will adopt IFRS 16 from the 1 April 2024.

**IAS 1 Presentation of Financial Statements** will be revised to further clarify the classification of liabilities as current or non-current and improve the information provided where the Council has a non-current liability with a covenant. These changes are not expected to affect the amounts held in the Council's financial statements.

## 3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in the notes to the accounts, 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:

- The Authority has a Joint Waste Management arrangement with Lichfield District Council (LDC) as the host Authority responsible for management of the arrangement including the refuse fleet. Each Council is responsible for showing

its share of income and expenditure and assets and liabilities within its Financial Statements.

In February 2016 the LDC procured a new waste fleet using a contract hire arrangement that has been evaluated under IAS 17 as a finance lease. The value of assets procured and the finance lease obligation was £2.2m.

A further £680k of assets was added to this during 2016/17. At 31 March 2024 the Net Book Value of the assets was £nil and the value of the finance lease obligation is also nil. The assets of the operation in respect of vehicles, equipment, land and buildings have been assessed as being under the control of Lichfield District Council and are therefore shown that Authority's Balance Sheet. The Joint Waste Service shares joint income and expenditure based on the ratio of properties in each area and the current ratio is 58.3% Lichfield and 41.7% Tamworth.

The authority only includes within its accounts the payments it makes to LDC in respect of the service and its own assets which are used for the provision of the service. Payments to LDC are based on an agreed percentage of the total net cost of providing the service, based on the number of properties in each area, currently 41.7% for the Authority.

#### 4. Assumptions Made About the Future & 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 at 31<sup>st</sup> 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 Results Differ from Assumptions
Pensions	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p>	<p>Adjustment to the level of liability on the Balance Sheet. During the year the overall liability increased from £6.8m to £8.1m (following a decrease in the deficit from £32.4m to £6.8m in 2022/23) – see Note 37 on page 106.</p> <p>Variations in the key assumptions will have the following impact on the net liability:            A 0.1% decrease in the real discount rate will increase the net pension liability by £1.9m (2%);            A 0.1% increase in the assumed level of salary increases will increase the net pension liability by £0.1m (0%); and            A 0.1% increase in the assumed level of pension increases will increase the net pension liability by £1.9m (2%).</p>
Business Rates Retention	<p>The Local Government Finance Act 2012 introduced a Business Rates Retention Scheme that enabled local authorities to retain a proportion of the Business Rates generated in their area. The arrangements for the Business Rates came into effect on 1<sup>st</sup> April 2013. Billing authorities acting as agents on behalf of the major preceptors, Central Government and themselves and are required to make provisions for refunding ratepayers who have successfully appealed against the rateable</p>	<p>The Authority has included a provision of £2.4m (the overall provision in the Business Rates Collection Fund is £6.0m and the Authority's share of the Local Business Rates Retention scheme is 40%) for appeals outstanding on the 31<sup>st</sup> March 2024 of £16.2m.</p> <p>With effect from the 2017 Rating List, there is a fresh approach to appeals known as "Check, Challenge &amp; Appeal" (CCA) which means that before an appeal is made the Rateable Value may be amended upon negotiation</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>value of their properties on the rating List.</p> <p>Staffordshire was successful in the application to become a 75% Business Rate Retention Pilot for 2019/20.</p> <p>The Staffordshire and Stoke on Trent Business Rates Pilot consisted of Staffordshire County Council (SCC); Stoke on Trent City Council (SoTCC), all 8 District /Borough Councils and the Staffordshire Commissioner for Police, Fire and Rescue and Crime (SPFCC) – for both the Police and Fire and Rescue Services (FARS). The pilot allowed 75% of Business Rates to be retained locally with 40% retained by the Districts, 34% by the County (74% for SoTCC as a Unitary Authority) and 1% for the FARS.</p> <p>Previously, the Council was a Member of the GBSLEP business rates pool. Half of the rates revenue was retained locally with Billing authorities acting as agents on behalf of the major preceptors (SCC 9% / SFARS 1%), Central Government (50%) and themselves (40%).</p> <p>The government announced that business rate pilot pools established for 2019/20 would not be allowed to continue and the pilot business rate pool ceased on 31<sup>st</sup> March 2020.</p> <p>The bid for a new business rate retention pool reverting back to the 50% retention scheme consisting of SoTCC, SCC, SFARS and the 8 District Councils was successful for 2020/21 and has continued into 2022/23 and 2023/24.</p>	<p>between the Valuation Office and the ratepayer (or their agents). This process will inevitably lead to a delay in appeals being made.</p> <p>It is difficult to estimate the likelihood of businesses both submitting and being successful with an appeal in the future and the Authority has therefore made provision in the accounts based on professional advice from independent valuers.</p> <p>The pool currently has large growth, however, there is uncertainty for the level of future income, which cannot be quantified at present, due to the planned reform of Local Government funding and the potential for a large rise in appeals arising from the closure of the 2017 list at the end of March 2023 and the new 2023 list from April 2023.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Property, Plant and Equipment, Council Dwellings and Investment Properties</p>	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provided valuations as at 31<sup>st</sup> March 2024 following a review of all (100%) of its operational portfolio. There are uncertainties with regard to comparable properties when using the beacon approach to the valuation of Housing stock., where there may be a lack of similar properties having recently been sold on the open market. The expertise of external valuers is relied upon.</p> <p>The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Council external valuers.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Council dwellings would increase by c.£74k for every year that useful lives had to be reduced.</p> <p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The net book value of non-current assets subject to potential revaluation is £267.0m (£246.2m Council Dwellings and £20.8m Other Land and Buildings). A 1% movement in their valuation would equate to £26.7m. With regard to investment properties, a 1% movement in their valuation would equate to £2.0m.</p>

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

## **5. Material Items of Income and Expense**

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. This note identifies material items of income and expense. For the purposes of this note the Authority considers material items to be those greater than £1.2m. There were no material items during 2023/24.

## **6. Events after the Reporting Period**

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date (31<sup>st</sup> March 2024) and the date when the Statement of Accounts is authorised (29<sup>th</sup> November 2024). Two types of events can be identified:

- a) those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events. There have been no such events;
- b) those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where such a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

The Council, at a meeting of its Cabinet on 21<sup>st</sup> November, approved the managed surrender of a significant town centre commercial head-lease, with the lease returning to the Council on 29<sup>th</sup> November. The Council owns the Freehold Interest in the building and since its construction the centre has been let on a long lease with the current rent passing being £1.15m. The lease is currently accounted for as a finance lease under long-term debtors. On transfer of the lease it is not expected that this income level will be achieved going forward and budgetary provision for this is being made as part of the 2025/26 MTFs process. The future impact of the transaction cannot be reliably estimated at this stage given the change in circumstances following the year end developments.

## **7. Expenditure and Funding Analysis and Adjustment Detail**

This statement 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 directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.



2022/23			Expenditure Funding Analysis	2023/24		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
			<b>Cost of Services</b>			
2,084	2	2,086	Chief Executive	1,983	60	2,043
772	5,123	5,894	Assistant Director Growth and Regeneration	1,121	9,777	10,898
527	29	557	Executive Director Organisation (GF)	561	(10)	551
2,079	242	2,322	Assistant Director People (GF)	2,210	216	2,426
3,118	310	3,428	Assistant Director Env, Culture and Wellbeing (GF)*	3,638	17	3,655
95	-	94	Executive Director Finance	103	2	105
745	221	965	Assistant Director Finance	(2,133)	(162)	(2,295)
-	-	-	Executive Director Communities (GF)	-	-	-
289	1,407	1,696	Assistant Director Assets (GF)	460	630	1,090
782	109	891	Assistant Director Neighbourhoods (GF)	957	-	957
596	300	896	Assistant Director Partnerships	785	193	978
58	(1)	57	Executive Director Communities (HRA)	26	2	28
(15,589)	10,980	(4,609)	HRA Summary	(16,890)	8,786	(8,104)
250	30	280	Assistant Director People (HRA)	263	(10)	253
265	30	295	Assistant Director Operations and Leisure (HRA)	363	(8)	355
870	90	962	Assistant Director Assets (HRA)	967	(28)	939
3,768	360	4,128	Assistant Director Neighbourhoods (HRA)	4,136	(97)	4,039
5,277	-	5,277	Housing Repairs	4,688	-	4,688
<b>5,986</b>	<b>19,232</b>	<b>25,219</b>	<b>Net Cost of Services</b>	<b>3,238</b>	<b>19,368</b>	<b>22,606</b>

2022/23			Expenditure Funding Analysis	2023/24		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
(2,545)	(7,149)	(9,694)	Other Comprehensive Income and Expenditure	(7,238)	(12,863)	(20,101)
<b>3,441</b>	<b>12,083</b>	<b>15,525</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>(4,000)</b>	<b>6,505</b>	<b>2,505</b>
(39,921)			<b>General Fund and HRA balances B/fwd</b>	(36,480)		
3,441			<b>(Surplus) / Deficit on Provision of Services</b>	(4,000)		
(36,480)			<b>Closing General Fund and HRA Balances</b>	(40,480)		

\*Change of post title in 2023/24

## 7a) Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

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

## 7b) Net Change for the 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 past service costs.
- **Financing and investment income and expenditure** -- the net interest on the defined benefit liability is charged to the CIES.

## 7c) Other Differences

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

- **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR 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.

## 8. Expenditure and Income Analysed by Nature

2022/23 £000	Expenditure and Income Analysed by Nature	2023/24 £000
	<b>Expenditure</b>	
14,269	Employee Benefits Expenses	15,670
36,527	Other Services Expense	36,877
-	Support Service Recharges	-
25,575	Depreciation, Amortisation and Impairment	18,852
2,603	Retirement Benefits	(371)
1,379	REFCUS	8,596
<b>80,353</b>	<b>Total Expenditure</b>	<b>79,624</b>
	<b>Income</b>	
(47)	Gain on Disposal of Assets	(296)
(33,627)	Fees, Charges and Other Service Income	(38,331)
(3,293)	Interest and Investment Income	(5,542)
(7,083)	Income from Council Tax, NNDR and District Rates Income*	(6,175)
(20,778)	Government Grants and Contributions	(26,775)
<b>(64,828)</b>	<b>Total Income</b>	<b>(77,119)</b>
<b>15,525</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>2,505</b>

\* Net of NDR Tariff payment of £10.7m (£10.4m 2022/23).

## 9. Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

Adjustments between Accounting Basis and Funding Basis Under Regulations	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	
<b>2023/24</b>						
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of Non-Current Assets;	(870)	(12,189)	-	-	-	13,059
Revaluation losses on Property, Plant and Equipment;	(1,540)	(633)	-	-	-	2,173
Movements in the market value of Investment Properties;	(2,722)	-	-	-	-	2,722
Movement in Fair Value of Capital Property Fund Investments	(699)	-	-	-	-	699
Amortisation of Intangible Assets;	(163)	(36)	-	-	-	199
Capital Grants and Contributions Applied;	10,572	-	-	-	-	(10,572)
Revenue Expenditure Funded from Capital Under Statute (REFCUS);	(8,596)	-	-	-	-	8,596
Amounts on Non Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(90)	(1,310)	-	-	-	1,400
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment - Minimum Revenue Provision;	214	-	-	-	-	(214)
Capital expenditure charged against the General Fund and HRA balances.	318	6,065	-	-	-	(6,383)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	246	-	-	-	(246)	-
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement;	28	1,692	(1,720)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure;	-	-	2,076	-	-	(2,076)

Adjustments between Accounting Basis and Funding Basis Under Regulations	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	
Contribution from the Capital Receipts Reserve towards administrative costs of Non-Current Asset disposals;	-	(24)	24	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	(13)	-	-	-	-	13
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA;	-	4,049	-	(4,049)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure.	-	-	-	3,789	-	(3,789)
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement (see Note 37);	(1,897)	(631)	-	-	-	2,528
Employer's pensions contribution and direct payments to pensioners payable in the year.	2,196	703	-	-	-	(2,899)
<b>Adjustment primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which Council Tax and Non Domestic Rating Income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax and Non Domestic Rating Income calculated for the year in accordance with statutory requirements.	(1,138)	-	-	-	-	1,138
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
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.	(29)	(11)	-	-	-	40
<b>Total Adjustments 2023/24</b>	<b>(4,183)</b>	<b>(2,325)</b>	<b>380</b>	<b>(260)</b>	<b>(246)</b>	<b>6,634</b>

Adjustments between Accounting Basis and Funding Basis Under Regulations	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	
<b>2022/23</b>						
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of Non-Current Assets;	(5,219)	(14,305)	-	-	-	19,524
Revaluation losses on Property, Plant and Equipment;	127	(654)	-	-	-	527
Movements in the market value of Investment Properties;	(3,092)	-	-	-	-	3,092
Movement in Fair Value of Capital Property Fund Investments	(2,254)	-	-	-	-	2,254
Amortisation of Intangible Assets;	(143)	(35)	-	-	-	178
Capital Grants and Contributions Applied;	3,813	1,000	-	-	-	(4,813)
Revenue Expenditure Funded from Capital Under Statute (REFCUS);	(1,379)	-	-	-	-	1,379
Amounts on Non Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(92)	(2,318)	-	-	-	2,410
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Statutory provision for the financing of capital investment – Minimum Revenue Provision;	204	-	-	-	-	(204)
Capital expenditure charged against the General Fund and HRA balances.	337	6,524	-	-	-	(6,861)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	555	-	-	-	(555)	-
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement;	37	2,459	(2,496)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure;	-	-	2,528	-	-	(2,528)

Adjustments between Accounting Basis and Funding Basis Under Regulations	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	
Contribution from the Capital Receipts Reserve towards administrative costs of Non-Current Asset disposals;	-	(40)	40	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool;	-	-	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	(12)	-	-	-	-	12
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to the HRA;	-	4,035	-	(4,035)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure.	-	-	-	4,423	-	(4,423)
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement (see Note 38);	(3,904)	(1,249)	-	-	-	5,153
Employer's pensions contribution and direct payments to pensioners payable in the year.	1,940	610	-	-	-	(2,550)
<b>Adjustment primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which Council Tax and Non Domestic Rating Income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax and Non Domestic Rating Income calculated for the year in accordance with statutory requirements.	955	-	-	-	-	(955)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
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.	15	2	-	-	-	(17)
<b>Total Adjustments 2022/23</b>	<b>(8,112)</b>	<b>(3,971)</b>	<b>72</b>	<b>388</b>	<b>(555)</b>	<b>12,178</b>



## 10. Transfers to / (from) Earmarked Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund or Housing Revenue Account balance.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund or Housing Revenue Account balance so that there is no net charge against Council Tax or housing rent for the expenditure.

Certain reserves are kept to manage the accounting processes for Non Current Assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

This note sets out the amounts set aside from the General Fund and HRA Balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund and HRA Expenditure in 2023/24.

Transfers to / (from) Earmarked Reserves	Balance as at 1st April 2022 £000	Transfers Out 2022/23 £000	Transfers In 2022/23 £000	Balance as at 31st March 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance as at 31st March 2024 £000
<b>General Fund:</b>							
Future Capital Expenditure	1,591	(274)	172	1,489	(196)	1,721	3,014
Temporary Reserves	1,577	(681)	1,002	1,898	(1,335)	977	1,540
Retained Funds	6,417	(1,672)	981	5,726	(572)	5,150	10,304
Commuted Sums	3,560	(1,241)	2,312	4,631	(1,724)	532	3,439
Other Reserves	2,360	(1,040)	496	1,816	(718)	739	1,837
<b>Total</b>	<b>15,505</b>	<b>(4,908)</b>	<b>4,963</b>	<b>15,560</b>	<b>(4,545)</b>	<b>9,119</b>	<b>20,134</b>
<b>HRA:</b>							
Future Capital Expenditure	8,576	(6,523)	4,856	6,909	(6,065)	4,319	5,163
Temporary Reserves	622	(308)	334	648	(94)	741	1,295
Retained Funds	282	(29)	668	921	(225)	235	931
Other Reserves	62	-	-	62	(62)	-	-
<b>Total</b>	<b>9,542</b>	<b>(6,860)</b>	<b>5,858</b>	<b>8,540</b>	<b>(6,446)</b>	<b>5,295</b>	<b>7,389</b>

**Future Capital Expenditure:** The Authority maintains a Capital Reserve under the provisions of the Local Government (Miscellaneous Provisions) Act 1976. It is Authority policy to make advances from this fund to various services.

**Temporary Reserves:** These have been established by the transfer of funds from revenue in order to finance specific identified schemes or potential needs.

**Retained Funds:** These have been established in order to finance recurring irregular expenditure for a specific purpose.

**Commutated Sums:** These are monies deposited by contractors to finance future maintenance expenditure incurred as a result of the various developments.

**Other Reserves:** The largest of these is the Building Repairs Fund that is held for the maintenance of Municipal buildings, including commercial properties.

## 11. Other Operating Expenditure

2022/23 £000	Other Operating Expenditure	2023/24 £000
(47)	(Gains) / losses on the disposal of Non Current Assets	(296)
<b>(47)</b>	<b>Total</b>	<b>(296)</b>

## 12. Financing & Investment Income & Expenditure

2022/23 £000	Financing and Investment Income and Expenditure	2023/24 £000
2,958	Interest payable and similar charges	3,418
909	Pension interest costs and expected return on pensions assets	282
(2,454)	Interest receivable and similar income	(4,705)
(838)	Finance Lease Income	(838)
2,646	(Income) and expenditure in relation to investment properties and changes in their fair value	1,427
2,253	Investment impairment	699
<b>5,474</b>	<b>Total</b>	<b>283</b>

## 13. Taxation & Non Specific Grant Income

2022/23 £000	Taxation and Non Specific Grant Incomes	2023/24 £000
(4,447)	Council Tax income	(4,619)
(13,042)	Non Domestic Rates	(12,243)
10,406	Non Domestic Rates - Tariff	10,687
1,264	Non Domestic Rates - Levy to Pool	294
(3,934)	Non ringfenced government grants	(3,389)
(5,368)	Capital grants and contributions	(10,818)
<b>(15,121)</b>	<b>Total</b>	<b>(20,088)</b>

A detailed breakdown of the grants and contributions credited to the Comprehensive Income and Expenditure Statement in 2023/24 is shown in Note 31 on page 93.

## 14. Property, Plant & Equipment

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

### a) Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, subject to a de minimus level of £10k, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

### b) Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

- i. Infrastructure, Community Assets and Assets Under Construction – depreciated historical cost;
- ii. Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH); and
- iii. all other assets – current value, determined as the amount that would be paid for the asset in its existing use (Existing Use Value – EUV).

Where there is no market-based evidence of current value because of the specialised 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. In the case of the Assembly Rooms and Cemeteries valuations, there is no active market and so DRC is used.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years – including an annual desktop review of all Council Dwellings. A review of the valuation of all significant assets is undertaken annually.

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

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

- i. where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down firstly against that balance (up to the amount of the accumulated gains);
- ii. 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 lines in the Comprehensive Income and Expenditure Statement.

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

### **c) 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 the Authority has incurred capital expenditure on Council dwellings this is included within the Gross Book Value (GBV) and where it is not considered to add value it is included as impairment. These impairments are subject to write out annually.

The Authority has an ongoing programme of regeneration including disposal and redevelopment of garage sites. Where the decision had been made to dispose of a garage site, the value of the buildings element has been impaired to zero leaving only a residual land value.

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

- i. where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down firstly against that balance (up to the amount of the accumulated gains);
- ii. 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 lines in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines 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.

