



**South Staffordshire Council**

# Statement of Accounts 2023/24



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# Statement of Accounts 2023/24

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# Statement of Accounts 2023/24



## FOREWORD

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As the Leader of the Council, I would like to welcome you to the South Staffordshire Council Statement of Accounts for 2023/24.

The Financial Year 2023/24 has once again proved challenging across the local government sector. To this end, we are extremely pleased that strong and prudent financial management has enabled the council to limit its draw on General Fund reserves to £0.3m at the year-end having originally budgeted for a £1.8m draw down.

The challenges for local government will continue into 2024/25 and our reserve balances will help to ensure we can maintain service provision. In addition, specific Earmarked Reserves have been set aside to fund our response to immediate concerns, including our Climate Change commitments to meet our net zero targets, continuing uncertainties around pay and price inflation and funding any opportunities afforded by our share of the UK Shared Prosperity Fund.

We are also mindful of the long-anticipated funding review further to the General Election and have funds set aside should we be adversely impacted by the eventual outcome.

I would like to say a big thank you to all those involved in producing this Statement of Accounts document.

Furthermore, I would like to thank all those involved in the management of the council's budgets. In these challenging times it is so important that we keep a close eye on the council's finances, and my thanks go to everyone from right across the council – including member colleagues - who have helped us to remain within budget for the year.

A handwritten signature in black ink, appearing to read 'Kath Perry'.

Kath Perry MBE  
Leader of the Council  
South Staffordshire Council

# 2. Narrative Report



## MESSAGE FROM THE S151 OFFICER

**Welcome to our financial statements for 2023/24, a document that I hope you find accessible, useful and informative.**

The purpose of this document is to show the Council's financial performance for the year and set out its financial position at the end of the year.

We have included a narrative report which includes important context to the core financial statements under the following headings:

- **An overview of South Staffordshire**
- **What we do**
- **Our members**
- **Our Leadership Team**
- **Our Priorities and Performance Management**
- **Our Performance**
- **Financial Performance**

We have ensured that this document complies with accounting standards which are often complex, but we have also taken steps to simplify these statements where possible.

Some complexities are inevitable within any local authority accounts. This is because legal rules dictate how budgets (and Council Tax) should be set and managed by the Council, whereas accounting rules dictate the presentation of the core financial statements. This means that our performance against budget (as set out on pages 12 to 14) will differ in presentational terms from the financial statements (as set out on pages 20 to 24).

My current responsibilities (and those of the Council's) are set out on page 18. The core financial statements then follow. These have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, and comprise four main statements::

- **Movement in Reserves Statement**
- **Comprehensive Income and Expenditure Statement**
- **Balance Sheet**
- **Cash Flow Statement**

There are a number of notes that provide further information. We have also included an explanatory foreword here to further assist the reader.

The Collection Fund (and associated notes) then follows. These show how much Council Tax and Non-Domestic Rates were raised in South Staffordshire and how these were allocated.

Our Annual Governance Statement is set out on pages 108 to 120 which summarises how the Council is managed and how it deals with risk.

Finally, the independent Auditor's Report sets out the auditor's opinion on our financial statements.

# 2. Narrative Report

## HIGHLIGHTS

The financial highlights of this document include:

- The Council has drawn £0.342m from the General Fund Reserve during the year which decreases the balance to £8.330m as of 31 March 2024.
- This represents a £1.429m improvement against budget, primarily arising from Treasury gains from higher than anticipated interest rates for cash investments and improved income receipts from Planning Applications.
- The value of the Council's long-term assets increased from £46.022m to £51.490m.
- The Capital budget was underspent in the financial year by £12.891m (due to the reprofiling of large project spend) which will be carried forward into the 2024/25 financial year.

## SUMMARY OF POSITION

In summary, the Council has managed its budgets well during 2023/24. It is particularly good news that the outturn position was £1.429m better than budgeted.

Significant financial challenges remain however, and a number of savings have already been achieved which will benefit the 2024/25 budget. The Council will continue to take steps to maximise our revenues and streamline services through greater digital self-service, more agile working, making full use of commercial opportunities, included those afforded within the Community Hub.

At year end, the balance sheet remains robust with sufficient levels of General Fund and Earmarked Reserve balances in place.

## ACKNOWLEDGEMENTS

I would like to thank all those that have been involved in both producing the financial statements and managing the Council's budgets so effectively during this year. Both can only be done through a lot of hard work by Finance and the valuable support of colleagues across the Council.

## FURTHER INFORMATION

For further information on the financial statements, please contact John Mayhew, Finance Manager and Deputy Section 151 Officer. [j.mayhew@sstaffs.gov.uk](mailto:j.mayhew@sstaffs.gov.uk)



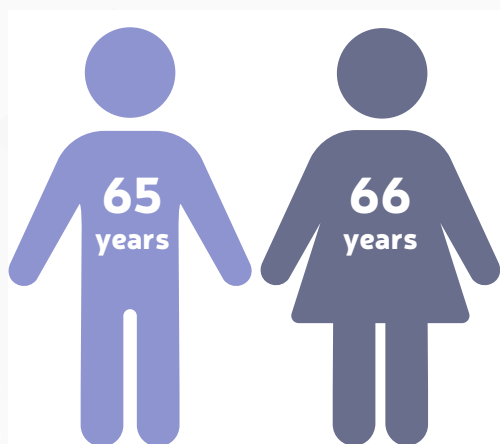
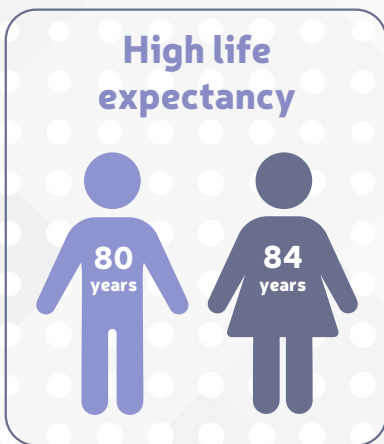
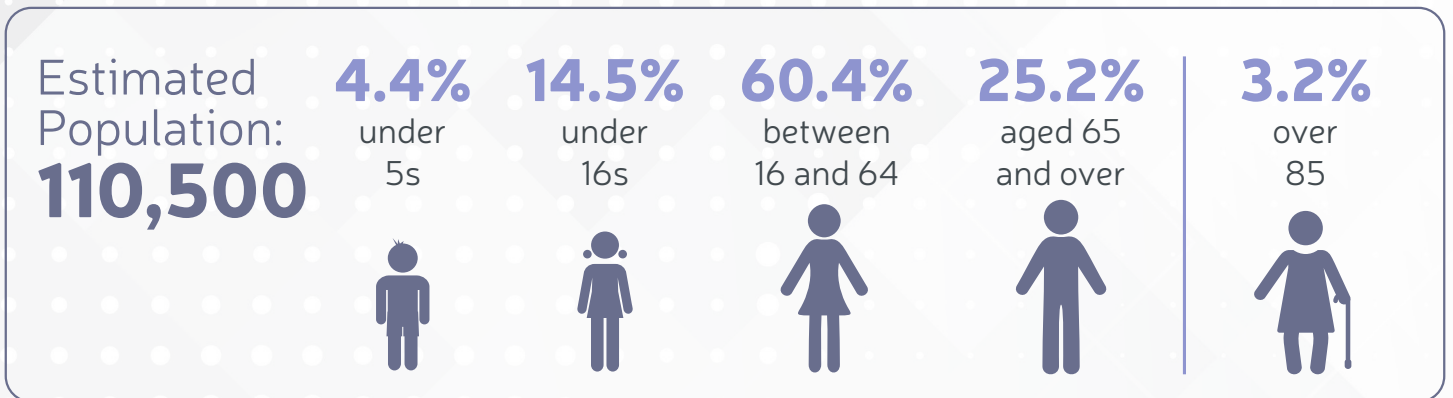
Rebecca Maher  
Section 151 Officer

6 February 2025

## 2. Narrative Report

### SOUTH STAFFORDSHIRE COUNCIL

"We are proud that **89% of our residents would recommend South Staffordshire as a good place to live**. Our 27 parishes are made up of small hamlets and large villages; there are no major towns. With 80% green belt land, our residents take pride in our beautiful countryside, as well as our rich legacy of conservation areas, historic buildings and landscapes. The area also has a strong manufacturing history that has been recently heightened by confirmation of an extension to the i54 site, with an additional 3,000 jobs".



**Healthy life expectancy** in South Staffordshire is 65 years for men and 66 years for women, which are lower than the national averages. Women in South Staffordshire spend more of their lives in poor health than men (18 years compared to 14).

### Resident Survey 2023



# 60%

of residents identify their village as where they live



## 2. Narrative Report

Overall rates of crime in South Staffordshire are all lower than the CSP average.

Average House Price:

**£308,000**



Secured significant economic growth, so far creating the opportunity for almost **7,000** jobs at several manufacturing sites across South Staffordshire and over **£2bn** investment into the local economy.



Low unemployment and youth unemployment rates.



Excess weight in adults has increased to over **68%** which is now higher than the national average (previously similar to England).



Housing affordability is an issue for low earners or renters.

**80%**

of our district is green belt.