#### **d) Depreciation**

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

Depreciation is calculated on the following bases:

- i. **Council Housing Stock:** on a straight line basis to an appropriate residual value over the expected useful life of the asset of 50 years.
- ii. **Other Buildings:** on a straight line basis to a nil residual value over the expected useful life of the asset being a range of 5 years to 70 years.  
  
Historical properties: on a straight line basis to a nil residual value over the expected useful life of the asset being over 100 years
- iii. **Vehicles, Plant and Equipment:** on a straight line basis to a nil residual value over the expected useful life of the asset, being between 1 and 30 years.
- iv. **Infrastructure:** on a straight line basis to a nil residual value over the expected useful life of the asset of 30 years.
- v. **Community Assets:** on a straight line basis to a nil residual value over the expected useful life of the asset of 100 years.
- vi. **Heritage Assets:** the Authority considers that the Heritage Assets held will have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation for the assets.
- vii. **Computer Hardware:** is depreciated over a period of 3 years on a straight line basis to a nil residual value.
- viii. **Investment Properties and Surplus Assets:** no depreciation has been applied to either the land or building value of Investment Properties or Surplus Assets.

- ix. **Intangible Fixed Assets:** computer software licences are amortised to revenue over a period of 3 years.
- x. **Furniture and equipment** – minor purchases by the Authority are charged to revenue in the year of acquisition and are not capitalised in the accounts.
- xi. **De minimus items** of expenditure on computer equipment and software are capitalised under the concept of ‘Grouped Assets’ where the value of such items is material. A charge is made for these assets (depreciation for equipment and amortisation for software), calculated using the straight line method over a period of three years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately – as detailed within the Component Accounting Policy for Property, Plant and Equipment.

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

#### **e) Disposals and Non Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and current value less costs to sell. Where there is a subsequent decrease to current value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in current value are recognised only up to the amount of any previous losses recognised in the (Surplus) or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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 (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie 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 £10k are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government. The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the authority's underlying need to borrow (the capital financing requirement) (England and Wales). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

## **f) Component Accounting Policy for Property, Plant and Equipment**

### **i. De Minimus Level**

The de minimus threshold for the Authority is a current net book value of £250k. Individual assets with a value less than £250k will be disregarded for componentisation. This level will be reviewed annually.

### **ii. Policy for Componentisation**

The code requires that each part of an asset should be separately identified and depreciated where the cost is significant in relation to the overall cost of the asset.

To be separately identified as a component, an element of an asset must meet the following criteria:

- have a cost of at least 20% of the cost of the overall asset and
- have a materially different useful life (at least 20% different) and/or
- have a different depreciation method that materially affects the amount charged

The componentisation policy will be applied to new capital spend and new assets with a total cost of over £250k will be considered under the componentisation policy as follows:

- when an asset is enhanced, the cost of the replacement component is compared with the cost of the total asset and the result is measured against the agreed de minimus threshold;
- When an asset is acquired: the cost of any component parts are compared with the overall cost of the new asset and the results assessed against the agreed de minimus threshold;



### **iii. Impairment**

We will continue to complete a desktop Impairment review on an annual basis.

Movement in 2023/24	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
<b>At 1st April 2023</b>	<b>242,977</b>	<b>23,030</b>	<b>4,486</b>	<b>378</b>	<b>1,159</b>	<b>9,503</b>	<b>281,533</b>
Additions	8,301	1,330	256	-	-	4,193	<b>14,080</b>
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	(11,801)	(970)	-	-	-	-	<b>(12,771)</b>
Revaluation increases / (decreases) recognised in the Revaluation Reserve;	7,733	(87)	-	-	-	-	<b>7,646</b>
Revaluation increases / (decreases) recognised in the (Surplus) or Deficit on the Provision of Services;	133	(2,306)	-	-	-	-	<b>(2,173)</b>
Derecognition - Disposals;	(1,133)	(291)	(121)	-	-	-	<b>(1,545)</b>
Assets reclassified (to) / from Investment Properties;	-	100	-	-	-	-	<b>100</b>
Other movements in cost or valuation.	-	(10)	-	-	-	10	-
<b>At 31st March 2024</b>	<b>246,210</b>	<b>20,796</b>	<b>4,621</b>	<b>378</b>	<b>1,159</b>	<b>13,706</b>	<b>286,870</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
<b>At 1st April 2023</b>	-	-	<b>(2,893)</b>	<b>(290)</b>	<b>(5)</b>	<b>(4,411)</b>	<b>(7,599)</b>
Depreciation Charge;	(3,634)	(985)	(251)	(12)	(1)	-	<b>(4,883)</b>
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	11,801	970	-	-	-	-	<b>12,771</b>
Impairment losses / (reversals) recognised in the (Surplus) or Deficit on the Provision of Services;	(8,176)	-	-	-	-	-	<b>(8,176)</b>
Derecognition - disposals.	9	15	121	-	-	-	<b>145</b>
<b>At 31st March 2024</b>	-	-	<b>(3,023)</b>	<b>(302)</b>	<b>(6)</b>	<b>(4,411)</b>	<b>(7,742)</b>
<b>Net Book Value</b>							
at 31st March 2023	242,977	23,030	1,593	88	1,154	5,092	273,934
at 31st March 2024	<b>246,210</b>	<b>20,796</b>	<b>1,598</b>	<b>76</b>	<b>1,153</b>	<b>9,295</b>	<b>279,128</b>
<b>Nature of Holdings at year end</b>							
Owned	246,210	20,796	1,598	76	1,153	9,295	<b>279,128</b>

<b>Movement in 2022/23</b>	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant, Furniture and Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Assets Under Construction</b>	<b>Total Property, Plant and Equipment</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation</b>							
<b>At 1st April 2022</b>	<b>241,940</b>	<b>23,543</b>	<b>5,136</b>	<b>378</b>	<b>1,159</b>	<b>3,999</b>	<b>276,155</b>
Additions	10,270	1,315	233	-	-	5,504	<b>17,322</b>
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	(13,867)	(1,016)	-	-	-	-	<b>(14,883)</b>
Revaluation increases / (decreases) recognised in the Revaluation Reserve;	6,270	556	-	-	-	-	<b>6,826</b>
Revaluation increases / (decreases) recognised in the (Surplus) or Deficit on the Provision of Services;	358	(885)	-	-	-	-	<b>(527)</b>
Derecognition - Disposals;	(1,994)	(483)	(883)	-	-	-	<b>(3,360)</b>
<b>At 31st March 2023</b>	<b>242,977</b>	<b>23,030</b>	<b>4,486</b>	<b>378</b>	<b>1,159</b>	<b>9,503</b>	<b>281,533</b>
<b>Accumulated Depreciation &amp; Impairment</b>							
<b>At 1st April 2022</b>	-	(32)	(3,595)	(278)	(5)	-	<b>(3,910)</b>
Depreciation Charge;	(3,609)	(1,040)	(181)	(12)	-	-	<b>(4,842)</b>
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	13,867	1,016	-	-	-	-	<b>14,883</b>
Impairment losses / (reversals) recognised in the (Surplus) or Deficit on the Provision of Services;	(10,270)	-	-	-	-	(4,411)	<b>(14,681)</b>
Derecognition - disposals.	12	56	883	-	-	-	<b>951</b>
<b>At 31st March 2023</b>	-	-	<b>(2,893)</b>	<b>(290)</b>	<b>(5)</b>	<b>(4,411)</b>	<b>(7,599)</b>
<b>Net Book Value</b>							
at 31st March 2022	241,940	23,511	1,541	100	1,154	3,999	272,245
at 31st March 2023	<b>242,977</b>	<b>23,030</b>	<b>1,593</b>	<b>88</b>	<b>1,154</b>	<b>5,092</b>	<b>273,934</b>
<b>Nature of Holdings at year end</b>							
Owned	242,977	23,030	1,593	88	1,154	5,092	<b>273,934</b>

## a) Capital Commitments

At 31<sup>st</sup> March 2024, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years. The major commitments for schemes valued in excess of £1m are:

2022/23 £000	Capital Contract	2023/24 £000
7,614	Housing Repairs & Investment	9,081
1,269	Improvements to High Rise Blocks	2,295
814	Retention of Garage Sites	930
1,117	Decarbonisation	-
1,500	Caledonian Depot New Build	119
1,009	Regeneration & Affordable Housing - development at Wilnecote	72
18,991	Future High Street Funds	712
<b>32,314</b>	<b>Total</b>	<b>13,209</b>

## b) Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. The effective date of revaluation is 31<sup>st</sup> March 2024. The valuations have been carried out by Jones Lang Lasalle. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are carried at historical cost as a proxy for current value.

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years – including a desktop review of all Council Dwellings. A review of the valuation of all significant assets is undertaken annually. All assets have been revalued as at 31<sup>st</sup> March 2024.

The following statement shows the progress of the Authority's rolling programme for revaluation of Non Current Assets:

Valuations (Cost or Valuation)	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Intangible Assets	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Valued at Historical Cost	-	-	4,621	378	1,159	13,706	733	20,597
Valued at Current Value in:								
2023/24	246,210	20,796	-	-	-	-	-	267,006
<b>Total</b>	<b>246,210</b>	<b>20,796</b>	<b>4,621</b>	<b>378</b>	<b>1,159</b>	<b>13,706</b>	<b>733</b>	<b>287,603</b>

## 15. Heritage Assets

Heritage Assets are assets that are held by the Authority because of their cultural, environmental or historical value. Tangible Heritage Assets include historical buildings, paintings, sculptures / statues, archives and other works of art.

The Authority's Museum, Art and Civic Heritage Assets are held in various sites. The Museum Collection has four main collections, General Collection, Art, Furniture and Archaeological Collection and Ephemera.

The collections are used for education, learning, research, enjoyment and are preserved for the use of future generations.

### Valuation of Heritage Assets

The Code requires that Heritage Assets are measured at valuation in the 2023/24 financial statements (including the 2022/23 comparative information). The Authority will recognise in the Balance Sheet each asset shown in the table which has an identified value.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets as detailed below.

The accounting policies in relation to Heritage Assets that are deemed to include elements of intangible Heritage Assets are also presented below.

- **General Collection:** Tamworth Castle has held collections and maintained a museum since it was purchased for the Borough in 1897. The collections are crucial for maximising access to and understanding of Tamworth's heritage. These items are reported in the Balance Sheet at insurance valuation which is based on Market values. Acquisitions, although rare, are initially recognised at cost.
- **Art Collection:** The collection consists principally of views of Tamworth by local artists although some are nationally recognised. The mediums covered include oil, watercolour, lithographs, mezzotints and prints. These too are reported in the Balance Sheet at insurance valuation based on Market values.
- **Archaeological Collection and Ephemera:** The archaeological collection consists mainly of finds from various excavations local to Tamworth, usually as a result of building development around Tamworth Castle site but also in the town and further afield. These are not recognised on the Balance Sheet as cost or valuation information is not reliable for items of this type due to the diverse nature, and lack of comparable market values for the assets held.
- **Civic Collection and Statues:** The Authority's Civic Collection and Statues were valued in April 2012 by external valuers. These assets are deemed to have an indeterminate life with high residual values; hence the Authority does not consider it appropriate to charge depreciation.

**Tamworth Castle:** The castle dates from c.1070 but has been updated and modernised during the interim period. The current value is based on historic cost but there are regular works to maintain the property.

<b>Movement in 2023/24</b>	<b>Art Collection</b>	<b>Civic Regalia</b>	<b>Museum Exhibits</b>	<b>Statues</b>	<b>Castle</b>	<b>Total Heritage Assets</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation</b>						
<b>At 1st April 2023</b>	<b>97</b>	<b>174</b>	<b>624</b>	<b>254</b>	<b>2,528</b>	<b>3,677</b>
Additions					479	<b>479</b>
<b>At 31st March 2024</b>	<b>97</b>	<b>174</b>	<b>624</b>	<b>254</b>	<b>3,007</b>	<b>4,156</b>

<b>Movement in 2022/23</b>	<b>Art Collection</b>	<b>Civic Regalia</b>	<b>Museum Exhibits</b>	<b>Statues</b>	<b>Castle</b>	<b>Total Heritage Assets</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation</b>						
<b>At 1st April 2022</b>	<b>97</b>	<b>174</b>	<b>624</b>	<b>254</b>	<b>2,528</b>	<b>3,677</b>
<b>At 31st March 2023</b>	<b>97</b>	<b>174</b>	<b>624</b>	<b>254</b>	<b>2,528</b>	<b>3,677</b>

## 16. Investment Properties

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

Investment Properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses 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 any sale proceeds greater than £10k) the Capital Receipts Reserve.

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

<b>2022/23</b>	<b>Investment Properties</b>	<b>2023/24</b>
<b>£000</b>		<b>£000</b>
(1,645)	Rental income from Investment Property	(2,782)
1,214	Direct operating expenses arising from Investment Property	1,487
<b>(431)</b>	<b>Net (Gain) / Loss</b>	<b>(1,295)</b>

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



The following table summarises the movement in the fair value of Investment Properties over the year:

2022/23 £000	Fair Value of Investment Properties	2023/24 £000
25,502	<b>Balance at 1st April 2023</b>	22,410
-	Additions: Subsequent expenditure	566
-	Transfers: to / from Property, Plant and Equipment	(100)
(3,092)	Valuations: Changes in market valuation	(2,722)
<b>22,410</b>	<b>Balance at 31st March 2024</b>	<b>20,154</b>

**Fair Value Hierarchy** - All the Authority's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Note 1 for an explanation of the fair value levels).

**Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property** - The fair value of investment property has been measured using an income approach, by means of discounted cashflow method, where the expected cash flows from the properties are discounted (using a market – derived discount rate) to establish the present value of the net income stream. The approach has been developed using the Authority's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

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

**Highest and Best Use** - In estimating the fair value of the Authority's investment properties, the highest and best use is their current use.

**Valuation Process for Investment Properties** - The Authority's investment property has been valued as at 31<sup>st</sup> March 2024 by Jones Lang Lasalle, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

## 17. Financial Instruments

### Financial Liabilities

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

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

### Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

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

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 (i.e. where the cash flows do not take the form of a basic debt instrument).

### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying 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 Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

## **Expected Credit Loss Model**

The Authority recognises expected credit losses on all of its financial assets held at amortised cost, either on 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 (debtors) held by the authority.

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

## **Financial Assets Measured at Fair Value through Profit and Loss (FVPL)**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority 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 arrive in the Surplus or Deficit on the Provision of Services.

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. 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 authority 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 derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## a) Categories of Financial Instruments

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

Financial Assets	Non-Current		Current			
	Investments		Investments		Debtors	
	31st March 2023 £000	31st March 2024 £000	31st March 2023 £000	31st March 2024 £000	31st March 2023 £000	31st March 2024 £000
<b>Amortised Cost</b>						
Principal Investment	-	-	59,000	49,000	-	-
Interest Accrual	-	-	843	1,252	-	-
Cash & Cash Equivalents (CCE)	-	-	-	-	1,490	7,669
CCE Accrued Interest	-	-	-	-	23	45
<b>Total Investments</b>	-	-	<b>59,843</b>	<b>50,252</b>	<b>1,513</b>	<b>7,714</b>
Trade Debtors	12,716	12,721	-	-	5,555	5,242
<b>Total Amortised Cost</b>	<b>12,716</b>	<b>12,721</b>	<b>59,843</b>	<b>50,252</b>	<b>7,068</b>	<b>12,956</b>
<b>Fair Value Through Profit and Loss (Investment in Property Funds)</b>						
	10,842	10,143	-	-	-	-
<b>Total Financial Assets</b>	<b>23,558</b>	<b>22,864</b>	<b>59,843</b>	<b>50,252</b>	<b>7,068</b>	<b>12,956</b>

The current trade debtors outstanding includes contractual debtors but excludes non-contractual debtors for council tax, business rates and Government departments.

Non-current trade debtors of £12m relate to a long term finance lease for the Ankerside Shopping Centre including car park, with a remaining term of 66 years. 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.

Financial Liabilities	Non-Current		Current	
	Borrowings		Creditors	
	31st March 2023	31st March 2024	31st March 2023	31st March 2024
	£000	£000	£000	£000
<b>Amortised Cost</b>				
Principal	63,060	63,060	-	-
Interest Payable Accrual	-	-	310	313
<b>Total Borrowings</b>	<b>63,060</b>	<b>63,060</b>	<b>310</b>	<b>313</b>
Bank Overdraft	-	-	876	2,438
Trade Creditors	-	-	7,446	5,145
<b>Total Financial Liabilities at Amortised Cost</b>	<b>63,060</b>	<b>63,060</b>	<b>8,632</b>	<b>7,896</b>

## b) Gains and Losses

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

Financial Instruments	Surplus or Deficit on the Provision of Services 2022/23 £000	Surplus or Deficit on the Provision of Services 2023/24 £000
Net gains/losses on:		
Financial Assets Measured at Fair Value Through Profit or Loss	2,253	699
<b>Total net gains/losses</b>	<b>2,253</b>	<b>699</b>
Interest revenue:		
Financial Assets Measured at Amortised Cost	(2,454)	(4,705)
<b>Total interest revenue</b>	<b>(2,454)</b>	<b>(4,705)</b>
<b>Interest expense</b>		
Fee expense:		
Financial Assets or Financial Liabilities that are not at Fair Value Through Profit or Loss	2,958	3,418
<b>Total fee expense</b>	<b>2,958</b>	<b>3,418</b>

### c) Fair Value of Financial Assets

Some of the authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

<b>Financial Assets Measured at Fair Value</b>				
<b>Recurring Fair Value Measurements</b>	<b>Input level in fair value hierarchy</b>	<b>Valuation technique used to measure fair value</b>	<b>31st March 2023</b>	<b>31st March 2024</b>
			<b>£000</b>	<b>£000</b>
<b>Fair Value Through Profit and Loss</b>				
Other Financial Instruments Classified as Fair Value Through Profit and Loss	Level 1	Unadjusted quoted prices in active markets for identical shares (Investments in Property Funds)	10,842	10,143
<b>Total</b>			<b>10,842</b>	<b>10,143</b>

Investments made in property funds are as follows:-

Schroders UK Real Estate Fund - £1.8m, with a gross return/yield of 4.0% at 31<sup>st</sup> March 2024.

Threadneedle Property Unit Trust - £6.1m, with a gross return/yield of 6.3%

Hermes Federated Property Unit Trust - £4.1m, with a gross return/yield of 4.2%

Total investments - £12.0m, with an estimated return of c. 5.2% plus any capital growth. The total value of these investments at 31<sup>st</sup> March 2024 is £10.1m (£10.8m at 31<sup>st</sup> March 2023).

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

Except for the financial assets carried at fair value (described above), all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, PWLB new market rates have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement

applying the premature repayment/borrowing rates, highlighting the impact of the alternative valuation;

- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;

The fair value of trade and other receivables is taken to be the invoiced or billed amount. The fair values calculated are as follows:

Financial Liabilities	31st March 2023		31st March 2024	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB Debt*	63,370	57,408	63,373	52,345
Creditors	7,446	7,446	5,145	5,145
<b>Total Financial Liabilities</b>	<b>70,816</b>	<b>64,854</b>	<b>68,518</b>	<b>57,490</b>

\* includes short term interest accrual of £313k.

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31<sup>st</sup> March 2024) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £52.3m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. If a value is calculated on this basis, the carrying amount of £63.1m would be valued at £52.3m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid/giving a discount for the reduced interest income that will be avoided. The exit price for the PWLB loans including the penalty charge would be.

Loans and Receivables	31st March 2023		31st March 2024	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Money Market Loans <1 year	59,843	59,843	50,252	50,252
Cash & Cash Equivalents	1,513	1,513	7,714	7,714
Long Term Investments	10,842	10,842	10,143	10,143
Debtors	5,555	5,555	5,242	5,242
Long Term Debtors	12,716	12,716	12,721	12,721
<b>Total Financial Assets</b>	<b>90,469</b>	<b>90,469</b>	<b>86,072</b>	<b>86,072</b>

The current trade debtors outstanding includes contractual debtors but excludes non-contractual debtors for council tax, business rates and Government departments.

Where the fair value of the assets is lower than the carrying amount this is because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date and vice versa. For 2023/24, a notional future gain (based on economic conditions at 31<sup>st</sup> March 2024) was attributable to the commitment to receive interest above current market rates.

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

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

Recurring Fair Value Measurements Using:	Other Significant Observable Inputs	Other Significant Observable Inputs
	(Level 2)	(Level 2)
	31st March 2023	31st March 2024
	£000	£000
<b>Financial Liabilities</b>		
Financial Liabilities Held at Amortised Cost:		
PWLB	63,370	63,373
<b>Total</b>	<b>63,370</b>	<b>63,373</b>
<b>Financial assets</b>		
Financial Assets Held at Amortised Cost:		
<b>Total</b>	<b>61,356</b>	<b>57,966</b>



## 18. Debtors

2022/23 £000	Debtors	2023/24 £000
	<b>Trade Receivables:</b>	
227	Other Local Authority	934
2,504	Housing Rent	2,336
3,543	Other Entities and Individuals	2,634
<b>6,274</b>		<b>5,904</b>
	<b>Other Receivable Amounts:</b>	
1,581	Government Departments	377
88	Business Rates	59
144	Council Tax Payers	146
<b>1,813</b>		<b>582</b>
(719)	<b>Invoices raised in Advance in 2023/24 for 2024/25</b>	(662)
<b>(719)</b>		<b>(662)</b>
(3,772)	<b>Less Provision for Bad Debt/Expected Credit Losses</b>	(3,103)
<b>(3,772)</b>		<b>(3,103)</b>
<b>3,596</b>	<b>Total Debtors</b>	<b>2,721</b>

The past due amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

Debtors 2022/23 £000	Bad debt Provisions 2022/23 £000	Debtors for Local Taxation - Council Tax & Non-domestic Rates	Debtors 2023/24 £000	Bad Debt Provisions 2023/24 £000
1,826	645	Less than one year	1,712	568
897	443	One to two years	982	508
586	365	Two to three years	732	457
1,714	1,485	More than three years	2,075	1,806
<b>5,023</b>	<b>2,938</b>	<b>Total</b>	<b>5,501</b>	<b>3,339</b>

## 19. Cash & 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 highly liquid investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, Cash and Cash Equivalents are shown net of Bank Overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

<b>2022/23 £000</b>	<b>Cash and Cash Equivalents</b>	<b>2023/24 £000</b>
6	Cash held by the Authority	6
(876)	Bank current accounts	(2,438)
2,389	Short term deposits with Banks and Building Societies	10,152
<b>1,519</b>	<b>Total Cash and Cash Equivalents</b>	<b>7,720</b>

## 20. Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and current 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 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.

There were no assets held for sale at 31<sup>st</sup> March 2023 (there were no assets held for sale at 31<sup>st</sup> March 2022).

## 21. Creditors

2022/23 £000	Creditors	2023/24 £000
	<b>Trade Payables:</b>	
909	Other Local Authorities	547
559	Housing Rent	542
5,978	Other Entities and Individuals	4,056
<b>7,446</b>		<b>5,145</b>
	<b>Other Payables:</b>	
2,519	Government Departments	2,800
149	Council Tax Payers	156
2,437	Precepting Authorities (Business Rates)	1,856
1,106	Precepting Authorities (Council Tax)	748
720	Business Rates Payments	780
<b>6,931</b>		<b>6,340</b>
<b>14,377</b>		<b>11,485</b>

## 22. 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 the payment of compensation.

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

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

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

### a) Municipal Mutual Insurance (MMI)

This provision has been established as a result of the decision to trigger the 'Scheme of Arrangement' (SOA) with regard to Municipal Mutual Insurance (MMI), at a meeting of the Board of Directors on 13<sup>th</sup> November 2012. Under this SOA, the Authority is liable to pay a levy up to the value of claims paid since 1993 (£252k) and a provision of £33k was established to cover the potential additional levy of up to 28%. There is currently a remaining provision of £8k.

### b) Business Rates Appeals

Under Business Rates Retention arrangements, Billing authorities acting as agents on behalf of the major preceptors (10%), Central Government (50%) and themselves (40%) are required to make provisions for refunding ratepayers who have successfully appealed against the rateable value of their properties on the Rating List. The Authority has included a provision of £2.4m (£1.8m – 2022/23) the overall provision in the Business Rates Collection Fund is £6.0m (£4.5m – 2022/23) and the Authority's share of the Local Business Rates Retention scheme is 40% for appeals outstanding on the 31<sup>st</sup> March 2024 of £16.2m (£37.5m 2022/23).

Further details regarding the approach to determining the NDR provision can be found in Note 38 - Contingent Liabilities. The cut-off date for appeals against the 2017 list was 31<sup>st</sup> March 2023, however, under the 'Check, Challenge, Appeal' methodology, completed checks can subsequently progress to challenges after this date, and rejected challenges can progress to appeals.

Provisions	Municipal Mutual Insurance £000	Short-Term Non Domestic Rates Appeals £000	Short Term Provisions Total £000	Long-Term Non Domestic Rates Appeals £000
<b>Balance at 1st April 2022</b>	<b>8</b>	<b>542</b>	<b>550</b>	<b>1,366</b>
Additional provisions made in year	-	119	119	357
Amount used in year	-	(142)	(142)	(425)
<b>Balance at 31st March 2023</b>	<b>8</b>	<b>519</b>	<b>527</b>	<b>1,298</b>
Additional provisions made in year	-	526	526	1,579
Amount used in year	-	(368)	(368)	(1,108)
Unused amounts reversed in year	-	(7)	(7)	(21)
<b>Balance at 31st March 2024</b>	<b>8</b>	<b>670</b>	<b>678</b>	<b>1,748</b>

## 23. Unusable Reserves

31st March 2023 £000	Unusable Reserves	31st March 2024 £000
114,035	Revaluation Reserve	118,792
(314)	Available for Sale Financial Instruments Reserve	(594)
119,642	Capital Adjustment Account	116,996
(6,841)	Pensions Reserve	(9,306)
12,650	Deferred Capital Receipts Reserve	12,637
(276)	Accumulated Absences Account	(316)
(708)	Collection Fund Adjustment Account	(1,846)
<b>238,188</b>	<b>Total Unusable Reserves</b>	<b>236,363</b>

### a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

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

2022/23 £000	Revaluation Reserve	2023/24 £000
<b>110,363</b>	<b>Balance at 1st April 2023</b>	<b>114,035</b>
<u>6,827</u>	Revaluation of assets and impairment losses not charged to the (Surplus) or Deficit on the Provision of Services	<u>7,646</u>
<b>6,827</b>	Surplus or deficit on the revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services	7,646
<u>(3,155)</u>	Difference between fair value depreciation and historical cost depreciation	<u>(2,889)</u>
<b>(3,155)</b>	Amount written off to the Capital Adjustment Account	(2,889)
<b>114,035</b>	<b>Balance at 31st March 2024</b>	<b>118,792</b>

## b) Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its investments that are measured at fair value through Other Comprehensive Income. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and gains are realised.

<b>2022/23 £000</b>	<b>Available for Sale Financial Instruments Reserve</b>	<b>2023/24 £000</b>
<b>394</b>	<b>Balance at 1st April 2023</b>	<b>(314)</b>
(708)	Upward revaluation of investments	(280)
<b>(314)</b>	<b>Balance at 31st March 2024</b>	<b>(594)</b>

## c) 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 (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1<sup>st</sup> April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2022/23 £000	Capital Adjustment Account	2023/24 £000
<b>126,313</b>	<b>Balance at 1st April 2023</b>	<b>119,642</b>
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(19,524)	Charges for depreciation and impairment of Non Current Assets;	(13,059)
(527)	Revaluation losses on Property, Plant and Equipment;	(2,173)
(1,545)	Movement in Fair Value of Capital Property Fund Investments	(420)
(178)	Amortisation of Intangible Assets;	(199)
(1,379)	Revenue Expenditure Funded from Capital Under Statute;	(8,596)
(2,410)	Amounts of Non Current Assets written off on disposal or sale as part of the gains / loss on disposal to the Comprehensive Income and Expenditure Statement;	(1,400)
(25,563)		(25,847)
3,155	Adjusting amounts written out of the Revaluation Reserve	2,889
<b>(22,408)</b>	Net written out amount of the cost of Non Current Assets consumed in the year	<b>(22,958)</b>
	Capital financing applied in the year:	
2,528	Use of Capital Receipts Reserve to finance new capital expenditure;	2,076
4,423	Use of Major Repairs Reserve to finance new capital expenditure;	3,789
4,813	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing;	10,572
204	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances - Minimum Revenue Provision;	214
6,861	Capital expenditure charged against the General Fund and HRA Balances.	6,383
<b>18,829</b>		<b>23,034</b>
<b>(3,092)</b>	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement.	<b>(2,722)</b>
<b>119,642</b>	<b>Balance at 31st March 2024</b>	<b>116,996</b>

#### d) Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The 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 investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the 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.

2022/23 £000	Pensions Reserve	2023/24 £000
<b>(33,340)</b>	<b>Balance at 1st April 2023</b>	<b>(6,841)</b>
29,102	Remeasurement of the Net Defined Benefit Liability / (asset)	(2,836)
(5,153)	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	(2,528)
2,550	Employer's contributions and direct payments to pensioners payable in the year	2,899
<b>(6,841)</b>	<b>Balance at 31st March 2024</b>	<b>(9,306)</b>

#### e) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of Non Current Assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve. The majority of the current balance relates to the accounting arrangements for finance leases under IFRS.

2022/23 £000	Deferred Capital Receipts Reserve	2023/24 £000
<b>12,662</b>	<b>Balance at 1st April 2023</b>	<b>12,650</b>
(12)	Transfer to Capital Receipts Reserve upon receipt of cash	(13)
<b>12,650</b>	<b>Balance at 31st March 2024</b>	<b>12,637</b>



#### f) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31<sup>st</sup> March 2024. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2022/23 £000	Accumulated Absences Account	2023/24 £000
<b>(293)</b>	<b>Balance at 1st April 2023</b>	<b>(276)</b>
293	Settlement or cancellation of accrual made at the end of the preceding year	276
<u>(276)</u>	Amounts accrued at the end of the current year	<u>(316)</u>
17	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	(40)
<b>(276)</b>	<b>Balance at 31st March 2024</b>	<b>(316)</b>

#### g) Collection Fund Adjustment Account

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

2022/23 £000	Collection Fund Adjustment Account	2023/24 £000
<b>(1,663)</b>	<b>Balance at 1st April 2023</b>	<b>(708)</b>
955	Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1,138)
<b>(708)</b>	<b>Balance at 31st March 2024</b>	<b>(1,846)</b>

The increase in the balance on the CFAA is due to an increase in the deficit on the Collection Fund of £3.1m (£2.1m reduction in 2022/23), mostly arising from adjustments made to provisions for appeals. These have resulted in a substantial increase in the provision required for appeals see note 22 Provisions for details.

It should be noted however, that this represents the total Collection Fund impact, and the Council's share of this equates to £1.9m which has been reflected in the Council's accounts and transferred to reserve to fund the deficit carried forward to 2024/25 (in

line with collection fund accounting practice – whereby the deficit is funded in the following financial year as part of the budget process).

## 24. Cash Flow Statement – Operating Activities

The cash flows for the operating activities include the following items:

2022/23 £000	Cash Flow Statement - Operating Activities	2023/24 £000
	The cash flows for operating activities include the following items	
5,025	Interest received	4,252
2,958	Interest paid	3,418
<b>7,983</b>		<b>7,670</b>
<b>(15,525)</b>	Net Surplus or (Deficit) on the Provision of Services	<b>(2,505)</b>
	Adjusted for non cash movements	
19,524	Depreciation and Impairment	13,059
527	Downward Valuations	2,173
178	Amortisation	199
(5,737)	Increase / Decrease in Creditors	(2,184)
(2,948)	Increase / Decrease in Debtors	(215)
4	Increase / Decrease in Inventories	3
4,668	Movement in Pension Liability	(1,561)
2,409	Carrying amount of Non Current Assets and Non Current Assets Held for Sale, sold or de-recognised	1,400
4,547	Other non cash items charged to the Net (Surplus) or Deficit on the Provision of Services	3,752
<b>23,172</b>		<b>16,626</b>
	Adjusted for items that are Investing or Financing Activities	
(4,813)	Proceeds from Short-Term (Not Considered to be Cash Equivalents) and Long-Term investments (Includes Investments in Associates, Joint Ventures and Subsidiaries)	(10,572)
(2,456)	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(1,696)
<b>(7,269)</b>		<b>(12,268)</b>
<b>378</b>	<b>Net Cash Flows from Operating Activities Surplus/(Deficit)</b>	<b>1,853</b>

## 25. Cash Flow Statement – Investing Activities

2022/23 £000	Cash Flow Statement - Investing Activities	2023/24 £000
17,386	Purchase of Property, Plant and Equipment; Investment Property and Intangible Assets	14,677
(2,456)	Proceeds from the sale of Property, Plant and Equipment; Investment Property and Intangible Assets	(1,696)
3,291	Proceeds from Short Term and Long Term Investments	(10,699)
(8,839)	Other receipts from Investing Activities	(7,937)
<b>9,382</b>	<b>Net Cash Flows from Investing Activities</b>	<b>(5,655)</b>

## 26. Cash Flow Statement – Financing Activities

2022/23 £000	Cash Flow Statement - Financing Activities	2023/24 £000
1,702	Other receipts from Financing Activities	1,307
<b>1,702</b>	<b>Net Cash Flows from Financing Activities</b>	<b>1,307</b>

## 27. Acquisitions & Discontinued Operations

### Acquired Operations

There were no acquired operations during 2023/24 (none in 2022/23).

### Discontinued Operations

The results of discontinued operations are shown as a single amount on the face of the Comprehensive Income and Expenditure Statement comprising the profit or loss of discontinued operations and the gain or loss recognised either on measurement to fair value less costs to sell or on the disposal of the discontinued operation. A discontinued operation is a unit that has been disposed of or is classified as an Asset Held for Sale.

There were no discontinued operations during 2023/24 (none in 2022/23).

## 28. Members' Allowances

The Authority paid the following amounts to members of the Authority during the year.

2022/23 £000	Members Allowances	2023/24 £000
171	Basic Allowance	170
109	Special Responsibility	100
4	Other Allowances/Expenses	4
<b>284</b>	<b>Total</b>	<b>274</b>

## 29. Officers' Remuneration

### Benefits Payable During Employment

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

The remuneration paid to the Authority's Senior Employees is as follows:

<b>Officers Remuneration</b>	<b>Year</b>	<b>Salary, Fees and Allowances £</b>	<b>Expenses Allowances £</b>	<b>Sub- Total £</b>	<b>Pension Contribution £</b>	<b>Total £</b>
Chief Executive	2023/24	<b>131,681</b>	<b>1,015</b>	<b>132,696</b>	<b>29,033</b>	<b>161,729</b>
	2022/23	125,704	1,014	126,718	20,690	147,408
Executive Director Organisation	2023/24	<b>104,882</b>	<b>1,015</b>	<b>105,897</b>	<b>23,110</b>	<b>129,007</b>
	2022/23	100,100	1,015	101,115	16,466	117,581
Executive Director Communities	2023/24	<b>98,695</b>	<b>1,291</b>	<b>99,986</b>	<b>21,743</b>	<b>121,728</b>
	2022/23	94,781	1,291	96,072	15,588	111,660
Executive Director Finance*	2023/24	<b>78,247</b>	<b>636</b>	<b>78,883</b>	<b>16,751</b>	<b>95,634</b>
	2022/23	94,781	1,015	95,796	15,588	111,384
Assistant Director Neighbourhoods	2023/24	<b>85,571</b>	<b>1,015</b>	<b>86,586</b>	<b>18,842</b>	<b>105,428</b>
	2022/23	82,378	1,015	83,393	13,542	96,934
Assistant Director Growth and Regeneration	2023/24	<b>85,370</b>	<b>1,015</b>	<b>86,385</b>	<b>18,798</b>	<b>105,182</b>
	2022/23	82,378	1,015	83,393	13,624	97,017
Assistant Director People	2023/24	<b>85,395</b>	<b>1,291</b>	<b>86,686</b>	<b>18,803</b>	<b>105,489</b>
	2022/23	82,378	1,291	83,669	13,542	97,211
Assistant Director Partnerships	2023/24	<b>73,870</b>	<b>1,291</b>	<b>75,161</b>	<b>16,256</b>	<b>91,417</b>
	2022/23	71,378	1,291	72,669	11,727	84,395
Assistant Director Environment, Culture and Wellbeing*	2023/24	<b>39,911</b>	<b>519</b>	<b>40,430</b>	<b>8,781</b>	<b>49,211</b>
	2022/23	71,494	1,239	72,734	11,746	84,480
Assistant Director Finance	2023/24	<b>82,248</b>	<b>52</b>	<b>82,300</b>	<b>18,107</b>	<b>100,407</b>
	2022/23	66,061	52	66,113	10,849	76,962
Assistant Director Asset Management	2023/24	<b>74,386</b>	<b>1,015</b>	<b>75,401</b>	<b>16,371</b>	<b>91,772</b>
	2022/23	71,378	1,015	72,393	11,727	84,119

\*Change of post title in 2023/24 and new appointment 2023/24.

With regard to pension contribution levels - following the triennial review carried out by the Actuary employed by the Pension Fund in March 2022 - contribution levels remain unchanged for the 3 years commencing 1<sup>st</sup> April 2023. This includes an ongoing lump sum relating to past liabilities and a set rate for future employer contributions 22.1% p.a. (This rate has changed from 16.5% previously with a corresponding fall in the lump sum contribution level).

The Authority's employees receiving more than £50k remuneration for the year (excluding employer's pension contributions) not including those reported in the Senior Employees table above were paid the following amounts:

2022/23 Total Number of Employees	Remuneration Band	2023/24 Number of Employees Left During Year	2023/24 Number Employed at 31st March 2024	2023/24 Total Number of Employees
4	£50,000 - £54,999	-	12	12
1	£55,000 - £59,999	-	4	4
1	£65,000 - £69,999	-	1	1
6	Total	-	17	17

This table excludes the senior officers reported earlier.

### 30. External Audit Costs

The agreed external audit fees paid for 2023/24 were £185k (£90k 2022/23).

2022/23 £000	External Audit Costs	2023/24 £000
64	Fees payable to Azets Services Limited with regard to the external audit services carried out by the appointed auditor for the year;	147
26	Fees payable to Azets Services Limited for the certification of grants and returns for the year;	38
<b>90</b>	<b>Total</b>	<b>185</b>

The indicative fee for certification of grants and returns for 2023/24 is £38k. The agreed fee for the 2023/24 audit (payable in 2024/25) is £147k.