# 2. Narrative Report

## Our members

South Staffordshire’s **25 wards** are represented by **42** district councillors until May 2025.



South Staffordshire Council has a cabinet model led for the period covered by the Statement of Accounts by Roger Lees BEM. The Cabinet responsibilities that were pertaining for the 2023/24 financial year are shown below



**Councillor Roger Lees BEM**  
Leader of the Council and Cabinet Member for Corporate Services



**Councillor Victoria Wilson**  
  
**Deputy Leader and Cabinet Member**  
Business Enterprise and Community Infrastructure



**Councillor Kath Perry MBE**  
  
**Cabinet Member**  
Community Services and Climate Change



**Councillor David Williams**  
  
**Cabinet Member**  
Digital Transformation and Estate Management



**Councillor Rita Heseltine**  
  
**Cabinet Member**  
Regulatory Services



**Councillor Robert Reade**  
  
**Cabinet Member**  
Welfare Services

## Committees

<b>Council</b>	<b>Planning</b>	<b>Licensing and Regulatory</b>	<b>Audit and Risk</b>
<b>Standards and Resources</b>	<b>Overview and Scrutiny</b>	<b>Wellbeing Select</b>	<b>Asset Scrutiny Panel</b>



# 2. Narrative Report



**South Staffordshire Council**

## Our Leadership Team

The Council is led by the Corporate Leadership Team who are supported by four Directors, five Assistant Directors and two Corporate Support Managers. The Corporate Support Managers (not pictured) are Wendy Bridgwater (HR) and Clodagh Peterson (Policy and Partnership).



**Dave Heywood**

Chief Executive



**Annette Roberts**

Corporate Director of  
Place and Communities



**Jackie Smith**

Corporate Director -  
Chief Operating Officer



**Lorraine Fowkes**

Corporate Director of  
Governance  
(Monitoring Officer)



**Rebecca Maher**

Director of Finance (s151)



**Grant Mitchell**

Assistant Director  
Enterprise and Growth



**Mark Jenkinson**

Assistant Director  
Community Services



**Andy Hoare**

Assistant Director  
Digital Technology  
and Business  
Transformation



**Elaine Harper**

Assistant Director  
Welfare Services



**Imre Tolgyesi**

Assistant Director  
Commercial, Assets  
and Estates

## 2. Narrative Report

### Our priorities and performance

#### Council Plan priorities

2024 was the final year covered by the Council Plan 2020-24, a period that saw a number of significant external shocks including the Covid Pandemic and its impacts upon the economy including significant inflationary pressures. Local authorities were also expected to play their own part in ensuring local businesses received grant support that was due and preparing their communities for post-lockdown business recovery.

The Council is proud that it dealt with these unanticipated events professionally and without losing sight of the overarching aims of the Council Plan. The Community Hub refurbishment was completed, on schedule and within budget and there were no unbudgeted draws on the General Fund during the period of the previous plan.

The new Council Plan covering 2024-28 was launched in April 2024 setting out the Council vision of 'A Place of Vibrant Communities'. The plan's vision is underpinned by over-arching objectives in relation to:

- **Financial Stability**
- **Economic Growth**
- **Sustainable Environment**
- **Empowering Our Communities**

The success of the new Council Plan will be measured against a suite of community based indicators each quarter and reported back to Cabinet and the Corporate Leadership Team. A Storyboard is also produced each quarter to capture the positive differences being made across the district. Council Plan performance is reviewed by the Overview and Scrutiny Committee at half year and the year end. The Council Plan targets are reviewed and refreshed on an annual basis.

#### Integrated Performance Management (IPM)

Each quarter an integrated finance, risk and performance report is reviewed by the Corporate Leadership Team and Cabinet and reported to Overview and Scrutiny Committee twice a year.

## 2. Narrative Report

### Financial performance

#### How we set the budget

The 2023/24 budget process was influenced by the continuing need to scrutinise our expenditure whilst Council priorities are progressed whilst recognising any inflationary pressures impacting upon service delivery.

The Council followed a tried and tested methodology through a “Resource, Planning and Prioritisation” process that involves Cabinet Members and management supported by finance colleagues. The 2023/24 revenue budget and medium-term financial strategy was approved by Council on 21 February 2023.

The level of Government Grants continues to have a significant impact on how we are able to fund our services. Local retention of business rates and the pending Fair Funding review could place new risks on the Council’s finances. The Council balances its budget through the planned use of reserves.



## 2. Narrative Report

### How We Performed Against the Budget

The Council's final net revenue budget against Council Services was £14,704,000. The actual net revenue spend against these services was £14,183,000.

This differs from the position reported in the Comprehensive Income and Expenditure Statement (CIES) due to the Council managing its budget during the year based on legal rules as opposed to the accounting rules which must be applied only for the financial statements.

The Table below sets out how the Council's net revenue expenditure position (adjusted for capital and treasury management activity) was financed during the year and also how it has impacted upon the Council's General and Earmarked Reserve balances.

Budget Heading	Budget	Actual	Variance	Earmarked Reserve Impact	General Fund Impact
	£'000	£'000	£'000	£'000	£'000
Business Enterprise and Community Infrastructure	1,441	896	545	(150)	695
Community Services	5,233	5,020	213	(173)	386
Corporate Services	4,129	4,195	(66)	(31)	(35)
Digital Transformation & Estate Management	1,760	1,802	(42)	57	(99)
Regulatory Services	845	783	62	8	54
Welfare Services	1,296	1,487	(191)	(42)	(149)
<b>Total Service Expenditure</b>	<b>14,704</b>	<b>14,183</b>	<b>521</b>	<b>(331)</b>	<b>852</b>
Enterprise Zone	5,028	6,282	(1,254)	(1,254)	0
Capital Financing and Treasury	(672)	(1,198)	526	238	288
Direct Revenue Financing of Capital Expenditure <sup>1</sup>	0	706	(706)	(645)	(61)
<b>Total Expenditure</b>	<b>19,060</b>	<b>19,973</b>	<b>(913)</b>	<b>(1,992)</b>	<b>1,079</b>
Enterprise Zone	(5,028)	(6,282)	1,254	1,254	0
Retained Business Rates and Revenue Support Grant	(5,150)	(8,322)	3,172	2,822	350
Council Tax Requirement	(5,361)	(5,530)	169	169	0
Services Grant	(90)	(95)	5	5	0
New Homes Bonus	(660)	(659)	(1)	(1)	0
<b>Total External Funding</b>	<b>(16,289)</b>	<b>(20,888)</b>	<b>4,599</b>	<b>4,249</b>	<b>350</b>
Appropriations (to) / from Earmarked Reserves	1,000	(1,257)	2,257	2,257	0
Appropriations (to)/ from General Fund Balance	1,771	342	1,429	0	1,429
<b>Total Appropriation (to) / from Reserves</b>	<b>2,771</b>	<b>(915)</b>	<b>3,686</b>	<b>2,257</b>	<b>1,429</b>

<sup>1</sup>Direct Revenue Financing net of Insurance Payout

## 2. Narrative Report

### Our medium-term finances

Looking ahead, reduced levels of central government funding, will put pressure on Council budgets. The following table sets out how the Council's General Fund Reserve balance (excluding Earmarked Reserves) is forecast to decline over the medium term.

	2024/25 Projected £000	2025/26 Projected £000	2026/27 Projected £000	2027/28 Projected £000	2028/29 Projected £000
<b>General fund balance</b>					
Opening balance*	(8,330)	(6,874)	(5,695)	(2,866)	(530)
Forecast in year (surplus)/deficit	1,456	1,179	2,829	2,336	1,901
<b>General Fund Balance (surplus)/ deficit</b>	<b>(6,874)</b>	<b>(5,695)</b>	<b>(2,866)</b>	<b>(530)</b>	<b>1,371</b>

The above forecasts are taken from the Medium-Term Financial Strategy approved in February 2024 (noting that the opening balance is further to the closure of 2023/24 accounts and represents a £576k improvement on the expected opening balance presented in the MTFs). Plans remain in place to continually reappraise the Council's medium-term finances in the context of cost of living pressures to ensure actions are developed as necessary to ensure the Council's financial position remains robust in the medium-term.