### 31. Government Grants and Contributions

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

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of 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 (Capital Grants Receipts in Advance). 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 ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

### **Community Infrastructure Levy**

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges for this Authority may be used to fund revenue expenditure. CIL income of £246k was received in 2023/24 (£584k in 2022/23) including income for monitoring costs of £11k (£29k in 2022/23).



The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24:

2022/23 £000	Grant Income	2023/24 £000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
195	Revenue Support Grant	302
13,039	NNDR	12,243
(10,406)	Non Domestic Rates - Tariff	(10,687)
(1,264)	Non Domestic Rates - Levy to GBSLEP	(294)
917	New Homes Bonus	347
2,728	S31 Grant - Small Business Rate Relief	2,719
95	Other Grants	21
5,368	Capital Grants and Contributions	10,818
<b>10,672</b>	<b>Total</b>	<b>15,469</b>

The Authority credited the following grants, contributions and donations to Cost of Services within the Comprehensive Income and Expenditure Statement in 2023/24:

<b>2022/23</b>	<b>Credited to Services</b>	<b>2023/24</b>
<b>£000</b>	<b>Government Grant</b>	<b>£000</b>
280	DWP Admin Grant	199
88	NNDR Cost of Collection	88
10,783	Benefits	10,933
98	Discretionary Housing Payment	102
9	Nature Reserve	9
71	Safer Stronger Communities	71
14	Electoral Process	32
40	Homelessness Reduction Act	-
33	Domestic Abuse Services	35
137	Heritage Lottery Funding	-
48	Welfare Benefit Reform Changes	44
252	Flexible Homelessness Support	-
-	Homelessness Prevention	334
-	New Burdens Local Council Tax Support Scheme	142
-	National Lottery Fund	67
-	Asylum Dispersal Grant	107
-	Contain Outbreak Management Funding (COMF)	251
-	NNDR3 Audit	22
25	Fly-Tipping Intervention Grant (FTIG)	-
10	DEFRA	51
303	Shared Prosperity Fund	606
6	Warm Spaces	-
62	Homes For Ukraine	-
5,015	Energy Rebate Scheme	23
14	Tenant Satisfaction Measures New Burdens	17
<b>17,288</b>	<b>Total</b>	<b>3,133</b>

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

<b>31st March 2023</b>	<b>Capital Grants Receipts in Advance</b>	<b>31st March 2024</b>
<b>£000</b>		<b>£000</b>
1	DCMS Free Swimming Grant	1
3	Lottery BMX Track	3
8	Other	8
8,313	Future High Streets Funds	5,309
-	UKSPF	85
1,514	S106 Leisure Grants	1,514
170	Social Housing Decarbonisation Grant	-
<b>10,009</b>	<b>Total</b>	<b>6,920</b>

## **32. Related Parties**

The Authority is required to disclose material transactions with related parties – bodies or individuals that have control or joint control, or significant influence over the Authority, or are a member of the key management personnel of the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority 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.

### **a) 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 Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 8. Grant receipts outstanding at 31<sup>st</sup> March 2024 are shown in Note 31.

### **b) Members**

Members of the Authority have direct control over the Authority's financial and operating policies. The total of Members' Allowances paid in 2023/24 is shown in Note 28. During the financial year ended 31<sup>st</sup> March 2024, there were no material transactions between the Authority and its Members, other than the payment of Member Allowances. Details of all transactions are recorded in the Register of Members' Interests, available on the Council's website.

Members are required to disclose information regarding any material transactions between them and any other organisation in which they could exert control. During the financial year ended 31<sup>st</sup> March 2024, the only such transactions were with regard to the Leader of the Council and Solway (Tamworth) Ltd, as detailed in paragraph (d) below.

### **c) Officers**

During the financial year ended 31<sup>st</sup> March 2024, there were no material transactions between the Authority and its Chief Officers, other than the payment of officer salaries. The total of Senior Officers' Remuneration is shown in Note 29.

Senior Officers are required to disclose information regarding any material transactions between them and any other organisation in which they could exert control. During the financial year ended 31<sup>st</sup> March 2024, the only such transactions were with regard to the Chief Executive and the Executive Director Finance and Solway (Tamworth) Ltd, detailed below (no change since 2022/23).

### **d) Solway (Tamworth) Ltd**

In line with plans set out in the Council's Commercial Investment Strategy, the above trading company was established in 2018. The company is wholly owned by the Council,

with the Leader of the Council, Chief Executive, and Executive Director Finance established as Directors of the company. It had been intended that land owned by the Council at Solway Close would be disposed of and purchased by the company for the development of private housing for rent. However, following a meeting of Corporate Scrutiny Committee in March 2022 where updated options for the site were presented, based on latest market demand, costing information, projected returns and assessment of the risks involved, and in light of the changing economic situation, the decision was made to shelve plans for developing the Solway site via the limited company, and instead to market the site for sale to a private developer.

**e) Staffordshire County Council, OPCC and Fire Authority Precepts.**

Staffordshire County Council and OPCC Staffordshire, and Staffordshire Commissioner Fire and Rescue Authority, issue precepts on the Authority, as follows:

<b>31st March 2023 £000</b>	<b>Precepts</b>	<b>31st March 2024 £000</b>
32,185	Staffordshire County Council	34,391
5,709	OPCC Staffordshire	6,091
1,846	Staffordshire Commissioner Fire and Rescue Authority	1,969
<b>39,740</b>	<b>Total</b>	<b>42,451</b>

During the year, there were 6 Councillors who were both a Member of the Council and Staffordshire County Council (6 in 2022/23).

**f) Staffordshire County Council**

Under the Recycling Credit Scheme, the Authority also receives recycling credits from Staffordshire County Council. These are then paid over to the Joint Waste Service under arrangements with Lichfield District Council.

<b>31st March 2023 £000</b>	<b>Recycling Credit Scheme</b>	<b>31st March 2024 £000</b>
(504)	Recycling Credits	(434)
<b>(504)</b>	<b>Total</b>	<b>(434)</b>

**g) Joint Waste Service**

The Authority’s Joint Waste Service with Lichfield District Council was launched in July 2010, and a joint committee - ‘Lichfield and Tamworth Waste Collection Services’ - was established. The organisation provides waste and recycling services to approximately 82,200 properties across the two Authorities. Lichfield District Council is responsible for hosting the service including employment of staff.

The parties have an agreement in place for funding this operation with contributions to the agreed budget of 58.3% from Lichfield District Council and 41.7% from Tamworth Borough Council (was 58.3% to 41.7% respectively in 2022/23). The same proportions are used to meet any deficit or share any surplus arising on the operation's budget at the end of each financial year.

The revenue outturn of the Joint Waste Service for the year ended 31<sup>st</sup> March 2024 is as follows:

<b>2022/23 £000</b>	<b>Joint Waste Arrangement Income / Expenditure</b>	<b>2023/24 £000</b>
	<b>Funding Provided to the Operation</b>	
(2,550)	Contribution from Lichfield District Council	(2,770)
(1,839)	Contribution from Tamworth Borough Council	(1,758)
<b>(4,389)</b>	<b>Total Funding Provided to the Operation</b>	<b>(4,528)</b>
	<b>Expenditure</b>	
4,169	Employee Costs	4,467
6	Premises Related Expenses	-
1,904	Transport Costs	1,786
1,485	Supplies and Services	1,343
11	Third Party Payments	11
607	Central Support Costs	607
<b>8,182</b>	<b>Total Expenditure</b>	<b>8,214</b>
	<b>Income</b>	
(1,186)	Recycling Credits	(1,188)
(1,601)	Green Waste Service	(1,545)
(1,006)	Other Income	(687)
<b>(3,793)</b>	<b>Total Income Received</b>	<b>(3,420)</b>
<b>4,389</b>	<b>Total Net Expenditure</b>	<b>4,794</b>
	<b>Net (Surplus)/Deficit arising on the pooled budget during the year</b>	
-		266
41.7%	<b>Tamworth Borough Council's share of Service</b>	41.7%
	<b>Tamworth Borough Council's share of Net (Surplus)/Deficit</b>	
-		111

Lichfield District Council are the lead Authority for this arrangement, with the Tamworth Borough Council reimbursing Lichfield for services on the basis of a proportion of actual spend. For 2023/24, the cost of the arrangement to the Authority was £1.76m.

### 33. Capital Expenditure & Financing

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

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

2022/23 £000	Capital Expenditure and Financing	2023/24 £000
73,831	<b>Opening Capital Financing Requirement</b>	73,767
	Capital Investment	
17,322	Property, Plant and Equipment	14,080
-	Heritage Assets	479
-	Investment Properties	566
64	Intangible Assets	137
1,379	Revenue Expenditure Funded from Capital under Statute	8,596
	Sources of Finance	
(2,528)	Capital receipts	(2,076)
(3,434)	Government grants and other contributions	(1,974)
(11,284)	Sums set aside from revenue - Direct Revenue Contributions	(10,172)
(204)	Sums set aside from revenue - Minimum Revenue Provision	(214)
(1,379)	Grants - Revenue Expenditure Funded from Capital Under Statute	(8,596)
<b>73,767</b>	<b>Closing Capital Financing Requirement</b>	<b>74,593</b>
	<b>Explanation of movements in year:</b>	
	Increase in underlying need to borrow:	
140	Unsupported by government financial assistance	1,040
(204)	Sums set aside from revenue - Minimum Revenue Provision	(214)
<b>(64)</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>826</b>

## 34. Leases

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

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

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

### a) Authority as Lessee

#### Operating Leases

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

The Authority currently uses vehicles, plant and equipment financed under terms of an operating lease. The amount paid under these arrangements in 2023/24 was £332k (£267k in 2022/23). These leases have options for annual extensions beyond the original lease term, a number of these options are currently being taken up.

<b>2022/23 £000</b>	<b>Minimum Lease Payments</b>	<b>2023/24 £000</b>
267	Minimum lease payments	332
<b>267</b>	<b>Total Minimum Lease Payments</b>	<b>332</b>

The Authority was committed at 31<sup>st</sup> March 2024 to making payments of £1.4m under operating leases, comprising the following elements:

<b>31st March 2023 £000</b>	<b>Operating Leases</b>	<b>31st March 2024 £000</b>
327	Not later than one year	402
897	Later than one year not later than five years	941
<b>1,224</b>	<b>Total Operating Leases</b>	<b>1,343</b>

## **b) Authority as Lessor**

### **i. Finance Leases**

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 fixed assets 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.

The Authority has leased out property at the Ankerside Shopping Centre including car park, on a finance lease with a remaining term of 66 years.

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:

31st March 2023 £000	Assets Held for Leases (Lessor)	31st March 2024 £000
	Finance lease debtor (NPV of minimum lease payments)	
12,548	Non current	12,534
42,759	Unearned finance income	41,923
12	Unguaranteed residual value of property	12
<b>55,319</b>	<b>Gross Investment in the Lease</b>	<b>54,469</b>

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

Minimum Lease Payments 31st March 2023 £000	Gross Investment in the Lease 31st March 2023 £000	Minimum Lease Payments	Minimum Lease Payments 31st March 2024 £000	Gross Investment in the Lease 31st March 2024 £000
851	851	Not later than one year	851	851
3,404	3,404	Later than one year not later than five years	3,404	3,404
51,053	51,065	Later than five years	50,202	50,214
<b>55,307</b>	<b>55,319</b>	<b>Total</b>	<b>54,457</b>	<b>54,469</b>

The Authority does not set aside any amount for future uncollectable amounts.

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

## ii. Operating Leases

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 (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

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

- for the provision of community services, such as community centres; and
- for investment purposes to provide suitable affordable accommodation for local businesses.

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

<b>31st March 2023 £000</b>	<b>Future Minimum Lease Payments</b>	<b>31st March 2024 £000</b>
	Operating Leases	
1,152	Not later than one year	1,175
4,412	Later than one year not later than five years	4,550
49,224	Later than five years	48,378
<b>54,788</b>	<b>Total</b>	<b>54,103</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

The minimum lease payments do not include cancellable rents received during the period, these amounted to £606k in 2023/24 (£595k in 2022/23). There were 20 void units at the 31<sup>st</sup> of March 2024 (19 voids at the 31<sup>st</sup> March 2023).

## **35. Impairment Losses**

Charges for impairment of £8.2m have been made during 2023/24 (£14m in 2022/23). This amount reflects the expenditure on capital assets which has not produced a similar increase in the value of the assets.

Total HRA Capital Expenditure was £11.3m (£14m in 2022/23) of which £7.5m (£10m – 2022/23) related to improvements to bathrooms, kitchens, central heating, electrical upgrades and disabled adaptations; with £3.8m (£4m in 2022/23) related to the regeneration of garage sites and new housing development schemes. The impairment has been recognised as the advice of the Authority's valuer is that such improvements have not increased the overall value of the asset.

## **36. 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 in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund or Housing Revenue Account 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 in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

There were 5 compromise agreements termination payments to employee contracts during 2023/24 at a value of £38,596 (none in 2022/23).

## 37. Defined Benefit Pension Schemes

The pension costs included in these accounts have been determined in accordance with government regulations and IAS 19. The standard requires the full recognition of the pensions liability (and the movement of its constituent parts) in the Comprehensive Income and Expenditure Statement. These requirements are included within the accounts in accordance with CIPFA recommended practice.

The Local Government Pension Scheme (LGPS) is accounted for as a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 2013:

- i. The liabilities of the Staffordshire Local Government Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- ii. Liabilities are discounted to their value at current prices, using a discount rate of 4.8%.

This is based on an approach whereby a Corporate Bond yield curve is constructed based on the constituents of the iBoxx AA Corporate Bond Index.

Separate discount rates are then set (and corresponding RPI/CPI inflation assumptions) for individual employers, dependent on their own weighted average duration.

- iii. The assets of Staffordshire Local Government Pension Fund attributable to the Authority 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.
- iv. The change in the net pensions 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 – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- **Past Service Cost:** The increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;

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

#### **Remeasurements comprising:**

**Expected Return on Plan Assets:** excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure:

- **Actuarial Gains and Losses:** changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- **Contributions paid to the Staffordshire Local Government Pension Fund:** Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund and the Housing Revenue Account to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and Housing Revenue Account 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 Authority 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.

## **a) Participation in Pension Schemes**

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

The authority participates in two post employment schemes:

- The Local Government Pension Scheme, administered locally by Staffordshire County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

## **b) 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 Council Tax is based on the cash payable in the year, so the real cost of post employment / retirement benefits is reversed out of the General Fund (and HRA) 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 2022/23 £000	Discretionary Benefit Arrangements 2022/23 £000	Defined Benefit Pension Schemes	Local Government Pension Scheme 2023/24 £000	Discretionary Benefit Arrangements 2023/24 £000
		<b>Comprehensive Income and Expenditure Statement:</b>		
4,244	67	Service Cost Comprising: Current service costs	2,246	73
-	-	<b>Financing and Investment Income and Expenditure</b>		
4,127	-	Interest on the effect of the Asset Ceiling	377	-
(3,218)	-	Interest costs	5,226	-
	-	Expected return on scheme assets	(5,321)	-
<b>5,153</b>	<b>67</b>	<b>Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services</b>	<b>2,528</b>	<b>73</b>
		<b>Remeasurement of the Net Defined Benefit Liability Comprising:</b>		
5,511	(101)	Return on plan assets (excluding amounts included in net interest expense)	(8,837)	67
(2,216)	-	Actuarial gains and losses on changes in demographic assumptions	(647)	-
(51,042)	-	Actuarial gains and losses on changes in financial assumptions	(5,023)	-
7,932	-	Impact of Net Asset Ceiling	13,777	-
10,814	-	Other	3,499	-
<b>(23,848)</b>	<b>(34)</b>	<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>5,297</b>	<b>140</b>

## Movement in Reserves Statement

Local Government Pension Scheme 2022/23 £000	Discretionary Benefit Arrangements 2022/23 £000	Defined Benefit Pension Schemes	Local Government Pension Scheme 2023/24 £000	Discretionary Benefit Arrangements 2023/24 £000
23,848	34	<b>Movement in Reserves Statement:</b>  Reversal of net charges made to the (Surplus) or Deficit on the Provision of Services for post employment benefits in accordance with the code  Actual amount charged against the General Fund Balance for pensions in the year: Employers' contributions payable to the scheme Retirement benefits payable to pensioners	(5,297)	(140)
2,550	-		2,899	-
-	67		-	73
<b>26,398</b>	<b>101</b>	<b>Total Movement in Reserves Statement</b>	<b>(2,398)</b>	<b>(67)</b>

Under the Housing Repairs contract, a separate pension scheme is operated for staff transferred as part of a TUPE arrangement.

### c) Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Local Government Pension Scheme 2022/23 £000	Pensions Assets and Liabilities Recognised in the Balance Sheet	Local Government Pension Scheme 2023/24 £000
111,012	Present Value of the Defined Benefit Obligation	112,065
7,932	Impact of Net asset Ceiling	22,086
(112,103)	Fair Value of Plan Assets	(126,035)
<b>6,841</b>	<b>Net Liability Arising From Defined Benefit Obligation</b>	<b>8,116</b>



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

Local Government Pension Scheme 2022/23 £000	Reconciliation of Fair Value of Scheme Assets	Local Government Pension Scheme 2023/24 £000
<b>120,043</b>	<b>Balance at 1st April 2023</b>	<b>104,171</b>
3,218	Interest Income on Plan Assets	4,944
(5,410)	Return on Assets excluding amounts included in net interest	8,770
1,576	Employer contributions	4,089
644	Contributions by scheme participants	689
(3,794)	Benefits paid	(4,937)
(7,932)	Impact of Net asset Ceiling	(13,777)
(4,174)	Other Experience	-
67	Contributions in respect of unfunded benefits	73
(67)	Unfunded benefits paid	(73)
<b>104,171</b>	<b>Balance at 31st March 2024</b>	<b>103,949</b>

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

Local Government Pension Scheme 2022/23 £000	Discretionary Benefit Arrangements 2022/23 £000	Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)	Local Government Pension Scheme 2023/24 £000	Discretionary Benefit Arrangements 2023/24 £000
<b>151,425</b>	<b>984</b>	<b>Balance at 1st April 2023</b>	<b>110,196</b>	<b>816</b>
4,311	-	Current service costs	2,319	-
4,127	-	Interest Cost on Defined Benefit Obligation	5,226	-
644	-	Plan Participants Contributions	689	-
(2,216)	-	Remeasurements (gains)/losses: Changes in Demographic Assumptions	(647)	-
(50,941)	(101)	Changes in Financial Assumptions	(5,090)	67
6,640	-	Other Experience	3,499	-
(3,794)	(67)	Benefits paid	(4,937)	(73)
<b>110,196</b>	<b>816</b>	<b>Balance at 31st March 2024</b>	<b>111,255</b>	<b>810</b>

**f) Local Government Pension Scheme Assets Comprised:**

The asset values shown below are at bid value as required under IAS19.