## 2. Narrative Report

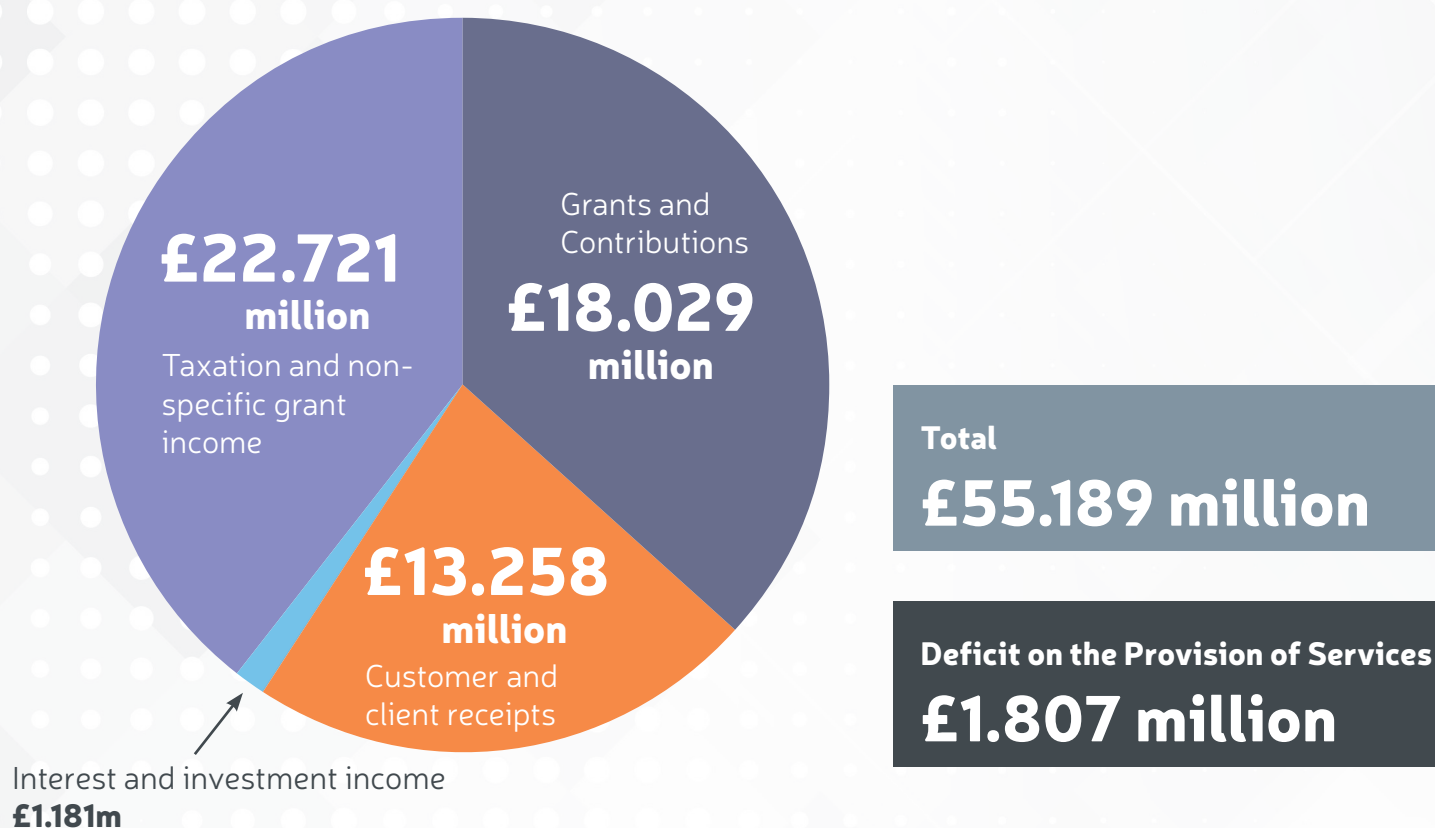
### Expenditure and income

Our Core statements show expenditure and income (gross) as opposed to budget performance.

### Categories of expenditure

Expenditure	2023/24	2022/23
	£000	£000
Employee Related	11,912	12,605
Premises Related	1,637	1,302
Transport Related	257	272
Supplies and Services	7,059	7,667
Agency and Contract Services	12,953	12,689
Transfer Payments	15,393	14,833
Capital Financing Costs	805	708
Parish Precepts	2,614	2,420
Financing & Interest Payments	752	1,093
<b>Total Expenditure</b>	<b>53,382</b>	<b>53,589</b>

### Categories of income



## 2. Narrative Report

### Cash Flow

Council Cash balances decreased by £11.107m during the financial year.

Significant items impacting upon this cash flow are detailed below:

Increases in cash balances due to:

- **Interest received (net of interest paid) on held balances of £0.954m**
- **Other net cash inflows (primarily surplus on the provision of services) of £1.697m**

Decreases in cash balances due to:

- **Total cash expenditure of £6.165m on the Council's Capital programme.**
- **Increase in debtors of £0.589m**
- **Decrease in creditors of £7.004m**

It is anticipated that 2024/25 will see a further reduction in cash balances held due to the further advancement of the Council's Capital programme.

### Significant Assets of Liabilities

The Council has no significant assets or known liabilities that are not incorporated into the MTFS approved by Council in February 2024 and therefore covered by adequate budgetary provision.

A contingent liability has been disclosed in the Notes to the Accounts in relation to the Construction Industry Scheme (CIS) and the possibility that the Council might be in breach of obligations it has to make tax payments to HMRC on behalf of contractors engaged.

A potential liability could exist should affected payments relate to companies that neither hold gross payment status, nor are up to date with their tax affairs. At this stage, there is no definite liability, nor a quantified amount. An Earmarked Reserve has been set aside to cover what is considered to be a reasonable estimate of a worst-case scenario.

### Future Budget Pressures and Opportunities

In common with the sector, budgets in 2024/25 will be subject to pressures arising from pay and price inflation and concern that income streams may be impacted by general economic pressures as these impact upon residents and commercial partners alike.

The Council retains a consistent process of monitoring budgets and holds robust levels of reserves in order to mitigate against the immediate budgetary impacts of identified pressures.

The tried and tested 'Resource Planning and Prioritisation' process has been applied again in 2024/25 to ensure all future known pressures are incorporated into the Medium-Term Financial Strategy and any opportunities for income generation or cost savings are fully explored.

## 2. Narrative Report

### Our Capital spend

#### Expenditure

Approved Capital Budget for 2023/24:

**£19,055,706**

	Approved Capital Programme	2023/24 Outturn
	£000	£000
<b>Estate Management</b>	15,076	4,872
<b>Digital Transformation</b>	405	95
<b>Welfare Renovation Grants</b>	2,035	734
<b>Recreation, Sport and other Community Services</b>	1,413	386
<b>Social Housing</b>	127	0
<b>Section 106 Affordable Housing</b>	0	75
<b>Schemes with retention 2022/23</b>	0	3
<b>TOTAL Capital Spend and Budget</b>	<b>19,056</b>	<b>6,165</b>

The above table shows the capital budget spent less than allocated in 2023/24. The main reasons for this being:

- The timing of spend on commercial asset developments have been pushed back to future years. The Commercial Asset Strategy includes monies allocated for future purchases of commercial properties if suitable with the Council's existing portfolio of properties. As no allowance for future income streams from new purchases is allowed for in the medium-term financial strategy, there are no revenue implications.
- Planned investment into leisure centres has been delayed at one leisure centre location. The leisure improvements were to be funded from capital receipts so no revenue implications.
- Delays to the procurement of Street Scene vehicles due to the availability of certain types of required vehicles.

#### Financed By:

	£000
<b>Grants and Other Contributions</b>	1,970
<b>Capital Receipts</b>	529
<b>Credit Arrangements</b>	1,020
<b>Revenue Contributions</b>	2,646
<b>Total Financing</b>	<b>6,165</b>



***“We are proud that 92% of our residents would recommend South Staffordshire as a good place to live.***

*Our 27 parishes are made up of small hamlets and large villages; there are no major towns.*

*With 80% green belt land, our residents take pride in our beautiful countryside, as well as our rich legacy of conservation areas, historic buildings and landscapes.*

*The area also has a strong manufacturing history that has been recently heightened by confirmation of an extension to the i54 site, with an additional 3,000 jobs”.*



# 3. Statement of approval of the accounts



## Certification by Chairman

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts was approved by the Audit and Risk Committee on 28th November 2024 subject to notification of completion of the audit of the Staffordshire Pension Fund and completion of the public inspection period on 30 January 2025.

Such notification was received on 30 January 2025.

A handwritten signature in black ink, appearing to read 'J. Michell'.

**Councillor John Michell**  
**Chair of Audit and Risk Committee**

6 February 2025

# 4. The statement of responsibilities



## The council's responsibilities

### The council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the S151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### The Responsibilities of the S151 Officer

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

### In preparing this Statement of Accounts the S151 has:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice on Local Authority Accounting.

### The S151 Officer has also:

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

### Certification of accounts

**I, Rebecca Maher hereby state that the Statement of Accounts gives a true and fair view of the financial position of South Staffordshire Council at the reporting date and of its income and expenditure for the year ended 31 March 2024.**

A handwritten signature in black ink, appearing to read 'Rebecca Maher'.

Rebecca Maher  
Director of Finance (s151 Officer)  
6 February 2025

# 5. The Core Financial Statements

## Explanation of financial statements

The Council has prepared its financial statements in accordance with IAS 1 Presentation of Financial Statements, IAS 7 Statement of Cash Flows and IFRS 8 Operating Segments as interpreted by the Code. The Code specifies the format and layout of the statements, disclosure requirements and terminology to be used.

### The Financial Statements comprise:

- **Movement in Reserves Statement for the period.**
- **Comprehensive Income and Expenditure Statement for the period.**
- **Balance Sheet as at the end of the period.**
- **Cash Flow Statement for the period.**
- **Notes to the core statements comprising a summary of significant accounting policies and other explanatory information.**

A supplementary statement on the Collection Fund is presented after the notes to the core statements. The financial statements also include a Statement of Responsibilities which sets out the responsibilities of the Council and the S151 Officer in respect of the Statement of Accounts. The Council uses rounding to the nearest £1,000 in presenting amounts in its financial statements. The financial statements are presented as follows:

## The Core Financial Statements

### 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. The surplus or deficit on the provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different to the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

### Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amounts 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.

# 5. The Core Financial Statements

## Balance Sheet

The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves of the Council. 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 limit on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or to repay debt).

The second category of Reserves is those that the Council 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'.

## Cash Flow Statement

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

Cash flows arising from financing activities are useful in predicting claims on future Cash flows by providers of capital (i.e. borrowing) to the Council.

## Notes to the financial statements

The notes to the financial statements comprise explanatory information and include the Council's accounting policies which detail the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting its financial statements.

## Supplementary single entity financial statements

### Collection Fund

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

# 5. The Core Financial Statements

## Movement in Reserves Statement

2023/24	General Fund*	Capital receipts reserves	Capital grants unapplied	Total Usable reserves	Total un-usable reserves	Total Council reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2023</b>	<b>(15,666)</b>	<b>(4,112)</b>	<b>(1,278)</b>	<b>(21,055)</b>	<b>(5,856)</b>	<b>(26,911)</b>
<b>Movement in reserves during 2023/24</b>						
(Surplus) or deficit on provision of services	(1,807)	0	0	(1,807)	0	(1,807)
Other comprehensive income and expenditure	0	0	0	0	135	135
<b>Total comprehensive income and expenditure</b>	<b>(1,807)</b>	<b>0</b>	<b>0</b>	<b>(1,807)</b>	<b>135</b>	<b>(1,672)</b>
<b>Total adjustment between accounting basis and funding basis under regulations (Note 8)</b>	<b>891</b>	<b>528</b>	<b>(162)</b>	<b>1,256</b>	<b>(1,256)</b>	<b>0</b>
<b>(Increase)/decrease in Year</b>	<b>(916)</b>	<b>528</b>	<b>(162)</b>	<b>(551)</b>	<b>(1,121)</b>	<b>(1,672)</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>(16,582)</b>	<b>(3,584)</b>	<b>(1,440)</b>	<b>(21,606)</b>	<b>(6,977)</b>	<b>(28,583)</b>

2022/23 Restated	General Fund**	Capital receipts reserves	Capital grants unapplied	Total Usable reserves	Total un-usable reserves	Total Council reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2022</b>	<b>(17,548)</b>	<b>(5,708)</b>	<b>(965)</b>	<b>(24,222)</b>	<b>13,135</b>	<b>(11,087)</b>
<b>Movement in reserves during 2022/23</b>						
(Surplus) or deficit on provision of services	5,317	0	0	5,317	0	5,317
Other comprehensive income and expenditure	0	0	0	0	(21,141)*	(21,141)*
<b>Total comprehensive income and expenditure</b>	<b>5,317</b>	<b>0</b>	<b>0</b>	<b>5,317</b>	<b>(21,141)*</b>	<b>(15,824)*</b>
<b>Total adjustment between accounting basis and funding basis under regulations (Note 8)</b>	<b>(3,434)</b>	<b>1,596</b>	<b>(313)</b>	<b>(2,151)</b>	<b>2,151</b>	<b>0</b>
<b>(Increase)/decrease in Year</b>	<b>1,882</b>	<b>1,596</b>	<b>(313)</b>	<b>3,166</b>	<b>(18,990)*</b>	<b>(15,824)*</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>(15,666)</b>	<b>(4,112)</b>	<b>(1,278)</b>	<b>(21,055)</b>	<b>(5,856)*</b>	<b>(26,911)*</b>

\* Restated further to IFRIC14 amendments as detailed in Note 34 to the Accounts

\*\* The General Fund column also includes Earmarked reserves, details of which are included in the Balance Sheet and Note 9 - Earmarked reserves

# 5. The Core Financial Statements

## Comprehensive Income and Expenditure Statement

2022/23 Expenditure	2022/23 Income	2022/23 Net	Year ending 31st March 2024	2023/24 Expenditure	2023/24 Income	2023/24 Net
£000	£000	£000		£000	£000	£000
7,723	(1,371)	6,352	Business Enterprise & Community Infrastructure	9,348	(2,202)	7,146
12,139	(5,523)	6,616	Community Services	10,857	(5,695)	5,162
3,883	(509)	3,374	Corporate Services	3,837	(355)	3,482
6,048	(3,482)	2,566	Digital Transformation & Estate Management	5,924	(4,838)	1,086
1,546	(572)	974	Regulatory Services	1,386	(617)	769
18,738	(17,170)	1,568	Welfare Services	18,665	(17,580)	1,084
<b>50,076</b>	<b>(28,627)</b>	<b>21,449</b>	<b>Cost of service</b>	<b>50,016</b>	<b>(31,287)</b>	<b>18,729</b>
			<b>Other operating expenditure</b>		<b>Note</b>	
2,420			Parish precepts			2,641
(9)			Net gains/losses on disposal of non-current assets			0
470			Financing and investment income and expenditure		<i>Note 10</i>	(429)
(19,013)			Taxation and non-specific grant income		<i>Note 11</i>	(22,721)
<b>5,317</b>			<b>(Surplus) deficit on provision of services</b>			<b>(1,807)</b>
1,122			(Surplus) on revaluation of non-current assets			(290)
0			Surplus) on revaluation of available for sale assets		<i>Note 13</i>	0
(22,263)*			Re-measurement of net defined benefit/liability			425
<b>(21,141)*</b>			<b>Other comprehensive income and expenditure</b>			<b>135</b>
<b>(15,824)*</b>			<b>Total comprehensive income and expenditure</b>			<b>(1,672)</b>

\* Restated balances due to IFRIC14 adjustments as detailed in Note 34 to the accounts

# 5. The Core Financial Statements

31 March 2023 Restated <b>£000</b>	<b>Balance Sheet</b>	<b>Note</b>	31 March 2024 <b>£000</b>
	<b>Property Plant and Equipment</b>	<i>Note 12</i>	
42,445	Land and buildings		44,353
1,848	Vehicles and equipment		1,676
107	Infrastructure		107
1,369	Community assets		1,402
51	Surplus assets		51
0	Assets under construction		1,592
	<b>Heritage Assets</b>		
122	Civic regalia		122
	<b>Intangible Assets</b>		
0	Software Licenses		95
80	<b>Long-term debtors</b>	<i>Note 13</i>	79
<b>46,022</b>	<b>TOTAL LONG-TERM ASSETS</b>		<b>49,477</b>
4,708	Short-term debtors	<i>Note 14</i>	5,297
18,022	Cash and cash equivalents	<i>Note 15</i>	6,915
<b>22,730</b>	<b>TOTAL CURRENT ASSETS</b>		<b>12,212</b>
(13,801)	Short-term creditors	<i>Note 16</i>	(7,521)
(724)	Exceptional short-term creditor	<i>Note 16</i>	0
(888)	Provisions	<i>Note 17</i>	(521)
(40)	Finance lease liability	<i>Notes 13,30</i>	(41)
<b>(15,453)</b>	<b>TOTAL CURRENT LIABILITIES</b>		<b>(8,083)</b>
(3)	Long-term creditors		(2)
0	Provision	<i>Note 17</i>	0
(15,000)	Long-term borrowing	<i>Note 13</i>	(15,000)
(11,294)*	Pensions liability	<i>Note 32</i>	(9,972)
(91)	Finance Lease Liability		(50)
<b>(26,388)*</b>	<b>TOTAL LONG-TERM LIABILITIES</b>		<b>(25,024)</b>
<b>26,911*</b>	<b>NET ASSETS</b>		<b>28,582</b>
	<b>USABLE RESERVES</b>		
8,672	General Fund		8,331
6,994	Earmarked reserves	<i>Note 9</i>	8,251
4,112	Capital Receipts reserve	<i>Note 18</i>	3,584
1,278	Capital Grants unapplied	<i>Note 18</i>	1,440
<b>21,055</b>	<b>TOTAL USABLE RESERVES</b>		<b>21,606</b>
	<b>UNUSABLE RESERVES</b>		
16,058	Revaluation reserve	<i>Note 19</i>	16,241
(11,294)*	Pensions reserve	<i>Note 19</i>	(11,393)
(513)	Capital Adjustment account	<i>Note 19</i>	2,259
1,736	Collection Fund Adjustment account	<i>Note 19</i>	(3)
(131)	Accumulated Absences account		(128)
<b>5,856*</b>	<b>TOTAL UNUSABLE RESERVES</b>		<b>6,976</b>
<b>26,911*</b>	<b>TOTAL RESERVES</b>		<b>28,582</b>

\* Balances restated further to IFRIC14 adjustments as detailed in note 34



# 5. The Core Financial Statements

## Cash Flow Statement

2022/23	<i>Year Ended 31st March</i>	Note	2023/24
£000			£000
5,317	Net (surplus) or deficit on the provision of services	<i>Note 20</i>	(1,970)
(4,547)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	<i>Note 20</i>	12,854
16	Adjust for items in the net surplus or deficit on the provision of services that are investing or financing activities	<i>Note 20</i>	-
<b>786</b>	<b>Net cash flow from operating activities</b>	<i>Note 20</i>	<b>10,884</b>
3,568	Investing activities	<i>Note 21</i>	5,112
4,225	Financing activities	<i>Note 22</i>	(4,889)
<b>7,793</b>			<b>223</b>
<b>8,579</b>	<b>Net (increase)/decrease in cash and cash equivalents</b>		<b>11,107</b>
<b>(26,601)</b>	Cash and cash equivalents at the beginning of the reporting period	<i>Note 15</i>	<b>(18,022)</b>
<b>(18,022)</b>	Cash and cash equivalents at the end of the reporting period	<i>Note 15</i>	<b>(6,915)</b>

# 6. Notes to the Core Financial Statements

## 1. Accounting policies

### ACCOUNTING POLICIES, ACCOUNTING STANDARDS AND CRITICAL JUDGEMENTS

#### General

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and the Service Reporting Code of Practice 2023/24, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which are recognised by statute as representing proper accounting practices. The code has adopted International Financial Reporting Standards (IFRS).