As at 31st March 2023					As at 31st March 2024			
Quoted Prices in Active Markets	Quoted Prices Not in Active Markets	Total	Percentage of Total Assets	Fair Value of Employers Assets	Quoted Prices in Active Markets	Quoted Prices Not in Active Markets	Total	Percentage of Total Assets
£000	£000	£000	%		£000	£000	£000	%
				<b>Equity Securities</b>				
3,774	-	3,774	3.4	Consumer	3,413	-	3,413	2.7
3,080	-	3,080	2.7	Manufacturing	1,701	-	1,701	1.3
846	-	846	0.8	Energy & Utilities	776	-	776	0.6
				Financial				
4,017	-	4,017	3.6	Institutions	4,631	-	4,631	3.7
4,242	-	4,242	3.8	Health Care	3,490	-	3,490	2.8
				Information				
4,879	-	4,879	4.4	Technology	5,574	-	5,574	4.4
				<b>Debt Securities</b>				
				Corporate Bonds				
				(Investment				
6,586	-	6,586	5.9	Grade)	9,382	-	9,382	7.4
				<b>Private Equities</b>				
-	5,555	5,555	5.0	All	-	6,633	6,633	5.3
				<b>Real Estate</b>				
-	8,977	8,977	8.0	UK Property	-	9,303	9,303	7.4
				<b>Investment</b>				
				<b>Funds &amp; Unit</b>				
				<b>Trusts</b>				
53,253	-	53,253	47.3	Equities	57,112	-	57,112	45.5
7,016	-	7,016	6.3	Bonds	9,891	-	9,891	7.8
-	41	41	0.0	Hedge Funds	-	-	-	0.0
-	299	299	0.3	Infrastructure	-	5,477	5,477	4.3
-	5,145	5,145	4.6	Other	-	6,603	6,603	5.2
				<b>Cash &amp; Cash</b>				
				<b>Equivalents</b>				
4,394	-	4,394	3.9	All	2,049	-	2,049	1.6
<b>92,087</b>	<b>20,016</b>	<b>112,103</b>	<b>100</b>	<b>Total Assets</b>	<b>98,019</b>	<b>28,016</b>	<b>126,035</b>	<b>100</b>
		(7,932)		Impact of net			(22,086)	
		<b>104,171</b>		asset ceiling			<b>103,949</b>	

### g) Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31<sup>st</sup> March 2024. The significant assumptions used by the actuary have been:

Local Government Pension Scheme 2022/23	Discretionary Benefit Arrangements 2022/23	Assumptions	Local Government Pension Scheme 2023/24	Discretionary Benefit Arrangements 2023/24
4.75%	-	Long-term expected rate of return on assets in the scheme:		
		Equity Investments	4.80%	-
4.75%	-	Government Bonds		
4.75%	-	Bonds	4.80%	-
4.75%	-	Property Managed Funds	4.80%	-
4.75%	-	Cash	4.80%	-
4.75%	-	Other	4.80%	-
		Mortality assumptions (in years):		
		Longevity at 65 for current pensioners:		
21.1	21.1	Men	21.1	21.1
24.1	24.1	Women	23.8	23.8
		Longevity at 65 for future pensioners:		
21.9	21.9	Men	21.9	21.9
26.0	26.0	Women	25.6	25.6
3.00%	3.00%	CPI Rate	2.80%	2.80%
3.50%	3.50%	Rate of increase in salaries	3.30%	3.30%
3.00%	3.00%	Rate of increase in pensions	2.80%	2.80%
4.75%	4.75%	Rate for discounting scheme liabilities	4.80%	4.80%
65.00%	-	Take-up of option to convert annual pension into retirement lump sum	65.00%	-

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all 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 methods and types of assumptions used in preparing the sensitivity analysis below did not change from that used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme		Change in Assumptions at 31st March 2024	Impact on the Defined Benefit Obligation in the Scheme	
Approx. % Increase to Liability 2022/23 %	Approx. Monetary Value 2022/23 £000		Approx. % Increase to Liability 2023/24 %	Approx. Monetary Value 2023/24 £000
2.00%	1,792	0.1% Decrease in Real Discount Rate	2.00%	1,945
4.00%	4,440	1 Year in Member Life Expectancy	4.00%	4,483
-	194	0.1% Increase in the Salary Increase Rate	-	95
1.00%	1,624	0.1% Increase in the Pension Increase Rate	2.00%	1,884

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31<sup>st</sup> March 2025 is £2.3m (£1.6m in 2023/24).

### 38. 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 of resources will be required or the amount of the obligation cannot be measured reliably.

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

The Authority has included a provision –detailed in Note 22 – relating to Business Rate appeals outstanding as at 31<sup>st</sup> March 2024.

With effect from the 2017 Rating List, there is a fresh approach to appeals known as "Check, Challenge & Appeal" (CCA) which means that before an appeal is made the Rateable Value may be amended upon negotiation between the Valuation Office and the ratepayer (or their agents). This process will inevitably lead to a delay in appeals being made.

It is difficult to estimate the likelihood of businesses both submitting and being successful with an appeal and the Authority has therefore made provision in the accounts based on professional advice from independent valuers. The contingent liability element relates to any potential successful appeals beyond the provision made. The level of historic appeals together with the average level of success and savings in Rateable Value is shown for the 2005, 2010, 2017 and 2023 lists below:

<b>Indicator 2023/24</b>	<b>2005 List</b>	<b>2010 List</b>	<b>2017 List</b>	<b>2023 List</b>	<b>Total</b>
<b>A</b> Total of original Rateable Values resolved	£116.06m	£239.73m	£202.53m	£7.81m	£566.13m
<b>B</b> Total original Rateable Value of successful check/ challenge/ appeal	£51.93m	£70.41m	£23.53m	£0.58m	£146.45m
Average success rate (% of RV) <b>(B/A)</b>	44.74%	29.37%	11.62%	7.43%	25.87%
<b>C</b> Total revised Rateable Value of successful check/ challenge/ appeal	£47.63m	£62.27m	£20.76m	£0.41m	<b>£131.07m</b>
<b>D Total reduction in Rateable Value (C-B)</b>	<b>£4.29m</b>	<b>£8.14m</b>	<b>£2.77m</b>	<b>£0.17m</b>	<b>£15.37m</b>
Average % reduction in Rateable Value <b>(D/B)</b>	8.27%	11.56%	11.77%	29.31%	10.50%
<b>E</b> Years the List has been active	5	7	6	1	-
<b>F</b> Average annual reduction in Rateable Value <b>(D/E)</b>	£0.86m	£1.16m	£0.46m	£0.17m	-
<b>G</b> Standard Business Rate Multiplier in 2023/24	54.6p	54.6p	54.6p	54.6p	54.6p
<b>H Average annual cost of reduction based on 2023/24 Multiplier (FxG)</b>	<b>£0.47m</b>	<b>£0.63m</b>	<b>£0.25m</b>	<b>£0.09m</b>	<b>£1.45m</b>
<b>District Council Share at 40% (Hx0.4)</b>	<b>£0.19m</b>	<b>£0.25m</b>	<b>£0.10m</b>	<b>£0.04m</b>	<b>£0.58m</b>
<b>I Checks/ challenges/ appeals outstanding 31st March 2024</b>	£0.00m	£0.00m	£8.91m	£7.33m	£16.24m
<b>J</b> Provision included	£0.00m	£0.00m	£4.12m	£1.93m	£6.05m
Provision as a % of checks/ challenges/ appeals outstanding <b>(J/I)</b>			46.24%	26.33%	37.28%

<b>Indicator 2022/23</b>	<b>2005 List</b>	<b>2010 List</b>	<b>2017 List</b>	<b>Total</b>
<b>A</b> Total of original Rateable Values resolved	£116.06m	£239.73m	£150.90m	£506.69m
<b>B</b> Total original Rateable Value of successful check/ challenge/ appeal	£51.93m	£70.26m	£12.52m	£134.71m
Average success rate (% of RV) <b>(B/A)</b>	44.74%	29.31%	8.30%	26.59%
<b>C</b> Total revised Rateable Value of successful check/ challenge/ appeal	£47.63m	£62.15m	£11.77m	£121.55m
<b>D Total reduction in Rateable Value (C-B)</b>	<b>£4.29m</b>	<b>£8.11m</b>	<b>£0.75m</b>	<b>£13.15m</b>
Average % reduction in Rateable Value <b>(D/B)</b>	8.27%	11.54%	5.99%	9.76%
<b>E</b> Years the List has been active	5	7	6	-
<b>F</b> Average annual reduction in Rateable Value <b>(D/E)</b>	£0.86m	£1.16m	£0.13m	-
<b>G</b> Standard Business Rate Multiplier in 2023/24	51.2p	51.2p	51.2p	51.2p
<b>H Average annual cost of reduction based on 2023/24 Multiplier (FxG)</b>	<b>£0.44m</b>	<b>£0.59m</b>	<b>£0.06m</b>	<b>£1.10m</b>
<b>District Council Share at 40% (Hx0.4)</b>	<b>£0.18m</b>	<b>£0.24m</b>	<b>£0.03m</b>	<b>£0.44m</b>
<b>I</b> Checks/ challenges/ appeals outstanding 31/03/23	£0.00m	£0.21m	£37.32m	£37.53m
<b>J</b> Provision included	£0.00m	£0.13m	£4.41m	£4.54m
Provision as a % of checks/ challenges/ appeals outstanding <b>(J/I)</b>		61.90%	11.82%	12.11%

## 39. Nature & Extent of Risks Arising from Financial Instruments

### Key Risks

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

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

The Authority's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services and is based on the framework set out in the Local Government Act 2003 and associated regulations.

As directed by the Act, the Authority has formally adopted the CIPFA Treasury Management Code of Practice and complies with the CIPFA Prudential Code. As part of the adoption of the Treasury Management Code, the Authority approves a Treasury Management Strategy before the commencement of the year to which it relates, this strategy sets out the parameters for the management of risks associated with financial instruments.

The Treasury Management Strategy for 2023/24 (including the Annual Investment Strategy) was approved by Full Council on 28<sup>th</sup> February 2023 and is available on the Authority's website.

The strategy also includes an Annual Investment Strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

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

## **a) Credit Risk**

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

This risk is minimised through the Annual Investment Strategy, which is available on the Authority's website.

### **Credit Risk Management Practices**

The authority's credit risk management practices are set out in the Annual Investment Strategy. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

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

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

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

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

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

The Authority's maximum exposure to credit risk in relation to its investments in financial institutions of £68.1m 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. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31<sup>st</sup> March 2024 that this was likely to crystallise.

## Amounts Arising from Expected Credit Losses

### Credit Risk Exposure

The Authority has assessed its short and long term investments and concluded that the expected credit loss is not material therefore no allowances have been made.

A summary of the credit quality of the Council's investments at 31<sup>st</sup> March 2024 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and uncollectability.

Credit Risk	Amount at 31st March 2024 £000 A	Historical Experience of Default % B	Historical Experience Adjusted for Market Conditions at 31st March 2024 % C	Estimated Maximum Exposure to Default and Uncollectability at 31st March 2024 £000 (A x C)	Estimated Maximum Exposure at 31st March 2023 £000
AAA rated counterparties	10,153	0.04%	0.04%	4	1
AA rated counterparties	34,639	0.02%	0.02%	13	6
A rated counterparties	15,613	0.05%	0.05%	30	15
BBB rated counterparties	-	-	-	-	-
Caa rated counterparties	-	-	-	-	-
Escrow	-	-	-	-	-
Trade Debtors	5,242	-	-	1,346	1,579
<b>Total</b>	<b>65,647</b>	<b>-</b>	<b>-</b>	<b>1,393</b>	<b>1,601</b>

The Authority does not generally allow credit for customers, such that £2.5m is past its due date for payment. The past due amount as at 31<sup>st</sup> March 2024 but not impaired amount can be analysed by age as follows:

31st March 2023 £000	Arrears	31st March 2024 £000
874	Less than six months	919
73	Six months to one year	744
32	More than one year	24
933	More than two years	819
<b>1,912</b>	<b>Total</b>	<b>2,506</b>



The Authority initiates a legal charge on property where, for instance, works have to be carried out in default but those responsible cannot afford to pay immediately. The total collateral at 31<sup>st</sup> March 2024 was £29.3k (£29.3k in 2022/23).

## b) Liquidity Risk

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

The Authority 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 Authority 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. The maturity analysis of financial assets, excluding sums due from customers, is as follows:

31st March 2023		Financial Assets	31st March 2024	
Average Rate %	Amount £000		Average Rate %	Amount £000
3.53%	59,843	Less than one year	5.63%	50,252
<b>3.53%</b>	<b>59,843</b>	<b>Total</b>	<b>5.63%</b>	<b>50,252</b>

All trade and other payables are due to be paid in less than one year – debtors of are not included in the table above.

## c) Refinancing and Maturity Risk

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

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

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

- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority'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 as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved Council in the Treasury Management Strategy):

31st March 2023		Financial Liabilities	Approved Minimum Limits	Approved Minimum Limits	31st March 2024	
Average Rate %	Amount £000				Average Rate %	Amount £000
4.05%	63,060	PWLB			4.05%	63,060
<b>4.05%</b>	<b>63,060</b>	<b>Total</b>			<b>4.05%</b>	<b>63,060</b>
-	310	Less than one year (Interest Due)	0%	20%	-	313
4.25%	1,000	Maturing in 5 - 10 years	0%	75%	4.25%	1,000
4.72%	4,000	Maturing in 10 - 15 years	0%	100%	4.72%	4,000
4.00%	58,060	Maturing in over 15 years	0%	100%	4.00%	58,060
<b>4.05%</b>	<b>63,370</b>	<b>Total</b>			<b>4.05%</b>	<b>63,373</b>

#### d) Market Risk

##### i) Interest Rate Risk

The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, 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, subject to influences from Government grants (i.e. HRA). 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 Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Authority's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The 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 risk of interest rate loss is partially mitigated by Government grant payable on financing costs. As at 31<sup>st</sup> March 2024, the Authority had no variable rate debt or investments. There would therefore be no material impact if all interest rates had been higher or lower during the year.

## ii) Price Risk

The Council holds £10.1m (valued at £10.8m in 2022/23) in property funds, and their price varies. However, any movements in price will not impact on the General Fund Balance as regulations are in force to ameliorate the impact of fair value movements.

The market prices of the Council's fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the market risk associated with these instruments is managed alongside interest rate risk.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £10.1m. A 5% fall in commercial property prices would result in a £0.5m charge to Other Comprehensive Income & Expenditure – this would have no impact on the (Surplus) or Deficit on the Provision of Services until the investment was sold.

## **Approval of Accounts**

I confirm that these accounts were approved by the Audit and Governance Committee at the meeting held on

13<sup>th</sup> November 2024

Signed on behalf of Tamworth Borough Council

Councillor C Adams, Chair of the Audit and Governance Committee

Dated

13<sup>th</sup> November 2024

*This is an electronic copy without an electronic signature. The original was signed as dated above and a copy can be obtained from the Executive Director Finance.*

## Housing Revenue Account

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Authority charges rents to cover expenditure in accordance with legislative framework; this may be different from accounting cost. The increase or decrease in the year, on the basis which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2022/23 £000	HRA Comprehensive Income and Expenditure Statement	2023/24	
		£000	£000
	<b>Expenditure:</b>		
6,220	Repairs and Maintenance	5,584	
7,378	Supervision and Management	7,157	
58	Rents, rates, taxes and other charges	38	
14,994	Depreciation and impairment of Non Current Assets	12,858	
8	Debt management costs	8	
176	Movement in the allowance for bad debts	206	
<b>28,834</b>	<b>Total Expenditure</b>		<b>25,851</b>
	<b>Income:</b>		
(19,551)	Dwelling rents	(20,811)	
(332)	Non dwelling rents	(323)	
(995)	Charges for services and facilities	(1,148)	
(1,594)	Contributions towards expenditure	(1,403)	
<b>(22,472)</b>	<b>Total Income</b>		<b>(23,685)</b>
<b>6,362</b>	<b>Net Expenditure of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>		<b>2,166</b>
28	HRA services' share of Corporate and Democratic Core		32
<b>6,390</b>	<b>Net Expenditure / (Income) for HRA Services</b>		<b>2,198</b>
	<b>HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Statement:</b>		
(101)	(Gain) or loss on sale of HRA Non Current Assets		(357)
2,816	Interest payable and similar charges		2,952
(394)	Interest and investment income		(844)
218	Pensions interest cost and expected return on pensions assets		68
(1,000)	Capital grants and contributions receivable		-
<b>7,929</b>	<b>(Surplus) or Deficit for the Year on HRA Services</b>		<b>4,017</b>

## Statement of Movement on the HRA Balance

2022/23 £000	Statement of Movement on the HRA Balance	2023/24	
		£000	£000
5,717	Balance on the HRA at the end of the previous year		2,761
(7,929)	Surplus or (Deficit) for the year on the HRA Income and Expenditure Statement	(4,017)	
3,971	Adjustments between accounting basis and funding basis under statute	2,325	
<b>(3,958)</b>	<b>Net Increase or (Decrease) before transfers to or from reserves</b>	<b>(1,692)</b>	
1,002	Transfers (to) / from Reserves	1,151	
(2,956)	Increase or (Decrease) on the HRA		(541)
<b>2,761</b>	<b>Balance on the HRA at 31st March 2024</b>		<b>2,220</b>

## Analysis of Adjustments

2022/23 £000	Analysis of Adjustments	2023/24 £000
(2)	Difference between any other item of income and expenditure determined in accordance with the code and determined in accordance with HRA requirements	11
(101)	Gain or loss on sale of HRA Non Current Assets	(358)
639	HRA share of contributions to or from the Pensions Reserve	(72)
35	Amortisation of intangible assets	36
(6,524)	Capital expenditure funded by the HRA	(6,065)
(1,000)	Capital Grants and Contributions Applied;	-
(4,035)	Transfer to / from the Major Repairs Reserve	(4,049)
14,959	Transfer to / from the Capital Adjustment Account	12,822
<b>3,971</b>	<b>Total Adjustments Between Accounting Basis and Funding Basis Under Statute</b>	<b>2,325</b>

## NOTES TO THE HRA

### HRA1. Number & Type of Dwelling

The Authority is responsible for managing a housing stock, made up as follows:

	<b>Houses and Bungalows</b>	<b>High and Medium Rise Flats</b>	<b>Low Rise Flats</b>	<b>Total</b>
<b>Housing Stock as at 1st April 2023</b>	<b>2,755</b>	<b>666</b>	<b>884</b>	<b>4,305</b>
Demolitions	-	-	-	-
Sales	(16)	-	(2)	<b>(18)</b>
Additions	-	2	-	<b>2</b>
<b>Housing Stock as at 31st March 2024</b>	<b>2,739</b>	<b>668</b>	<b>882</b>	<b>4,289</b>

In order to comply with the requirements of Resource Accounting, garages are now identified within other property. Non operational assets are those held by an authority but not directly occupied or used in the delivery of its services.

### HRA2. Vacant possession value of dwellings

The Vacant Possession Valuation as at 31<sup>st</sup> March 2024 is £615.5m (31<sup>st</sup> March 2023 Vacant Possession Value was £607.4m).

However, assets are valued on the Balance Sheet at their existing use reflecting the valuation of a property if it were to be disposed with sitting tenants benefiting from sub-market rents. This reflects the economic cost to the Government of providing council housing at less than open market value.

Council dwellings are held on the Balance Sheet at Existing Use Value Social Housing (EUV-SH) which for 2023/24, a nationally set adjustment factor for the West Midlands of 40% of vacant possession value has been used (40% in 2023/24).