The accounts are prepared on an historic cost basis except where specifically stated.

#### Accruals of income and expenditure

Activity is accounted for in the year in which it takes place, irrespective of when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or service.
- Supplies are recorded as expenditure when they are consumed.
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract:
- Where income and expenditure 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 it is doubtful that debts will be settled, the balance of debtors is written down (impaired) and a charge made to revenue accounts for the income that might not be collected.
- On the basis of materiality and consistency with previous financial years, accrued overtime will be recorded in the month payment is received.

Should any unanticipated invoices be received post 19th April which would normally be recognised in 2023/24 accounts a de minimis level of materiality of £10,000 shall be applied for inclusion in the 2023/24 financial statements.

#### Material income and expenditure

Should there be any items of income or expense that are determined to be material, their nature and amount is disclosed separately.

Examples may include:

- a) disposal of items of property, plant and equipment
- b) disposal of investments, and
- c) other reversals of provisions
- d) Material items of government grant support
- e) Any other windfall items.

# 6. Notes to the Core Financial Statements

## **Tax Income (Council Tax, Non-Domestic rates and tariff)**

- Council Tax income included in the Comprehensive Income and Expenditure Statement (CIES) for the year will be treated as accrued income.
- Retained Business Rate income included in the CIES for the year will be treated as accrued income. Income from business rate payers includes adjustments for previous years including those arising from appeals against the rating list.
- Payment of the Tariff included in the CIES for the year will be treated as accrued expenditure.

## **Cash and cash equivalents**

Cash is represented by cash in hand and on demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The category includes all balances held in call accounts and money market funds but excludes all fixed term deposits, even when these are for less than three months at the date of investment. Fixed term deposits are excluded on the basis that they are not deemed to be readily convertible to cash.

## **Charges to revenue for long-term assets**

Services are debited with the following amounts to record the cost of holding long-term assets during the year:

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

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. The Council is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by this contribution (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## **Contingent assets and liabilities**

Contingent assets are sums due from individuals or organisations that may arise in the future but for which the amount due cannot be determined in advance (contingent liabilities are similarly those sums due to individuals or organisations for which the amount due cannot be determined). These are not recognised in the accounts. They are disclosed as a note to the accounts as there is a possible receipt (or payment in the case of a contingent liability), which may result in a transfer of economic benefits.

# 6. Notes to the Core Financial Statements

## Depreciation

Depreciation is provided for on all Property, Plant and Equipment and Intangible Assets using a straight-line method over their estimated useful lives. The useful life of properties is determined by a qualified valuer. The useful life of vehicles, equipment and intangible assets is determined by a suitably qualified officer. Land and assets under construction are not depreciated.

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

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

## Employee benefits

The Accounting entries made in relation to Employee Benefits are determined by the principles of International Accounting Standard 19 (IAS19).

**Benefits payable during employment** - Employee benefits, such as salaries and wages and paid annual leave, are recognised in the year in which they are earned (excepting overtime as per previous note). The Council adheres to the UK Employment Appeal Tribunal (2014) that dictates that non-guaranteed but compulsory overtime payments shall be reflected in holiday pay.

The policy was implemented in March 2015 and included a back pay element to the date of the judgement. An accrual is made for the cost of holiday entitlement earned but not taken before the year end which employees can carry forward into the following year. The balance is recognised within the CIES and under statutory guidance an offsetting balance is included within the reserves section of the Balance Sheet.

**Termination benefits** - Termination benefits are amounts payable as a result of the Council's decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Such costs are charged to the CIES in the period when the Council is demonstrably committed to the termination of the employment of an officer or a group of officers or when the Council makes an explicit offer to employees to take up voluntary redundancy.

**Post-employment benefits** - Employees of the Council are members of the Local Government Pension Scheme, administered by Staffordshire County Council. The Local Government scheme is accounted for as a defined benefits scheme.

Pension Fund liabilities or Pension Fund assets are measured on an actuarial basis using the projected unit method. This requires the use of various assumptions about future events.

Liabilities are discounted to their current value using a discount rate (based on the indicative rate of return on a basket of high quality corporate bonds, Government gilts and other factors).

The assets of the Staffordshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

# 6. Notes to the Core Financial Statements

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

## Service cost comprising:

- **Current service cost** – the increase in the liabilities as a result of years of service earned this year – allocated in the CIES to the service 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 will be debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs.
- **Net interest on the net defined benefit liability** i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

## Re-measurement comprising:

- **The return on plan assets** – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other CIES
- **Actuarial gains and losses** – changes in the net pension 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 CIES.
- **Contributions paid to the Staffordshire pension fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.
- **Prepayment of LGPS deficit costs** - The option to pay contributions expressed as a monetary amount by way of a prepayment continues to be exercised. Any prepayment outstanding in any three-year cycle is used to offset the pensions liability held on the balance sheet.

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

# 6. Notes to the Core Financial Statements

## **Discretionary benefits**

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

Within the CIES account service revenue accounts have been charged with their current service cost which represents the extent to which pension liabilities have increased as a result of employee service during the year. Any past service costs, settlements and curtailments have been charged to Other CIES. The interest cost and expected return on assets have been included in net operating expenditure.

Legislation requires that an appropriation to the pensions reserve be made to reverse out the IAS19 based pension costs in the CIES Account and replace them with the actual pensions related payments made in the year. This ensures that the Council Tax requirement is based on the employer's contributions payable to the pension fund.

## **Events after the Balance Sheet date**

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

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

Events taking place after the date when the Statement of Accounts is authorised for issue are not reflected in the Statement of Accounts. For South Staffordshire Council this date has been determined as no later than 30th September 2024 which is the statutory date by which the s151 Officer is due to certify the accounts.

# 6. Notes to the Core Financial Statements

## Financial instruments

### Financial assets

Financial Assets (e.g. investments and debtors) are classified into two types:

- Loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market;
- Available for sale assets - assets that have a quoted market price and/or do not have fixed or determined payments.

Loans and receivables are initially measured at fair value and carried at their amortised cost (the interest received is spread evenly over the life of the loan). Credits to the Financing and Investment Income and Expenditure line within the CIES for interest received are based on the Balance Sheet amount of the asset multiplied by the effective interest rate for the financial instrument. For most of the loans that the Council has made, that means the amount shown in the Balance Sheet is the outstanding principal receivable plus accrued interest. The amount of interest credited to the CIES is the amount receivable for the year per the loan agreement.

The Council has, on occasion made loans to Parish Councils at less than market rates of interest (these are known as soft loans). In such circumstances, subject to materiality, the amount of interest forgone is charged to the CIES (debited to the appropriate service line) and the outstanding principal is reduced on the Balance Sheet. This represents the present value of the interest that will be forgone over the life of the loan agreement. Statutory provisions require that the impact of the soft loans on the General Fund balance is the interest receivable in the year, so the amount of foregone interest charged is managed by a transfer from the Financial Instruments Adjustment Account to the Movement in Reserves Statement.

However, where the interest foregone is so immaterial as to be deemed inconsequential no charge to the CIES account is to be made. This has been the case to date in respect of the soft loans issued to Parish Councils.

Available for sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the CIES when it becomes receivable by the Council.

Available for Sale assets are maintained in the Balance Sheet at fair value. Values are based on the following hierarchy:

- Instruments with quoted market prices in active markets for identical assets – market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the CIES, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

# 6. Notes to the Core Financial Statements

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

## **Financial liabilities**

Financial liabilities (e.g. borrowings and creditors) are initially measured at fair value and carried at their amortised cost. Charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. For any borrowing that the Council undertakes this means that the amount shown in the Balance Sheet is the outstanding principal repayable plus accrued interest and the amount charged to the CIES is the amount payable per the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited or debited to the Financing and Investment Income and Expenditure line in the CIES in the year of repurchase or settlement. However, if the repurchase takes place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is deducted from or added to the amortised cost of the new or modified loan and the write down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts (amounts paid or received on the rescheduling of a loan) have been charged to the CIES, regulations allow the impact of premiums on the General Fund balance to be spread over the longer of the outstanding period of the replaced loan or the period of the replacement loan or any other shorter period that the Council wishes to choose. Discounts are required to be credited to revenue over a maximum period equal to the outstanding term of the replaced loan or ten years (if shorter). The reconciliation of amounts charged to the CIES to the net charge against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement of Reserves Statement.

## **Government grants and contributions**

Grants and contributions relating to capital and revenue expenditure shall be accounted for on an accruals basis, and recognised immediately (providing there is reasonable assurance the authority will comply with conditions attached and that the grant will be received) in the CIES as income, except to the extent that the grant or contribution has a condition(s) (as opposed to restrictions) relating to initial recognition that the authority has not satisfied.



# 6. Notes to the Core Financial Statements

Grants and contributions that satisfy the recognition criteria, but which have a condition attached that remains to be satisfied are recognised initially in the relevant Grants Receipts in Advance Account.

General grants and contributions (comprising Revenue Support Grant, NNDR redistribution and unring-fenced government grants) are required to be disclosed as one or more items on the face of the CIES.

Where conditions have been met specific revenue grants and contributions are matched in service revenue accounts with the service expenditure to which they relate. When the expenditure relating to specific grants has not been incurred, the Council contributes equivalent to the unspent amount of grant to an earmarked reserve. This reserve will be released in future financial years when the expenditure to which the grant relates is incurred.

Donated assets transferred to an authority for nil consideration shall be recognised immediately at fair value as an asset on the Balance Sheet. The asset shall be recognised in the CIES as income, except to the extent that the transfer has a condition(s) (as opposed to restrictions) that the authority has not satisfied. In this case the asset is credited to the Donated Assets Account and recognised in the CIES once the condition(s) has been satisfied.

## **Capital grants and contributions**

Where no grant conditions exist, or conditions have been met, capital grants and contributions are credited to Taxation and Non-Specific Grant Income in the CIES. The balance of the grant or contribution that has not been used to finance expenditure is transferred to the Capital Grants Unapplied Account via the Movement in Reserves Statement. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account when they have been applied to fund capital expenditure.

Where grant conditions exist and have not initially been met, the grant is recognised in the Capital Grants Receipts in Advance Account. When grant conditions have been met the grant is then recognised in the CIES and transferred via the Movement in Reserves Statement to the Capital Adjustment Account. If the grant conditions are not and/or are unlikely to be met, then the grant will be repaid.

## **Grants and contributions attributable to Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Where conditions have been met, these grants and contributions are credited to the relevant service line in the CIES. The balance of the grant or contribution that has not been used to finance expenditure is transferred to the REFCUS Grants Unapplied Account via the Movement in Reserves Statement. Amounts in the REFCUS Grants Unapplied Account are transferred to the Capital Adjustment Account when they have been applied to fund expenditure.

# 6. Notes to the Core Financial Statements

## Heritage assets

Heritage assets are defined as assets which have historical, artistic, scientific, technological, geographical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. They are initially recognised at cost if this is available. If cost is not available, values are only included in the Balance Sheet where the cost of obtaining a valuation is not disproportionate to the benefit derived. For the Council's heritage assets, insurance valuations are used. The Council has adopted a £10,000 de-minimis threshold. Where no market exists or the asset is deemed to be unique, and it is not practicable to obtain a valuation, the asset is not recognised in the Balance Sheet but disclosed in the notes to the accounts.

Heritage assets are depreciated over their useful life if this can be established. If an asset is considered to have an indefinite life, no depreciation is charged. Disposals, revaluation gains and losses and impairments of heritage assets are dealt with in accordance with the Council's policies relating to PPE. The cost of maintenance and repair of heritage assets is written off in the year incurred.

## Impairment

Assets are reviewed for impairment at the end of each reporting period. Examples of impairment include: a significant reduction in a specific asset's value and evidence of physical damage.

The amount of impairment is charged to the Revaluation Reserve to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset. Thereafter the impairment is charged to the Surplus/Deficit on the Provision of Services.

This charge is reversed out through the Movement in Reserves Statement to the Capital Adjustment Account.

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

## Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. It is controlled by the Council as a result of past events and future economic or service benefits flow to the Council from the intangible asset. The most common type of intangible asset is computer software licenses.

Intangible assets are carried at cost less accumulated depreciation and any impairment. The intangible asset is amortised over its estimated useful life to the relevant service line in the CIES. This amortisation is reversed in the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account.

An intangible asset is derecognised on disposal. Gains or losses arising from the disposal are recognised in the Surplus / Deficit on the Provision of Services.

# 6. Notes to the Core Financial Statements

## Long-term contracts

Long-term contracts are accounted for by charging the relevant service line with an amount equal to the value of the works or services provided under the contract during the applicable financial year.

## Investment property

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 provide services by the Council.

The Council does not currently hold any Investment Properties.

## Leases

Leases are presently classified as either finance or operating leases based on the extent to which risks and rewards incidental to ownership of the asset lie with the lessor or lessee ahead of adoption of IFRS 16 (from 1 April 2024).

Classification of the lease is dependent on the substance of the transaction rather than the contract. Land and building elements of a lease are considered separately for the purpose of lease classification.

Arrangements that do not have the legal status of a lease but convey the 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 a specific asset. This is referred to as an embedded lease.

## Leases (operating)

Rentals paid under operating leases are charged to the CIES as an expense of the service benefiting from use of the leased property, plant or equipment.

Rental income from operating leases for Council owned assets is recognised on a straight-line basis over the period of the lease and is shown in the Other Operating Expenditure line in the CIES. Assets held for use as operating leases are recorded as assets in the Council's Balance Sheet.

## Leases (finance)

A lease arrangement where it is judged that substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee is classified as a finance lease. A finance lease gives rise to the recognition of the long-term asset on the balance sheet at its fair value at the commencement of the lease together with a corresponding liability for future payments.

Lease payments are apportioned between a charge for the acquisition of the interest in the property, plant or equipment which is applied to write down the deferred liability and a finance charge which is recognised in the Financing and Investment Income and Expenditure line within the CIES. The items are subject to depreciation.

The criteria for determining a finance lease under IFRS has become broader and more subjective. This has given rise to certain leases being reclassified as finance leases that were previously determined as operating leases under SORP/UKGAAP.

# 6. Notes to the Core Financial Statements

## **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 its continued use it is reclassified as an asset held for sale.

Assets held for sale are:

- Available for immediate sale in their present condition,
- Those where the sale is highly probable,
- Actively marketed,
- Expected to be sold within one year of the date of classification.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and the fair value less costs to sell. Where this results in a loss in value this loss is posted to Other Operating Expenditure in the CIES. Once an asset is classed as held for sale it is no longer depreciated.

If assets no longer meet the classification 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 classed as held for sale) and their recoverable amount at the date of the decision not to sell.

## **Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policy giving rise to a material change or to correct a material error. Changes in estimation techniques 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 if the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period.

## **Property, Plant and Equipment (PPE)**

Property, Plant and Equipment assets have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis (e.g. land and buildings).

Expenditure on the acquisition, creation and enhancement of PPE has been capitalised on an accruals basis provided that it yields benefit to the Council and the services it provides for more than one financial year. Expenditure on maintenance is charged to revenue as it is incurred.

PPE are initially shown on the Balance Sheet at cost, comprising the purchase price, all expenditure that is directly attributable to bringing the asset into working condition for its intended use and the initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located.

The assets are then revalued using methods of valuation on the basis recommended by CIPFA and in accordance with the guidance notes issued by the Royal Institution of Chartered Surveyors (RICS).

# 6. Notes to the Core Financial Statements

- Land and buildings and other operational assets are valued at current value. Where sufficient market evidence is not available current value is estimated at depreciated replacement cost, using the modern equivalent asset method.
- Short life assets, such as vehicles, are held at depreciated historical cost as a proxy for current value on the grounds of materiality.
- Community assets and infrastructure are valued at historical cost net of depreciation.
- Assets under construction are held at historical cost until brought into use.
- Investment properties and surplus assets – current value, determined by the measurement of the highest and best use of the asset.

Revaluations of property are planned at five yearly intervals unless there has been a material change in the value (ascertained by an annual impairment review). Valuations are undertaken with a valuation date of 31 March.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. In exceptional circumstances, where the increase is reversing a previous impairment loss charged to the Surplus/Deficit on the Provision of Services on the same asset or where the increase is reversing a previous revaluation decrease charged to the

Surplus/Deficit on the Provision of Services on the same asset, the increase in valuation is credited to the CIES.

Where decreases in value are identified and there is a balance of revaluation gains in the Revaluation Reserve relating to the asset, the value of the asset is written down against that balance (up to the amount of the accumulated gains). Where there is no or insufficient balance in the Revaluation Reserve, the value of the asset is written down against the relevant service line in the CIES. Where revaluation gains or losses are credited or charged to the CIES, they are reversed in the Movement of Reserves Statement to the Capital Adjustment Account. The Revaluation Reserve contains gains recognised since 1 April 2007 only, the date of its formal implementation. Revaluation gains arising before that date are included in the Capital Adjustment Account.

## **De-recognition of Property, Plant and Equipment**

An item of Property, Plant or Equipment is derecognised at disposal or when no future economic benefit or service potential is expected from its use. The carrying amount of the asset in the Balance Sheet is written off to Other Operating Expenditure within the CIES as part of the gain or loss on disposal. Sale proceeds from disposals are credited to the same line in the CIES also as part of the gain or loss on disposal. Any revaluation gains on the Revaluation Reserve, for assets disposed of or decommissioned, are transferred to the Capital Adjustment Account.