<b>Movement in 2022/23</b>	<b>EUV-SH Council Dwellings £000</b>	<b>Other Land and Buildings £000</b>	<b>Plant , Vehicles and Equipment £000</b>	<b>Asset Under Construction £000</b>	<b>Total £000</b>
<b>Cost or Valuation</b>					
<b>As at 1st April 2023</b>	<b>242,977</b>	<b>3,468</b>	<b>147</b>	<b>4,087</b>	<b>250,679</b>
Additions;	8,301	846	4	2,169	<b>11,320</b>
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	(11,801)	(358)	-	-	<b>(12,159)</b>
Revaluation increases/ (decreases) recognised in the Revaluation Reserve;	7,733	(238)	-	-	<b>7,495</b>
Revaluation increases/ (decreases) recognised in the (Surplus) or Deficit on the Provision of Services;	133	(766)	-	-	<b>(633)</b>
Derecognition - Disposals.	(1,133)	(201)	-	-	<b>(1,334)</b>
Derecognition - Other	-	-	-	-	-
Assets reclassified (to)/ from Investment Property	-	-	-	-	-
Other movements in cost or valuation	-	-	(4)	-	<b>(4)</b>
<b>As at 31st March 2024</b>	<b>246,210</b>	<b>2,751</b>	<b>147</b>	<b>6,256</b>	<b>255,364</b>
<b>Accumulated Depreciation &amp; Impairment</b>					
<b>As at 1st April 2023</b>	-	-	<b>(65)</b>	-	<b>(65)</b>
Depreciation Charge;	(3,634)	(373)	(41)	-	<b>(4,048)</b>
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	11,801	358	-	-	<b>12,159</b>
Impairment losses/ (reversals) recognised in the (Surplus) or Deficit on the Provision of Services;	(8,176)	-	-	-	<b>(8,176)</b>
Derecognition - disposals.	9	15	-	-	<b>24</b>
<b>As at 31st March 2024</b>	-	-	<b>(106)</b>	-	<b>(106)</b>
<b>Net Book Value</b>					
As at 1st April 2023	242,977	3,468	82	4,087	<b>250,614</b>
<b>As at 31st March 2024</b>	<b>246,210</b>	<b>2,751</b>	<b>41</b>	<b>6,256</b>	<b>255,258</b>
<b>Nature of holdings at year end Owned</b>	<b>246,210</b>	<b>2,751</b>	<b>41</b>	<b>6,256</b>	<b>255,258</b>



### HRA3. Movement on the Major Repairs Reserve (MRR)

The Major Repairs Reserve represents the long term average amount of capital spending required to maintain the stock in its current condition.

The Capital Expenditure shown was spent on maintaining council dwellings.

2022/23 £000	Major Repairs Reserve	2023/24 £000
2,447	<b>Balance at 1st April 2023</b>	<b>2,059</b>
4,035	Contributions to the Major Repairs Reserve	4,049
(4,423)	Capital Spending on Dwellings	(3,789)
<b>2,059</b>	<b>Balance at 31st March 2024</b>	<b>2,319</b>

The contribution in 2023/24 represents the depreciation charge of £4.0m (2022/23 contribution included £4.0m depreciation).

### HRA4. Capital Expenditure Summary

The following table details how £11.3m Capital Expenditure was financed during the year.

2022/23 £000	Capital Expenditure	2023/24 £000
	<b>Capital Expenditure Type:</b>	
10,270	Dwellings	8,301
1,076	Land	846
4	Plant, Vehicles and Equipment (PVE)	4
2,527	Assets Under Construction	2,169
<b>13,877</b>	<b>Total Capital Expenditure</b>	<b>11,320</b>
	<b>Funded by:</b>	
1,841	Usable capital receipts	941
6,524	Revenue contributions	6,065
89	Borrowing	525
1,000	External grants and contributions	-
4,423	Major Repairs Reserve	3,789
<b>13,877</b>	<b>Total Funding</b>	<b>11,320</b>

## HRA5. Capital Receipts

During the year capital receipts totalling £1.7m were received in respect of dwellings sold, of which £0.4m would have been repaid to DCLG under the pooling regime. However, due to a change in the retention regulations, this could be retained, and not paid over, for 2023/24. The un-pooled element of capital receipts are retained for financing housing capital investment and regeneration works.

<b>2022/23 £000</b>	<b>Capital Receipts</b>	<b>2023/24 £000</b>
2,459	Sale of dwellings under Right to Buy	1,691
<b>2,459</b>	<b>Net Capital Receipts</b>	<b>1,691</b>

## HRA6. Depreciation & Impairment Charges

Council Dwellings are depreciated on a straight line basis over the period of their useful economic life. The charge for the year was £3.6m.

The charge for depreciation of £0.4m on non council dwellings has been calculated on a straight line basis over the period of their useful economic life.

Charges for impairment of £8.2m have been made during 2023/24. This amount reflects the expenditure on capital assets which has not produced a similar increase in the value of the assets.

## HRA7. HRA Pensions Reserve

<b>2022/23 £000</b>	<b>Pensions</b>	<b>2023/24 £000</b>
1,003	Difference between current service cost of pensions and past service cost in accordance with IAS 19 and actual employers' contributions	213
988	Interest on share of pensions liability	1,359
770	Expected return on share of assets	1,291
<b>2,761</b>	<b>Total</b>	<b>2,863</b>

## HRA8. HRA Rent Arrears

2022/23 £000	Rent Arrears	2023/24 £000
1,919	Gross arrears	2,065
9.8%	Gross arrears as percentage of gross rent income	9.9%

Of the rent arrears, 61.5% (57.3% in 2022/23) refer to former tenants.

2022/23 £000	Provision for Bad Debts	2023/24 £000
<b>1,465</b>	<b>Rent Arrears</b>	
	<b>Balance at 1st April 2023</b>	<b>1,554</b>
167	Contribution from / (to) HRA in year	213
(78)	Written off in year	(73)
<b>1,554</b>	<b>As at 31st March 2024</b>	<b>1,694</b>
	<b>Sundry Debtors</b>	
<b>66</b>	<b>Balance at 1st April 2023</b>	<b>72</b>
9	Contribution from / (to) HRA in year	(8)
(3)	Written off in year	(1)
<b>72</b>	<b>Balance at 31st March 2024</b>	<b>63</b>
<b>1,626</b>	<b>Total Provision for Bad Debts</b>	<b>1,757</b>

## Collection Fund

The Collection Fund statement shows the transactions of the Authority, as billing authority, in relation to the collection of Council Tax income on behalf of Staffordshire County Council, the OPCC, the Staffordshire Commissioner Fire and Rescue Authority and this Authority's General Fund together with non-domestic rates collected on behalf of the Government, Staffordshire County Council, the Staffordshire Commissioner Fire and Rescue Authority and this Authority's General Fund.

2022/23 Council Tax £000	2022/23 NNDR £000	2022/23 Total £000	Collection Fund Income and Expenditure Statement	2023/24 Council Tax £000	2023/24 NNDR £000	2023/24 Total £000
			<b>INCOME</b>			
(44,692)	-	(44,692)	Income from Council Tax	(47,489)	-	(47,489)
(265)	-	(265)	Transfers from General Fund - Council Tax benefits	(152)	-	(152)
	(33,879)	(33,879)	Income collectable from business ratepayers	-	(35,928)	(35,928)
<b>(44,957)</b>	<b>(33,879)</b>	<b>(78,836)</b>	<b>Total Income</b>	<b>(47,641)</b>	<b>(35,928)</b>	<b>(83,569)</b>
			<b>EXPENDITURE</b>			
			<b>Precepts</b>			
4,407	-	4,407	- Tamworth Borough Council	4,603	-	4,603
5,709	-	5,709	- OPCC Staffordshire	6,091	-	6,091
1,846	-	1,846	- Staffordshire Commissioner Fire and Rescue Authority	1,969	-	1,969
32,185	-	32,185	- Staffordshire County Council	34,391	-	34,391
			<b>Business rates</b>			
-	13,252	13,252	- Tamworth Borough Council	-	13,581	13,581
-	16,565	16,565	- Central Government	-	16,977	16,977
-	331	331	- Staffordshire Commissioner Fire and Rescue Authority	-	340	340
-	2,982	2,982	- Staffordshire County Council	-	3,056	3,056
-	88	88	<b>Costs of Collection</b>	-	88	88

2022/23 Council Tax £000	2022/23 NNDR £000	2022/23 Total £000	Collection Fund Income and Expenditure Statement	2023/24 Council Tax £000	2023/24 NNDR £000	2023/24 Total £000
-	-	-	Amounts Retained in respect of Renewable Energy Schemes		3	3
-	2	2	<b>Transfer Credits to GF</b>	-	-	-
			<b>Bad and Doubtful Debts</b>			
396	2	398	- Provisions	412	25	437
-	1,190	1,190	- Provision for appeals	-	5,193	5,193
			<b>Distribution of previous year's surpluses/deficits</b>			
75	(1,200)	(1,125)	- Tamworth Borough Council	60	(260)	(200)
96	-	96	- OPCC Staffordshire	79	-	79
31	(30)	1	- Staffordshire Commissioner Fire and Rescue Authority	25	(7)	18
548	(270)	278	- Staffordshire County Council	440	(59)	381
-	(1,500)	(1,500)	- Central Government	-	(325)	(325)
<b>45,293</b>	<b>31,412</b>	<b>76,705</b>	<b>Total Expenditure</b>	<b>48,070</b>	<b>38,612</b>	<b>86,682</b>
336	(2,467)	(2,131)	<b>(Surplus)/ Deficit for the year</b>	429	2,684	3,113
(1,498)	4,574	3,076	Fund Balance Brought Forward	(1,162)	2,107	945
<b>(1,162)</b>	<b>2,107</b>	<b>945</b>	<b>Fund Balance at 31st March 2024</b>	<b>(733)</b>	<b>4,791</b>	<b>4,058</b>
			<b>Analysis of Fund Balance (Surplus)/ Deficit</b>			
(114)	843	729	- Tamworth Borough Council	(71)	1,916	1,845
(151)	-	(151)	- OPCC Staffordshire	(95)	-	(95)
(48)	21	(27)	- Staffordshire Commissioner Fire and Rescue Authority	(30)	48	18
(849)	189	(660)	- Staffordshire County Council	(537)	431	(106)
-	1,054	1,054	- Central Government	-	2,396	2,396
<b>(1,162)</b>	<b>2,107</b>	<b>945</b>	<b>Total</b>	<b>(733)</b>	<b>4,791</b>	<b>4,058</b>



# NOTES TO THE COLLECTION FUND

## CF 1. NDR Rateable Value

The rateable value of Non Domestic properties in the Borough as at 31<sup>st</sup> March 2024 was £85,740,902 (£81,997,535 at 31<sup>st</sup> March 2023).

The NDR multiplier for 2023/24 was 51.2p in the pound (51.2p in 2022/23). The qualifying small business multiplier for 2023/24 was 49.9p in the pound (49.9p in 2022/23).

## CF 2. Council Tax Base Calculation

The Council base was as follows:

Number of Chargeable Properties 2022/23	Adjusted Property Base (Band D Equivalent) 2022/23	Calculation of Ctax Base	Number of Chargeable Properties 2023/24	Adjusted Property Base (Band D Equivalent) 2023/24
		<b>Valuation Band (Multiplier)</b>		
19	11	A - Disabled Relief Reduction (5/9)	19	11
8,161	5,441	A - (6/9)	8,201	5,467
10,971	8,533	B - (7/9)	11,072	8,612
5,558	4,940	C - (8/9)	5,651	5,023
3,625	3,625	D - (9/9)	3,704	3,704
2,015	2,463	E - (11/9)	2,056	2,513
522	754	F - (13/9)	535	773
113	188	G - (15/9)	117	195
3	6	H - (18/9)	3	6
	(2,500)	<b>LCTS ADJUSTMENT</b>		(2,427)
30,987	23,461	<b>Totals</b>	<b>31,358</b>	<b>23,877</b>
	97.90%	<b>Assumed Collection Rate</b>		<b>97.90%</b>
	<b>22,968</b>	<b>Total Taxbase</b>		<b>23,376</b>

## CF 3. Authorities making precepts or demands on the fund

### Council Tax

Precept 2022/23 £	Distribution of Previous Years Estimated Surplus/ (Deficit) 2022/23 £	Total Movement on the Collection Fund 2022/23 £	Precepts Analysis	Precept 2023/24 £	Distribution of Previous Years Estimated Surplus/ (Deficit) 2023/24 £	Total Movement on the Collection Fund 2023/24 £
4,407,330	114,194	4,521,524	Tamworth Borough Council	4,602,501	70,926	4,673,427
5,709,156	151,204	5,860,360	OPCC Staffordshire	6,091,084	95,016	6,186,100
1,845,479	48,139	1,893,618	Staffordshire Commissioner Fire and Rescue Authority	1,969,428	30,357	1,999,785
32,185,058	848,551	33,033,609	Staffordshire County Council	34,391,472	536,479	34,927,951
44,147,023	1,162,088	45,309,111	<b>Total</b>	47,054,485	732,778	47,787,263

### NDR

Business Rates 2022/23 £	Distribution of Previous Years Estimated Deficit 2022/23 £	Total Movement on the Collection Fund 2022/23 £	Precepts Analysis	Business Rates 2023/24 £	Distribution of Previous Years Estimated Deficit 2023/24 £	Total Movement on the Collection Fund 2023/24 £
13,252,313	842,896	14,095,209	Tamworth Borough Council	13,581,271	1,916,689	15,497,960
331,308	21,072	352,380	Staffordshire Commissioner Fire and Rescue Authority	339,532	47,918	387,450
2,981,770	189,649	3,171,419	Staffordshire County Council	3,055,786	431,253	3,487,039
16,565,391	1,053,616	17,619,007	Central Government	16,976,589	2,395,860	19,372,449
33,130,782	2,107,233	35,238,015	<b>Total</b>	33,953,178	4,791,720	38,744,898

The increase in the balance on the CFAA is due to an increase in the deficit on the Collection Fund of £3.1m (£2.1m reduction in 2022/23), mostly arising from adjustments made to provisions for appeals. These have resulted in a substantial increase in the provision required for appeals see note 22 Provisions for details.

It should be noted however, that this represents the total Collection Fund impact,



and the Council's share of this equates to c.£1.9m which has been reflected in the Councils accounts and transferred to reserve to fund the deficit carried forward to 2024/25 (in line with collection fund accounting practice – whereby the deficit is funded in the following financial year as part of the budget process).

#### CF 4. NDR credits

NDR credit accounts relate to credit balances in the Collection Fund which could not be repaid to the businesses concerned as they cannot be traced, have not responded to efforts made to repay funds or no longer exist.

No credits have been transferred to the General Fund during 2023/24.

#### CF 5. Bad and Doubtful Debts

The following provisions and write offs were made in the year:

2022/23 £000	Provision for Bad Debts	2023/24 £000
1,712	<b>Council Tax</b>	
396	<b>Balance at 1st April 2023</b>	<b>2,085</b>
(23)	Increase /(decrease) in provision	412
	Written off in year	(9)
<b>2,085</b>	<b>As at 31st March 2024</b>	<b>2,488</b>
943	<b>Business Rates</b>	
2	<b>Balance at 1st April 2023</b>	<b>852</b>
(93)	Increase /(decrease) in provision	25
	Written off in year	(26)
<b>852</b>	<b>As at 31st March 2024</b>	<b>851</b>

#### CF 6. Appeals – Business Rates

The following provisions and settlements were made in the year:

2022/23 £000	Provision for Appeals	2023/24 £000
4,772	<b>Business Rates</b>	
1,190	<b>Balance at 1st April 2023</b>	<b>4,546</b>
(1,416)	Increase /(decrease) in provision	5,193
	Resolved in year	(3,694)
<b>4,546</b>	<b>As at 31st March 2024</b>	<b>6,045</b>

## Annual Governance Statement 2023/24

### What is Governance?

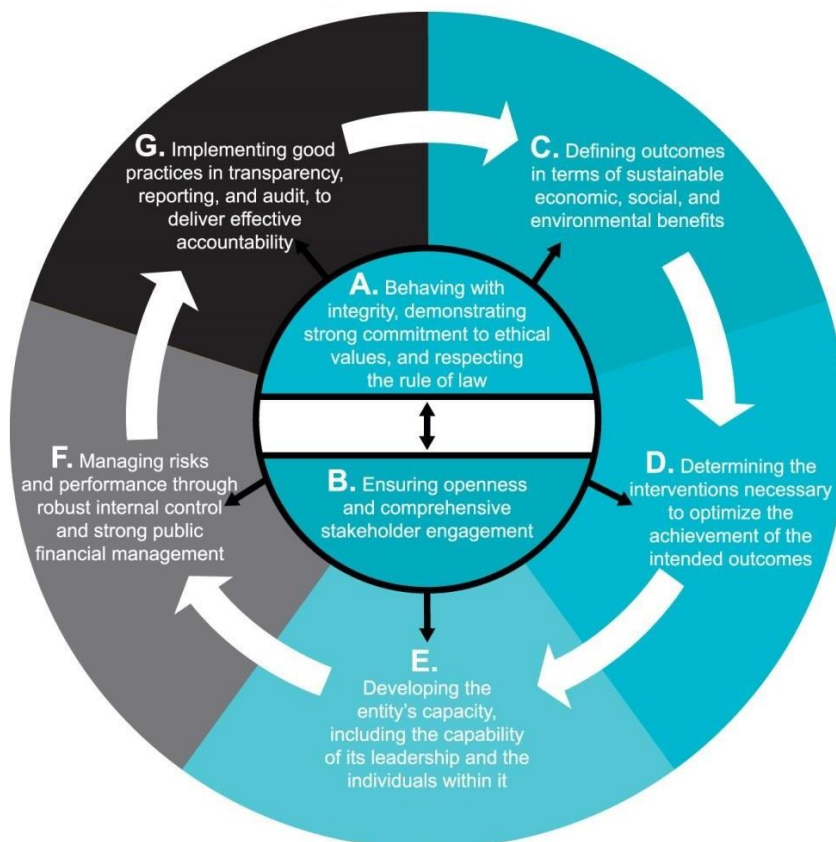
Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

To deliver good governance in the Authority, both governing bodies (Members) and individuals working for the Authority must try to achieve the Authority's objectives whilst acting in the public interest at all times.

Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

### The Core Principles of Good Governance

The diagram below, taken from the International Framework: Good Governance in the Public Sector, illustrates the various principles of good governance in the public sector and how they relate to each other.



## **Responsibility**

The Authority is responsible for ensuring that its business is completed in line with the law and statutory legislation, and that public money is spent wisely and properly accounted for. We will ensure that we continually improve the way we provide our services whilst taking into account value for money.

We will ensure that we put in place proper arrangements to ensure our risks are managed, and that controls and the governance process are in place.

We have approved and adopted a Code of Corporate Governance which is consistent with principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The Code demonstrates the supporting principles which underpin the core principles and identifies the assurance as outlined in the Framework. It also demonstrates what level of assurance we get and thus, identifies any areas for improvement. This forms the assurance framework for good governance and demonstrates that we know our governance arrangements are working. Links to all supporting evidence identified in the assurance framework are contained within the Code of Corporate Governance and are not repeated in this statement. The Code of Corporate Governance document is available on the Council's website.

## **Our Outcomes**

Our desired outcomes for 2022-25 are detailed in the Corporate Plan and Council Vision. The Corporate Plan details our Vision and sets out our Thematic Priorities. Under each thematic priority, we detail our ambitions and how we are going to realise these. All outcomes we aim to achieve, along with changes we want to see and supporting information are detailed in the Corporate Plan.

For each activity or process we complete, we ensure that the appropriate governance arrangements are in place.

For 2023/24, we together with the rest of the UK, have faced a global crisis through the current geopolitical situations and 'cost of living' increases affecting our residents. This has been and will remain a significant factor affecting our operations in 2024/25 and beyond.

The Corporate Plan from 2022 to 2025 was approved at Cabinet on 17 March 2022. A new plan for 2025 is under development.

This work was brought together by councillors, during a number of councillor-led workshops and seminars, into a refocused vision to reflect new priorities. Again,

this year collaborative budget setting workshops were held to ensure all councillors were able to have involvement in what is important to them and their residents.

**Our new vision is ‘Tamworth – celebrating our heritage, creating a better future’**

In order to achieve that vision, the Corporate Plan will be delivered with a workforce and organisation that has adapted to an unprecedented national challenge, working hand in hand with our partners and communities.

The vision, together with the Corporate Plan, details five areas of focus for the borough; including the key outcomes we are seeking to achieve and how we will work to achieve them.

Our primary areas of focus will be:

- The Environment
- The Economy
- Infrastructure
- Living in Tamworth
- The Town Centre

Each priority has a number of supporting areas of focus and progress will be achieved through the delivery of corporate and transformational projects; each having clearly defined objectives and outcomes.

## CORPORATE PLAN SUMMARY

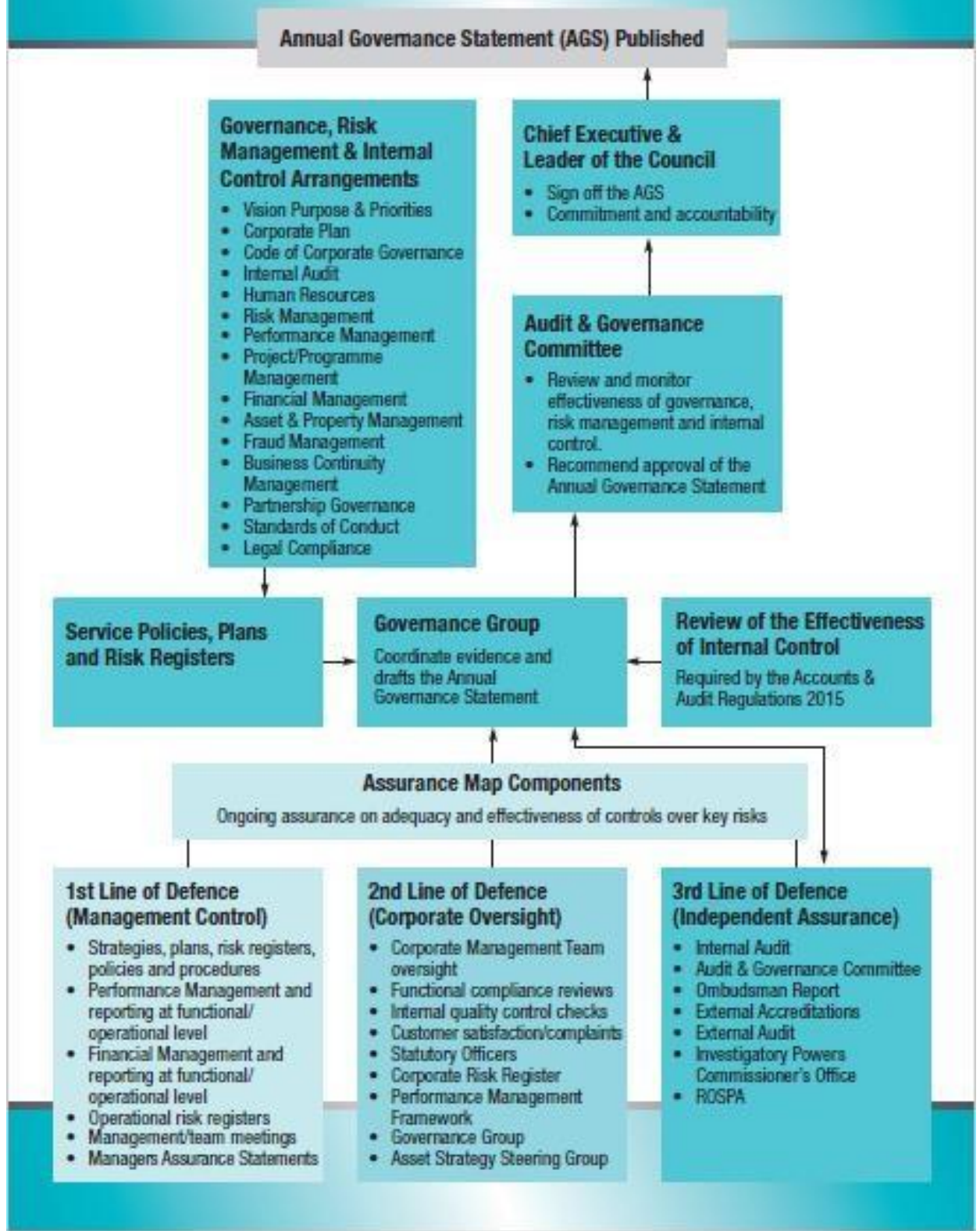
# TAMWORTH BOROUGH COUNCIL VISION

‘Tamworth – celebrating our heritage, creating a better future’

1. THE ENVIRONMENT	3. INFRASTRUCTURE
<ul style="list-style-type: none"> <li>▶ Enforcement and education with regard to litter and fly-tipping</li> <li>▶ Development of infrastructure for acting on Climate Change</li> <li>▶ Support more people to recycle and to reduce waste</li> <li>▶ Working with partners to protect, maintain and improve the green space offer</li> </ul>	<ul style="list-style-type: none"> <li>▶ Review Local Plan to improve the transport links within Tamworth</li> <li>▶ Improve existing walkways and cycling routes</li> <li>▶ Ensure more people can access council services digitally/digital enhancement with partners and within Council housing stock</li> </ul>
2. THE ECONOMY	4. LIVING IN TAMWORTH
<ul style="list-style-type: none"> <li>▶ Development of business initiatives to promote start up and growth</li> <li>▶ Support business growth to generate employment opportunities by working with businesses</li> <li>▶ Provision of good quality and affordable housing</li> <li>▶ Improve tourism in terms of good access to information for visitors to help local businesses and Tamworth as a destination as a whole, maximise and improve the quality of the visitor experience</li> </ul>	<ul style="list-style-type: none"> <li>▶ Ensure adequate supply of affordable housing through the Local Plan review</li> <li>▶ Investment in Neighbourhood and Place environment</li> <li>▶ Through our Economic Development team, we will support job creation and business retention and expansion through interventions and advice, and seek to protect the local economy where we can influence this.</li> <li>▶ Improve and promote Tamworth’s historic and cultural assets and events</li> <li>▶ Community Safety focus on neighbourhoods and place</li> <li>▶ Working with partners to ensure the fear of crime within Tamworth is reduced</li> </ul>
5. TOWN CENTRE	
<ul style="list-style-type: none"> <li>▶ Continue to develop street market and extend supporting events around the market to add vibrancy within the town centre</li> <li>▶ Create a branding scheme for “Created in Tamworth”</li> <li>▶ Provide the infrastructure to improve evening and night time economy</li> <li>▶ Embrace Tamworth’s history and culture so as to build a sense of local pride and support our children’s education and understanding of the significant part Tamworth played in British history</li> </ul>	<ul style="list-style-type: none"> <li>▶ Continue to promote all outdoor events</li> <li>▶ Development of a new Tamworth Enterprise Centre as part of the structural transformation of the town centre</li> <li>▶ Make the town centre more accessible</li> <li>▶ Provide the environment where the leisure and food offer can grow and flourish</li> <li>▶ Working with others seek to improve the night-time transport offer to support the overall night-time economy</li> </ul>

# The Assurance Framework

The diagram below shows how the Assurance Framework is made up



## **What have we done to monitor and evaluate the effectiveness of our governance arrangements during 2023/24 including ensuring that those arrangements have not been compromised by the impact of the pandemic and subsequent recovery**

The Authority has the responsibility for conducting an annual review of the effectiveness of its governance framework. This includes the system of internal control which is informed by:

- The work of Internal Audit which is detailed in the Internal Audit's Annual Report.
- the development and maintenance of the internal control environment by Corporate Management Team.
- Reports received from our External Auditors and any other review agencies or inspectorates.

During 2023/24, residents and our operations were impacted by cost of living increases. The Council continued to support vulnerable people, by making discretionary housing benefit payments and in developing a new 'banded' Localised Council Tax Relief scheme which was implemented on 1 April 2024. The COVID-19 emergency tested the Council's ability to move at pace, prioritise its service delivery and demonstrate its core values & purpose and this legacy sets the Council in good stead to meet any new or emerging challenges going forward.

To ensure our governance arrangements remained effective, the following actions have contributed to the evaluation of the effectiveness of the arrangements:

- The Council's Recovery & Reset Programme was formally closed on 31 March 2023, agreed at Cabinet on 6 April 2023. The programme was subject to post implementation review by BDO (internal audit) and recognised as giving substantial assurance with significant success factors reported.
- Increased residents' resilience and access to information through empowering and working with 'anchor' and third sector organisations to support our most vulnerable people.
- Support our most vulnerable through preventing homelessness and helping people access suitable housing amidst major Government initiatives including the "everyone" in campaign, whilst also pausing non-essential moves.
- Following meetings being held remotely due to the pandemic the Council recommenced its face to face meeting programme which are also streamed to YouTube.
- The internal audit programme continued to include provision of days for assurance audits. This ensured that those charged with governance were able to obtain assurance over risks affecting the Council from the delivery of pandemic grants, such as productivity and governance. The ICT audit programme also included a review of Network Security.

The Council's 'business as usual' governance arrangements have continued to operate, including:

- The Code of Corporate Governance, set out in line with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*, has been reviewed and updated.
- Internal audit have reported to the Audit & Governance Committee on a quarterly

basis and provided an opinion on the overall effectiveness of the system of internal control based upon the work completed. The statement for the 2023/24 financial year is as follows:

- *‘On the basis of audit work completed, Internal Audit’s opinion on the council’s framework of governance, risk management and internal control is reasonable in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by audit work. These matters have been discussed with management, to whom recommendations have been made. All of these have been, or are in the process of being addressed’.*
- Our External Auditors provide a report to each Audit & Governance Committee. In their Auditors Annual Report (2022/23), they gave an unqualified opinion on the Statement of Accounts and an unqualified conclusion in respect of the Authority securing economy, efficiency and effectiveness.
- The Corporate Risk Register is owned and reviewed on a quarterly basis by the Corporate Management Team and reported in the Quarterly Health Check to Cabinet. It is also reported in the risk management update to the Audit & Governance Committee.
- Manager’s Assurance Statements have been completed by Executive Directors and Assistant Directors and have not identified any significant control issues.
- Financial Guidance and Financial and Contract Procedure Rules are reviewed on a regular basis, the latest review being approved by the Audit & Governance Committee in April 2024. A full review of the Constitution took place and was approved by Council in December 2020, this has been updated and will be presented to Council during 2024/2025 and scheduled for 9<sup>th</sup> July 2024.
- The Chief Finance Officer and Audit Manager are suitably experienced and qualified and comply with the CIPFA Statements on their respective roles.
- No issues were raised through the Counter Fraud and Corruption and Whistleblowing Policies.
- There were 20 data security breaches reported to the Data Protection Officer during the financial year, three of which were reported to the Information Commissioners Officer.
- Internal Audit are required to comply with the Public Sector Internal Audit Standards. As part of this requirement, Internal Audit are required to complete an annual self-assessment against the Standards and produce a Quality Assurance & Improvement Programme (QAIP). This identifies areas for improvement to ensure compliance with the Standards and other quality areas. The self-assessment against the standards and the QAIP are reported to the Audit & Governance Committee. The five yearly External Quality Assessment was completed during 2022/23 and the service achieved the highest level of compliance ‘generally conforms’. An action plan for actions identified during the review has been agreed and all actions were fully implemented during 2023/24.
- The Performance Management Framework ensures that the Financial Health Check is reported to Cabinet on a quarterly basis and made readily available on the Authority’s website.



- The Authority is currently compliant with the PSN Code of Connection. The compliance process includes assessments against governance, service management, information assurance conditions and technical controls and assures access to the Public Services Network. Our current compliance certificate expires in May 2024, the renewal process will be started prior to that to ensure continuity of PSN services.
- An annual update report is presented to the Audit & Governance Committee on the use of RIPA powers. During 2023/24, no RIPA authorisations were made.
- To assist in a more co-ordinated approach to managing projects, a Corporate Project Management template and process is now in place.
- A self-assessment of the Audit & Governance Committee's effectiveness was completed in February 2024.
- The Chairs of the Audit & Governance and Scrutiny Committees submitted their Annual Reports to Full Council.
- The Authority complies with the Financial Management Transparency Code.
- Counter-fraud work continues to be completed with the retained expertise of in-house staff to investigate corporate fraud.
- Internal Audit completes an assessment of the risk of fraud which is reported to the Audit & Governance Committee annually. The counter fraud plan and risk assessment were reported to the Committee in October 2023 and it was concluded that the Authority has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.
- In compliance with the Localism Act 2011, a report was presented to Full Council in October 2020 advising them of the number of complaints received regarding Members Conduct. A report was not submitted during 2023/24 but this will be addressed in 2024/25.
- The Local Government and Social Care Ombudsman annual report letter was reported to Audit & Governance Committee in October 2023.
- The review of the Constitution and Scheme of Delegation was approved by Council in December 2020. It is due to be refreshed in 2024/25.
- The Anti-Money Laundering Policy was reviewed and refreshed by the Audit & Governance Committee in October 2023 and a new Prevention of Tax Evasion Policy was approved by the Audit & Governance Committee in October 2020.
- The Diversity and Equality Scheme (2020-24) and supporting action plan remain in place with a new scheme being developed for implementation in January 2025.
- The annual pay policy as approved in March 2024.
- The authority has continued to progress implementations of the organisation's response to the General Data Protection Regulations (GDPR). The Data Protection Officer continues to raise awareness of GDPR across the authority. As part of wider IT Governance work, policies and procedures have been reviewed or are being developed to meet our obligations under the GDPR and to ensure a robust governance framework is in place for our ICT systems and information assets.
- The Information Security Policy and Data Protection Policy has been rolled out across the authority and is a mandatory requirement for new starters. The authority's Corporate Privacy Notice along with Departmental Fair Processing Notices have been developed with reviews being undertaken

when necessary.

- Information on our website has been reviewed and updated with guidance to support our customer's rights of access to their data. Work is progressing with suppliers to ensure the security and compliance of personal data held within our software systems. An ongoing programme of cyber security awareness and training is undertaken across the authority with regular signposted updates on Infozone.
- As part of the remit of the Audit & Governance Committee during 2023/24 a review of the risks around the Future High Street Fund Programme was undertaken. The sub-committee meets quarterly and reports directly to the Audit & Governance Committee.
- Partnership working arrangements continued to strengthen and further develop with both our statutory and community and voluntary sector partners through the reinstigation of the Tamworth Strategic Partnership framework.
- The Tamworth Advice Centre continues to provide valuable generalist debt and specialist advice to our most vulnerable citizens and was successfully procured and awarded in April 2022 to Mid Mercia CAB by the partnership team.
- We value our community and voluntary sector and the work they do within our community. Our Community Grants and Councillor Grants Programme, now administered through the Community Foundation for Staffordshire, continue to provide valuable support to our community sector.
- The *Place Based Approach* continues to grow and further develop; this is a collaborative partnership approach through the County Council Building Resilient Families programme that uses multi skilled teams, universal services, voluntary sector organisations, and communities, at the right time, to improve outcomes for children, young people, vulnerable people and our community. As part of this *Place Based Approach* we have been working in partnership to identify community and voluntary sector organisations that can offer children, families and vulnerable people help and support at the earliest opportunity.
- Financial resilience is, a key requirement for local authorities. In February 2023 the Council set budgets balanced over 3 years for the General Fund, and over 5 years for the HRA. There are challenges and pressures in the years ahead exacerbated by the uncertainty over the future of local government funding and potential business rates reset, but work has commenced to deliver longer term sustainability strategy. The 30 year HRA business plan was refreshed during 2023/24, and this also indicates significant resilience issues over the longer term. Approval was given for the creation of a HRA Business & Viability Planning Project within the Social Housing Regulatory Programme in February 2024 to start to address these issues.
- The Authority has a moral and legal obligation to ensure a duty of care for children and adults with care and support needs across its services. We are committed to ensuring that all children and adults with care and support needs are protected and kept safe from harm whilst engaged in services organised and/or provided by the Council. We do this by:
  - Having a Safeguarding Children & Adults at Risk of Abuse & Neglect Policy and procedures in place
  - Having Safeguarding Children & Adults Processes which give clear,

- step-by-step guidance if abuse is identified;
  - Safeguarding training programme in place for staff and members;
  - Carrying out of the appropriate level of Disclosure and Barring Service(DBS) checks on staff and volunteers;
  - Working closely with Staffordshire Safeguarding Children's Board & Staffordshire & Stoke-on-Trent Adult Safeguarding Partnership; and Staffordshire Police.
- The Authority recognises that it has a responsibility to take a robust approach to slavery and human trafficking. In addition to the Authority's responsibility as an employer, it also acknowledges its duty as a Borough Council to notify the Secretary of State of suspected victims of slavery or human trafficking as introduced by section 52 of the Modern Slavery Act 2015. The Authority is committed to preventing slavery and human trafficking in its corporate activities and to ensuring that its supply chains are free from slavery and human trafficking. The Authority has included modern slavery and human trafficking information within the corporate safeguarding policy and training.
  - A Modern Slavery statement is prepared each year and endorsed by Corporate Management Team and Audit and Governance Committee.
  - The Council will continue to develop and strengthen its approach to modern slavery trafficking in 2023/24 and updated statement prepared by September 2024.
- The Tamworth Vulnerability Partnership continues to meet each week and the Council is also committed to the Multi Agency Risk Assessment Conference (MARAC) to ensure that partner organisations are working together to coordinate efforts to support high risk victims of domestic abuse, children, young people, families and vulnerable people across Tamworth.
- Tamworth launched a Social Housing Regulatory Programme in April 2023, building on a commissioned self-assessment of its regulatory compliance with the consumer standards for its stock retained services in 2021/2022. This assessment resulted in a risk based improvement plan, areas of which will be built into service plans from 2022-2025. The Programme oversight is championed by tenants and forms part of the Council's reporting on performance.

## Declaration

We have been advised on the implications of the result of the review of the effectiveness of the Governance Framework by the Audit & Governance Committee and that the arrangements continue to be regarded as fit for purpose. The issues which remain outstanding from previous years' Annual Governance Statements are detailed at Annex 1 with actions to address them. No additional governance issues were highlighted during 2023/24. Other minor issues highlighted through the assurance gathering process have been noted with planned actions to address these. Monitoring of the completion of all these issues will be completed through reporting to the Audit & Governance Committee.

We propose over the coming year to take steps to address those matters raised to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operations as part of our next review.