Income from asset disposals in excess of £10,000 is classed as capital receipts. The balance of capital receipts is credited to the Capital Receipts Reserve and used to either fund new capital expenditure or repay debt. The written off value of disposals is reversed through the Movement in Reserves Statement to the Capital Adjustment Account.

# 6. Notes to the Core Financial Statements

## Provisions

Provisions are charged to the CIES for liabilities that have been incurred by the Council, but where the amounts or dates on which they will arise are uncertain.

Provisions are required to be recognised when the Council has a present obligation as a result of a past event, where it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation (IAS 37).

When expenditure is incurred to which the provision relates, it is charged directly against the provision in the Balance Sheet and not against the CIES Account.

The estimated value and the timing of settlements are reviewed at the end of each financial year. Where it becomes more likely than not that a transfer of economic benefits will not now be required the provision is reversed and credited back to the relevant service line in the CIES.

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

## Reserves

The Council maintains a General Fund working balance and also holds reserves earmarked for specific purposes which are detailed in the Notes to the Core Financial Statements. Reserves are created by appropriating amounts in the Movement in Reserves Statement.

When expenditure to be financed from a reserve is incurred it is charged to the appropriate service line in the CIES in the year and represents a charge against the Net Cost of Services. The reserve is then appropriated back to the General Fund balance statement so that there is no net charge against Council Tax for the expenditure.

Unusable (non-distributable) reserves include the Revaluation Reserve and the Capital Adjustment Account and represent “technical non-cash” reserves which are maintained to manage the accounting processes for non-current assets. The Pension Reserve is a reserve which has been set up to manage the accounting process for retirement benefits and does not represent usable resources for the Council. These reserves do not impact upon the level of local taxation and cannot be utilised to support service delivery.

## Revenue Expenditure Funded from Capital under Statute (REFCUS)

Revenue Expenditure Funded from Capital under Statute (REFCUS) is expenditure of a capital nature that does not result in the creation of a long-term asset on the Balance Sheet. These are generally grants and expenditure on property not owned by the Council. Expenditure is charged to the Surplus / Deficit on the Provision of Services as the expenditure is incurred. This is reversed out through the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account.

Details of the accounting policy relating to grants and external contribution funding of REFCUS expenditure is shown above on page 33.

# 6. Notes to the Core Financial Statements

## **VAT**

Value Added Tax (VAT) is included within the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure or capital expenditure as appropriate.

# 6. Notes to the Core Financial Statements

## 2. Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

### IFRS16 Leases

CIPFA/LASAAAC have confirmed the mandatory adoption of IFRS16 for Local Government from 1st April 2024.

The Code adopts the requirements of IFRS16 with one adaptation and four interpretations, as set out in section 4.2. The Code adopts the phrase “in exchange for consideration” from the definition of a lease. All other IFRS16 lease requirements apply.

The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought onto the balance sheet as at 1 April 2024. Exemption does exist for leases of small value and of short-term duration (less than 1 year).

Discussions with our external auditors regarding the measurement of contracts has been agreed and will be considered in 2024/25 accounting policies for inclusion.

Exemptions to recognition for lessees

- Leases less than one year
- Leases for low value items (under the value of £10,000) such as laptops, mobile phones, tablets, small multifunction devices)
- Incremental Borrowing Rate
- To refer to the PWLB rate as our borrowing level if the implicit rate not readily determinable

Initial application of the exemption for recognition measurements for existing contracts that may include a Right of Use asset as a lessee, has shown that we do not have any further contracts to add upon transition to the balance sheet.

The adaptation of the accounting standard for application to Local Government may require the identification of lessor arrangements where the Council provides use of an asset on non-commercial terms (i.e. nil consideration or peppercorn rents).



# 6. Notes to the Core Financial Statements

## 3. Critical judgements in applying accounting

In applying the Council's accounting policies, the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. The most significant critical judgements made in the Statement of Accounts are:

### **Classification of leases**

The Council is deemed not to control assets that fall within contractual and other arrangements which involve the provision of a service using specific underlying assets and as a result there are no additional assets to be recognised as PPE in the Council's Balance Sheet.

IFRS16 from 1 April 2024 will require Council's to account for embedded leases separately and disclose accordingly.

### **Arrangements containing a lease**

The Council is deemed not to control assets that fall within contractual and other arrangements which involve the provision of a service using specific underlying assets and as a result there are no additional assets to be recognised as PPE in the Council's Balance Sheet.

IFRS16 will require Council's to account for embedded leases separately and disclose accordingly.

### **Assets Held for Sale**

The Council has reviewed all property assets in accordance with the accounting policy and has determined that no properties need to be reclassified.

### **Investment Properties**

Properties have been assessed using the identifiable criteria under the international accounting standards of whether they are being held purely for rental income or capital appreciation or whether there is an operational reason for holding the property such as regeneration or economic development.

The Council does not hold any properties which are held purely for rental income or capital appreciation.

### **Application of Pension Ceiling Adjustment**

Subsequent to the publication of the draft Statement of Accounts in June 2024 and their audit, sector-wide discussions within the local audit sector have reached a consensus of the appropriate treatment of pension liabilities/ assets under IFRIC14. South Staffordshire then obtained an updated IAS19 report from the actuary in order to correctly update the accounts.

The updated report, and application of the asset ceiling approach identified further liabilities related to past service costs which meant that the previously reported asset in the pension fund, should in fact be recorded as a liability. This approach would also impact on the prior year liability, the balance sheet and related statements.

In order to adjust for these matters, the Council has, in addition to amending the core statements in the current year, shown the impact on the previous statement in the prior period adjustments on pages 92 to 96 of the accounts.

# 6. Notes to the Core Financial Statements

## 4. Assumptions about the future and other major sources of estimation uncertainty

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

The items in the Council's Balance Sheet as of 31 March 2024 for which there is a risk of adjustment in the following financial year are:

### Revaluation of Property, Plant and Equipment (PPE)

The valuations of Property, Plant and Equipment (PPE) reported in the balance sheet and the related depreciation charges made to the CIES is based on an estimate of their value and asset life.

A firm of qualified valuers are engaged by the Council to carry out, for the major assets, a programme of physical valuations to ensure that their carrying values are subject to professional and independent assessment to guard against material misstatement. PPE (with the exception of infrastructure, community assets, assets under construction and small value items of vehicle, plant and equipment) are revalued on a periodic basis and tested annually for indicators of impairment.

### Depreciation of Property, Plant and Equipment

Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of assets is overstated in the current year.

### Arrears

At of 31 March 2024, the Council had outstanding sundry debtors, housing rent debtors, housing benefit overpayments and council tax debtors.

A review of these outstanding balances is routinely undertaken and a provision for bad and doubtful debts is made taking into account prevailing economic conditions (an increased provision was made for example during the height of the Covid-19 pandemic).

If collection rates were to differ from that estimated, doubtful debt provisions would need to be revisited.

# 6. Notes to the Core Financial Statements

## Pensions Liability/ Asset

Estimation of the net liability (or asset) to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and rate of commutation (taking a pension due as a lump sum) of pensions.

A firm of actuaries are engaged to provide the Staffordshire Pension Fund (of which South Staffordshire is a member) with expert advice about the assumptions to be applied.

In calculating the asset share as at the Accounting Date, the Actuary rolls forward the Employer's share of the assets calculated at the latest formal valuation date (or date the Employer joined the Fund if later), allowing for investment returns (estimated where necessary), the effect of contributions paid into (estimated where necessary), and estimated benefits paid from, the Fund by the Employer and its employees.

The main impacts of the COVID-19 pandemic, and subsequent lockdowns, on these accounting figures can be summarised as follows:

- Asset returns and values have followed the market movements prompted by the pandemic and lockdowns, among other factors, which will therefore affect the asset share value.
- Bond yields and inflation expectations have also followed market movements, which will therefore affect the obligations value.
- Life expectancy assumptions have not been updated:

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data, for cash contribution setting purposes.

The most recent, triennial, formal valuation of the LGPS was concluded in March 2023.

If the assumptions upon which the valuation is based prove inaccurate over time, the pension's liability could be over or understated.

The effects on the net pension's liability or asset of changes in individual assumptions is measurable. The sensitivities regarding the potential assumptions used to measure the scheme liabilities are set out as follows:

Change in assumptions at year end 31 March 2024	Approximate % increase to employer	Approximate Monetary Amount	Approximate Monetary Amount Prior Year for Comparison
	%	£000	£000
<b>0.1% decrease in real discount rate</b>	2	1,308	1,211
<b>1 year increase in life expectancy</b>	4	2,842	2,838
<b>0.1% increase in the Salary Increase Rate</b>	0	60	143
<b>0.1% increase in the pension increase rate</b>	2	1,273	1,086

# 6. Notes to the Core Financial Statements

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, the actuary estimates that a one-year increase in life expectancy would approximately increase South Staffordshire's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

## **McCloud Judgement**

There may also be an impact on employer pension liabilities as a result of the Court of Appeal judgements in cases affecting judges' pensions (McCloud, 2019). The ruling has implications for the LGPS (of which South Staffordshire is a member).