Signed

C. Dean

S. Gabriel

Leader

Chief Executive

Date

On behalf of the Authority

This information can be produced on request in other formats and languages. Please contact Internal Audit Services on 01827 709234 or email [enquiries@tamworth.gov.uk](mailto:enquiries@tamworth.gov.uk)

*This is an electronic copy without an electronic signature. The original was signed as dated above and a copy can be obtained from the Executive Director Finance*

## Significant Governance Issues

The significant governance issues identified in relation to previous iterations of our Annual Governance Statement, which remained significant issues for us during 2023/24 are detailed below:

No	Issue	Previous Action	Update 2023/24
	<p><b>Medium Term Financial Strategy (MTFS)</b></p> <p>Whilst actions have been taken to ensure that the MTFS remains balanced, this is still a significant risk to the Authority. The Business Rate Reset and Fair Funding Review will directly affect levels of income over the coming years and pose a financial risk to the Authority. These have been planned for so far as possible within the MTFS. The increasing demands of our customers also need to be considered.</p>	<p>On 12 December 2022, the Secretary of State for Levelling Up, Communities and Local Government published a written ministerial statement which was accompanied by a policy statement on the 2023/24 local government finance settlement and assumptions about the 2024/25 local government finance settlement.</p> <p>This statement came ahead of the 2023/24 provisional local government finance settlement announcement, which was published in December 2022, detailing local authority-level figures for 2023/24.</p> <p>The Government has set out some planning assumptions for the 2024/25 local government finance settlement as follows:</p>	<p>On 5 February 24, the Secretary of State for Levelling Up, Communities and Local Government published a written ministerial statement on the 2024/25 local government finance settlement. The one year settlement is reflected in the MTFS approved by Council on 27 February 2024.</p> <p>The budget proposals included in the MTFS reflect the need to compensate for reduced income levels arising from the uncertain political and economic conditions and potential significant medium term reductions in Government funding. This is matched against a desire to continue to address the Council's priorities / issues identified by Members and at the same time to seek continuous improvement in service delivery.</p> <p>A number of uncertainties and risks remain with regard to local government funding, including the potential for a business rates reset, which may mean the Council losing its</p>

No	Issue	Previous Action	Update 2023/24
		<p>The Review of Relative Needs and Resources ('Fair Funding Review') and a reset of Business Rates growth will not be implemented in the next two years. The council tax referendum principles will continue the same as 2023/24. Revenue support grant will continue and be uplifted in line with baseline funding levels (assumed now to be now based on September 2023 CPI), while social care grants will increase as set out in the table above.</p> <p>Business rates pooling will continue. The Government will set out the future position of New Homes Bonus ahead of the 2024/25 local government finance settlement.</p> <p>This settlement represents a 'holding position' until the next Parliament, aiming at stability. The ruling out of a business rates reset, or a fair funding review, means that the funding distribution will stay fairly stable (with the exception of Extended Provider Responsibility funding). But this means that the big questions about the future of the funding system remain unaddressed one way or another.</p> <p>While this means the Council will be able to retain its business rate growth for 2023/24 and 2024/25, it also means that</p>	<p>business rates growth; fairer funding review; and continuation of New Homes Bonus</p> <p>The development of a Sustainability Strategy is required in order to avoid significant financial cuts in future years. This will be developed alongside the Productivity Plan required as part of the Final Local Government Finance Settlement.</p> <p>The Plans will cover:</p> <ol style="list-style-type: none"> <li>1) transformation of services to make better use of resources;</li> <li>2) opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design;</li> <li>3) ways to reduce wasteful spend within systems, including specific consideration of expenditure on consultants and discredited staff Equality, Diversity and Inclusion programmes – this does not include programmes designed to promote integration and civic pride, and counter extremism; and</li> <li>4) barriers preventing activity that the Government can help to reduce or remove.</li> </ol>

No	Issue	Previous Action	Update 2023/24
		<p>the uncertainty continues and potentially the Council still faces losing this growth from 2025/26.</p> <p>There are also further uncertainties arising from current cost pressure and inflationary increases which have compounded the likely price increases for supplies that are required for building or construction/maintenance works.</p> <p>The Recovery &amp; Reset Programme package of savings originally reported in July 2022 estimated savings to be in the region of c£3.5m over 5 years; £2.8m of which was unbudgeted capital costs for continuing to occupy Marmion House.</p> <p>As part of the update report to Cabinet on 10 November 2022, including those already built into the medium-term financial plan, the revised programme potentially delivers efficiencies of c£5.1m over the next 5-year medium term. This includes the c£3.5m already identified; plus, an additional £1.6m already delivered through the service re-design project within the programme.</p> <p>In light of the base budget and MTFS forecast considered by Cabinet on 1 December 2022, following the Leaders</p>	<p>The Productivity Plan will be developed alongside the Sustainability Strategy, and will give consideration to increasing income, reviewing services, and tackling persistent over and underspends with a view to becoming financially sustainable over the medium term.</p> <p>These plans will be developed over the coming months and will be presented to Members in June 2024.</p>

No	Issue	Previous Action	Update 2023/24
		<p>Budget Workshop on 30 November 2022, Managers were asked to identify further areas for potential savings – which have now been included in the policy changes, amounting to c.£1.8m over 5 years.</p>	



No	Issue	Previous Action	Update 2023/24
2	<p><b>Regeneration/Capital Projects</b></p> <p>The Authority needs to ensure that capital projects are managed effectively to ensure that they are delivered and grant monies are spent appropriately and timely.</p> <p>There is a risk that developers will not develop timely in accordance with the Local Plan need.</p>	<p>Re-profiling of capital scheme spend from 2022/23 into 2023/24 is forecast at c. £29.2m relating mainly to the Future High Street Fund Regeneration schemes of c.£17m together with Disabled Facilities Grants (£1.3m). There is also lower levels of re-profiling for new affordable Housing development (£3.4m) and housing capital works (£4.4m) including a Decarbonisation scheme (£1.1m).</p> <p>It is anticipated that this spend will now occur during 2023/24 but the situation will be closely monitored. As part of the MTFs, Council in February 2022 approved the updated Capital Strategy which sets out the Council's approach to capital investment and the approach that will be followed in making decisions in respect of the Council's Capital assets.</p> <p>Capital investment is an important ingredient in ensuring the Council's vision is achieved and given that capital resources are limited it is critical that the Council makes best</p>	<p>Re-profiling of capital scheme spend from 2023/24 into 2024/25 is forecast at c. £30.1m relating mainly to the Future High Street Fund Regeneration schemes of c.£15m together with Gungate Development (£2.0m) and Disabled Facilities Grants (£1.7m). There is also a requirement for re-profiling for new affordable Housing development (£1.0m).</p> <p>It is anticipated that this spend will now occur during 2024/25 but the situation will be closely monitored.</p> <p>As part of the MTFs, Council in February 2023 approved the updated Capital Strategy which sets out the Council's approach to capital investment and the approach that will be followed in making decisions in respect of the Council's Capital assets.</p> <p>As part of the approved Strategy, the following action plan tasks have been implemented:</p> <ul style="list-style-type: none"> <li>a) A post implementation review is completed for each scheme where learning is identified which could assist future projects or where there is a significant financial or political impact;</li> <li>b) The Asset Strategy Steering Group meet on a quarterly basis to scrutinise the</li> </ul>

No	Issue	Previous Action	Update 2023/24
		<p>use of these resources – including the development of a long term strategic plan to address the identified maintenance and repairs backlog for corporate assets.</p> <p>It is recognised that significant further work is required in this area in order to deliver a robust capital strategy, and the updated Asset Management Plan has been completed in draft following Scrutiny Committee consideration during the year, with an up-to-date stock condition survey. This sets out the detailed capital resources /expenditure required to maintain assets, together with the associated timeframe, to inform options appraisal and feed into the capital strategy for ASSG/CMT review of potential schemes.</p>	<p>completed post implementation reports and review the management and monitoring of the capital programme with appropriate feedback and challenge – identifying improvements to the future management of the capital programme.</p>

No	Issue	Previous Action	Update 2023/24
3	<p><b>Welfare &amp; Benefit Reform</b></p> <p>There is a risk of reduced income corporately due to welfare reform changes (including council tax support scheme and Universal Credit with further austerity measures from the Welfare reform Act 2015). As well as the potential for reduced income and an increase in bad debts, there are additional impacts arising from increased needs in services – eg., homelessness, requirement for additional support to vulnerable people, increased issues of ASB etc. meaning an increase in demand on 3<sup>rd</sup> sector and statutory agency services.</p>	<p>Income levels have been largely maintained in 2022/23 (due to the mitigations put in place) despite the effects of the Covid-19 crisis and recent geopolitical issues.</p> <p>The Corporate Working Group has continued to meet to take forward an organisation wide approach including preparations for implementation of the Debt Respite Scheme (Breathing Space). Following a tender process in 2021, further work was being commissioned around corporate debt to secure a one council approach focusing on not only the management of multiple debt households but seeking to understand how resources are better aligned to secure VFM.</p> <p>The work with the Voluntary Sector continues to thrive and baseline statistics have been produced through UK Share Prosperity Fund to understand the Council's approach and underpin projects around identified priority vulnerability areas:</p>	<p>Income levels have been largely maintained in 2023/24 (due to the mitigations put in place) despite the effects of the cost of living crisis.</p> <p>Quarterly updates are presented to Cabinet as part of the performance report to monitor economic wellbeing and the impact on Council services including customer demand via monitoring of calls/contacts together with the financial impact of collection and demand for benefits and effect on income streams such as rent, council tax and business rates</p> <p>The Corporate Working Group has continued to meet to take forward an organisation wide approach including preparations for implementation of the Debt Respite Scheme (Breathing Space). Following a tender process in 2021, further work was being commissioned around corporate debt to secure a one council approach focusing on not only the management of multiple debt households but seeking to understand how resources are better aligned to secure VFM.</p> <p>The work with the Voluntary Sector continues to</p>

No	Issue	Previous Action	Update 2023/24
		<ul style="list-style-type: none"> <li>• Social Exclusion</li> <li>• Financial Exclusion</li> <li>• Mental Health</li> <li>• Digital Exclusion</li> <li>• Housing and Homelessness</li> </ul> <p>The work also includes baseline to produce a Borough Wellbeing Strategy.</p>	<p>thrive and baseline statistics have been produced through UK Share Prosperity Fund to understand the Council's approach and underpin projects around identified priority vulnerability areas:</p> <ul style="list-style-type: none"> <li>• Social Exclusion</li> <li>• Financial Exclusion</li> <li>• Mental Health</li> <li>• Digital Exclusion</li> <li>• Housing and Homelessness</li> </ul> <p>The work also includes baseline to produce a Borough Wellbeing Strategy.</p>

# GLOSSARY

## **Accrual**

A sum included in the accounts for income or expenditure in relation to the financial year, but not received or paid as at 31<sup>st</sup> March.

## **Amortisation**

A measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period.

## **Balances**

The total sum available to the Council, including the accumulated surplus of income over expenditure. Balances form part of the Council's reserves.

## **Balance Sheet**

This shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council.

## **Business Rates Retention Scheme**

This was introduced with effect from 1<sup>st</sup> April 2013 and requires the Council to operate a Collection Fund to account for Business Rates in a similar way to Council Tax. Rather than collecting Business Rates on behalf of the Government, the Council can now retain a share of the Business Rates it collects, and pays out a share to Government, Staffs County Council and the Staffordshire Commissioner (Fire and Rescue).

## **Capital Adjustment Account**

This reserve reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

## **Capital Expenditure**

Expenditure on the acquisition and enhancement of significant fixed assets that will be of use or benefit to the Council in providing its services beyond the year of account e.g. land and buildings.

## **Capital Financing Requirement**

This represents the Council's underlying need to borrow for capital purposes.

## **Capital Grants Unapplied**

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

## **Capital Receipts**

Proceeds from the sale of assets e.g. land or buildings, which may be used to finance new capital expenditure or are payable to the Central Government Housing Capital Receipts Pool.

**Capital Receipts Reserve**

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

**Cash and Cash Equivalents**

Cash includes bank balances and on demand deposits. Cash Equivalents are short term, highly liquid investments where the date of maturity is three months or less from the date of acquisition that are readily convertible to cash with an insignificant risk of change in value.

**Cash Flow Statement**

This shows the changes in cash and cash equivalents of the Council during the reporting period.

**CIPFA**

The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional body for accountants working in the public sector.

**Code of Practice**

The Code of Practice on Local Authority Accounting in the United Kingdom is produced by CIPFA and complied with by local authorities in the production of the financial statements.

**Collection Fund**

A fund administered by the Borough Council into which Business Rates and Council Tax monies are received and paid out to Government and precepting authorities.

**Collection Fund Adjustment Account**

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

**Community Assets**

The class of fixed assets held by the Council in perpetuity that have no determinable useful life and may have restrictions on their disposal, such as parks, historical buildings, works of art, etc.

**Component Accounting**

Where a Property, Plant or Equipment asset has major components, with a cost significant in relation to the overall cost of the asset; materially different useful lives; and/or different methods of depreciation, the components are separately identified and depreciated.

**Comprehensive Income and Expenditure Statement**

This statement shows the total income received and expenditure incurred by the Council during the year in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

**Contingency**

The sum of money set aside to meet unforeseen expenditure.

**Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Council's control. Contingent Assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

**Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council a possible obligation, subject to uncertain future events not wholly within the Council's control. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **Creditors**

Amounts owed by the Council for work done, goods received or services rendered which have not been paid for by the end of the financial year.

### **Current Service Cost**

An estimate of the true economic cost of employing people in a financial year.

### **Debtors**

Amounts due to the Council for work done or services supplied, for which income has not been received by the end of the financial year.

### **Deferred Capital Receipts Reserve**

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of Non Current Assets but for which cash settlement has yet to take place.

### **Depreciation**

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technical or other changes.

### **Exceptional Items**

A material item of income or expenditure, significant to an understanding of the Council's financial performance, disclosed separately within the CIES or in a note to the accounts.

### **Expected Credit Loss Model**

The Expected Credit Loss Model was introduced under IFRS 9 Financial Instruments, and applies to financial assets, lease receivables and contract assets.

### **Fixed Assets**

Tangible assets that yield benefits to the Council for a period of more than one year.

### **General Fund Balance**

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

### **Housing Revenue Account Balance**

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

### **IFRS**

International Financial Reporting Standards (IFRS) are a set of accounting standards used for the production of accounts from 2010/11 onwards. The introduction of IFRS is intended to make the Statement of Accounts more robust and comparable with other local authorities and the wider public sector.

### **Intangible Assets**

Non-financial assets that do not have physical substance but are controlled by the Council as a result of past events or through custody or legal rights (e.g. software licences).

### **Investment Property**

Under IFRS, investment property is defined as a property which is held exclusively for revenue generation or for the capital gains that the asset is expected to generate - not used directly to deliver the Council's services.

### **Joint Operations**

These are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity.

### **Leasing**

A method of financing capital expenditure where rental charges are paid over a specified period of time. There are two main types of leasing arrangements:

- (a) finance leases which transfer all the risks and rewards of ownership of a fixed asset to the lessee and such assets are included within the fixed assets in the Balance Sheet;
- (b) operating leases where the ownership of the asset remains with the lessor and annual rental is charged direct to the revenue account.

### **Liabilities**

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

### **Major Repairs Reserve**

The Major Repairs Reserve represents the long term average amount of capital spending required to maintain the HRA Council housing stock in its current condition.

### **Materiality**

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

### **Minimum Revenue Provision**

The minimum amount which must be charged to a revenue account each year and set aside to repay debt, presently 4% of the General Fund Capital Financing Requirement. No MRP is required for the Housing Revenue Account.

### **Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

### **National Non Domestic Rates (NNDR)**

The tax paid on non domestic properties, set annually by Government. In previous years, this tax was collected by billing authorities and paid over to the Government, with the Council receiving a share of the national pool as part of its resources used to meet total net expenditure. Under the new scheme introduced with effect from 1<sup>st</sup> April 2013, local authorities now retain a proportion of the Business Rates generated in their area.

### **Non Current Assets Held For Sale**

Non Current Assets held for sale are those where the value of the asset will be recovered mainly by selling the asset rather than through its continuing use.

### **Pension Reserve**



This absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions.

### **Post Balance Sheet Events**

Those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

### **Precept**

This is a demand for payment made by Staffordshire County Council, Staffordshire Commissioner (Police and Crime) and Staffordshire Commissioner (Fire and Rescue). The payment is met from the Council's collection fund and is based on the Council Tax base.

### **Prior Period Adjustments**

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

### **Provision**

An amount set aside to meet a liability that is likely to be incurred, and a reasonable estimate can be made, charged as an expense to the appropriate service line in the CIES.

### **Public Works Loans Board (PWLB)**

A government agency that provides longer-term loans to local authorities, at interest rates below market rate. It also acts as a lender of last resort (at a higher rate of interest).

### **Related Party**

Two or more parties are related parties when at any time during the financial period:

One party has direct or indirect control of the other party; or

The parties are subject to common control from the same source; or

One party has influence over the financial and operational policies of the other party, to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or

The parties, in entering a transaction, are subject to influence from the same source, to such an extent that one of the parties to the transaction has subordinated its own separate interests.

### **Remuneration**

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

### **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

This is expenditure that is defined as Capital but where there is no matching asset in the accounts - legislation allows the treatment of some expenditure as capital where it does not result in the creation of a fixed asset. An example of this is where grants are awarded to third parties for capital expenditure.

### **Revaluation Reserve**

This reserve records the net gain from revaluations of the Council's plant, property and equipment, and Intangible Assets, made after 1<sup>st</sup> April 2007.

### **Revenue Expenditure**

The day-to-day expenditure incurred by the Council in providing services. It is financed by government grants, non-domestic rates, Council Tax and fees and charges.

## **Revenue Support Grant (RSG)**

A general government grant in support of local authority expenditure.

## **Specific Grants**

Government Grants to local authorities in aid of particular projects or services.

## **Usable Reserves**

The purpose of each usable reserve is detailed below:

### *General Fund Balance*

These funds are available to meet the future running costs for the Council for non-housing services.

### *Housing Revenue Account*

This reserve holds funds that are available to meet future running costs relating to the Council's housing stock.

### *Capital Receipts Reserve*

This reserve holds all of the Council's receipts generated from the disposal of Non Current Assets and although this is in the usable reserves section, this reserve can only be used to finance new capital investment or to repay debt.

### *Major Repairs Reserve*

This reserve is to meet the capital investment requirements of the Council's housing programme.

### *Capital Grants Unapplied*

This reserve is used to hold capital grants without conditions or where conditions have been satisfied, but the grant has yet to be used to finance capital expenditure.

### *Earmarked Reserves – General Fund / Housing Revenue Account*

Earmarked Reserves are amounts set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. Further details of the significant reserves within this heading are shown in Note 10.

## **Appendix to Comprehensive Income and Expenditure Statement**

### **Chief Executive**

Chief Executive  
Audit & Governance  
Joint Waste Arrangement

### **Assistant Director Growth & Regeneration**

Strategic Planning & Development  
Environmental Health  
Economic Regeneration  
Tourism  
Tamworth Castle

### **Executive Director Organisation**

Executive Director Organisation  
Legal Services  
Democratic Services  
Land Charges  
Mayoralty

### **Assistant Director People**

Human Resources  
Payroll  
Customer Services  
Communications and Public Relations  
Information Technology  
Electoral Process

### **Assistant Director Environment, Culture and Wellbeing**

Streetscene  
Arts & Events  
Community Leisure  
Environmental Management

### **Executive Director Finance**

Executive Director Finance

### **Assistant Director Finance**

Corporate Finance  
Procurement  
Corporate Risk  
Revenue Services  
Benefits

## **Executive Director Communities**

Executive Director Communities

### **Assistant Director Partnerships**

Partnerships

Community Safety

Safeguarding

Private Sector Housing

Strategic Housing

### **Assistant Director Neighbourhoods – General Fund**

Civil Contingencies

Street Wardens

CCTV

### **Assistant Director Neighbourhoods – HRA**

Landlord Services

### **Assistant Director Assets – General Fund**

Commercial Property

Facilities Management

### **Assistant Director Assets - HRA**

Asset Management and Investment

## **HRA Summary**

### **Housing Repairs**

# Independent auditor's report to the members of Tamworth Borough Council