The final situation in terms of employer pension liabilities and financial impact remains unclear, since the government may appeal and any remediation process, including cost cap considerations, may affect the resolution and financial impact for entities. Timescales for the resolution of this matter may be lengthy and outcomes may be challenging for entities to assess and quantify, especially at Fund or Authority level.

To date, South Staffordshire has sought advice from our Pensions authority and actuary and has received assurance that potential implications of the pending judgement were factored into the required payments from employers to eventually make good liabilities by 2040. South Staffordshire remains fully compliant with minimum levels of repayment in accordance with actuary advice.

## **Asset Ceiling Approach**

In the event that the calculation shows the Council's share of the Pension Fund is a net asset, Accounting Standards dictate that an Asset ceiling calculation is applied to recognise that the entity may not be able to realise the full economic benefits of the calculated asset.

## **Business Rate appeals**

Since the introduction of the Business Rate Retention Scheme, effective from 1 April 2013, local authorities are liable for successful appeal against business rates charged to businesses in 2018/19 and earlier financial years in their proportionate share.

A provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2024. The estimate has been calculated using the latest Valuation Office (VOA) rating list of appeals and an analysis of successful appeals to date.

Whilst it is considered that this gives a reasonably reliable figure, it is not certain that actual experience will match our assumptions.

# 6. Notes to the Core Financial Statements

## 5. Material items of income and expense

In August 2023, the Council received £800,000 in furtherance to the settlement of an insurance claim following a fire at Four Ashes Industrial Estate in July 2021.

## 6. Events after the Balance Sheet date

The Statement of Accounts are scheduled for issue by the S151 Officer on or before 30th November 2024. Events taking place after this date are not reflected in the Financial Statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

### Going Concern

The Local Government sector has faced significant challenges over recent years. It has been well documented that, a handful of authorities have issued Section 114 Notices over the last 24 months, in effect recognising that their reserve balances cannot cover their known future obligations.

It is felt that South Staffordshire Council has a high degree of financial resilience to meet the challenges and remains a Going Concern for the period of twelve months from the date of approval of the accounts. The Medium-Term Financial Strategy as approved by members in February 2024 ensures that minimum General Reserve balances can be sustained whilst the Council meets its service plans for a period of at least three years. It remains an ongoing exercise to ensure savings opportunities and realistic investments are made to maintain this position.

The Financial Statements set out in the statement of accounts have been produced in accordance with statutory provisions and the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and cover the period 1 April 2023 to 31 March 2024.

## 7. Expenditure and funding analysis

The Expenditure and Funding Analysis (EFA) 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 Service Teams. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

# 6. Notes to the Core Financial Statements

<b>Expenditure funding analysis 2023/24</b>	<b>Net expenditure for resource management</b>	<b>Adjustment to arrive at the amount chargeable to the General Fund</b>	<b>Net expenditure chargeable to the General Fund</b>	<b>Adjustments between funding and accounting basis</b>	<b>Net expenditure in the Comprehensive Income and Expenditure Statement</b>
Business Enterprise and Community Infrastructure	896	6,282	7,178	(32)	7,146
Community Services	5,020	(229)	4,791	371	5,162
Corporate Services	4,195	(40)	4,155	(673)	3,482
Digital Transformation and Estate Management	1,802	(1,859)	(57)	1,143	1,086
Regulatory Services	783	0	783	(14)	769
Welfare Services	1,487	290	1,777	(693)	1,084
<b>Net cost of services</b>	<b>14,183</b>	<b>4,444</b>	<b>18,627</b>	<b>102</b>	<b>18,729</b>
Other income and expenditure	(11,713)	(7,831)	(19,544)	(992)	(20,536)
<b>(Surplus) or deficit on provision of services</b>	<b>2,470</b>	<b>(3,387)</b>	<b>(916)</b>	<b>(890)</b>	<b>(1,807)</b>
Opening General Fund balance			15,666		
Less (surplus)/deficit on General Fund			(916)		
<b>Closing General Fund balance (included Earmarked)</b>			<b>16,582</b>		

<b>Expenditure funding analysis 2022/23</b>	<b>Net expenditure for resource management</b>	<b>Adjustment to arrive at the amount chargeable to the General Fund</b>	<b>Net expenditure chargeable to the General Fund</b>	<b>Adjustments between funding and accounting basis</b>	<b>Net expenditure in the Comprehensive Income and Expenditure Statement</b>
Business Enterprise and Community Infrastructure	1,562	(89)	1,473	232	1,705
Community Services	5,294	(320)	4,974	2,649	7,623
Corporate Services	2,217	4,763	6,980	1,889	8,869
Digital Transformation and Estate Management	760	(58)	702	289	991
Regulatory Services	544	0	544	130	674
Welfare Services	1,338	(33)	1,305	282	1,587
<b>Net cost of services</b>	<b>11,715</b>	<b>4,263</b>	<b>15,978</b>	<b>5,471</b>	<b>21,449</b>
Other income and expenditure	(9,294)	(4,805)	(14,095)	(2,037)	(16,132)
<b>(Surplus) or deficit on provision of services</b>	<b>2,421</b>	<b>(539)</b>	<b>1,882</b>	<b>3,434</b>	<b>5,317</b>
Opening General Fund balance			17,548		
Less (surplus)/deficit on General Fund			1,882		
<b>Closing General Fund balance (included Earmarked)</b>			<b>15,666</b>		

# 6. Notes to the Core Financial Statements

## Note to the expenditure and funding analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2023/24 Adjustment for Capital Purposes	2023/24 Net change for the Pensions Adjustment	2023/24 Other differences	2023/24 Total Adjustments
	£000	£000	£000	£000
Business Enterprise and Community Infrastructure	0	(32)	0	(32)
Community Services	416	(45)	0	371
Corporate Services	2	(671)	(3)	(672)
Digital Transformation and Estate Management	1,165	(23)	0	1,432
Regulatory Services	0	(14)	0	(14)
Welfare Services	(668)	(25)	0	(693)
<b>Net cost of services</b>	<b>915</b>	<b>(810)</b>	<b>(3)</b>	<b>102</b>
Other income and expenditure from the EFA	(3,216)	321	1,739	(1,156)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of services	(2,301)	(489)	1,736	(1,054)
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2022/23 Adjustment for Capital Purposes	2022/23 Net change for the Pensions Adjustment	2022/23 Other differences	2022/23 Total Adjustments
	£000	£000	£000	£000
Business Enterprise and Community Infrastructure	(332)	372	0	40
Community Services	1,831	602	0	2,434
Corporate Services	2	(462)	(78)	(539)
Digital Transformation and Estate Management	2,854	220	0	3,074
Regulatory Services	0	190	0	190
Welfare Services	(75)	348	0	272
<b>Net cost of services</b>	<b>4,279</b>	<b>1,270</b>	<b>(78)</b>	<b>5,471</b>
Other income and expenditure from the EFA	(704)	854	(2,187)	(2,037)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of services	3,575	2,124	(2,265)	3,434

# 6. Notes to the Core Financial Statements

## 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 or for which conditions were satisfied in the year.

## 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 Council as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest in the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

## Other differences

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

- For services this represents an accrual for short-term employee benefits due to be settled wholly within 12 months of the year-end. An adjustment is made for the cost of holiday entitlements (or any form of leave) accrued by employees but not taken before the year-end which employees can carry forward into the next financial year.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and 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.



# 6. Notes to the Core Financial Statements

## 8. 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 Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2023/24	2023/24 General Fund <sup>1</sup>	2023/24 Capital Receipts reserves	2023/24 Capital Grants unapplied	2023/24 Total usable reserves	2023/24 Total unusable reserves
	£000	£000	£000	£000	£000
<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	(805)			(805)	805
Revaluation movements on PPE	(1,246)			(1,246)	1,246
Capital grants and contributions applied	1,595			1,595	(1,595)
Income in relation to donated asset	50			50	(50)
Revenue expenditure funded from capital under statute	(996)			(996)	996
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0			0	0
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>					
Statutory provision for the financing of capital investment	519			519	(519)
Capital Expenditure charged against the general fund	2,646			2,646	(2,646)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>					
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	537		(537)		
Application of grants to capital financing transferred to the Capital Adjustment Account			375	375	(375)

<sup>1</sup>General Fund Reserves also includes earmarked reserves

# 6. Notes to the Core Financial Statements

2023/24 continued	2023/24 General Fund <sup>1</sup>	2023/24 Capital Receipts reserves	2023/24 Capital Grants unapplied	2023/24 Total usable reserves	2023/24 Total unusable reserves
	£000	£000	£000	£000	£000
<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	1	(1)		0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		529		529	(529)
<b>Adjustments primarily involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(2,174)			(2,174)	(2,174)
Employer's pensions contributions and direct payments to pensioners payable in the year	2,500			2,500	(2,500)
<b>Adjustments 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	(1,740)			(1,740)	1,740
<b>Adjustments primarily involving the unequal 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	3			3	(3)
<b>Total Adjustments</b>	<b>891</b>	<b>528</b>	<b>(162)</b>	<b>1,256</b>	<b>(1,256)</b>

<sup>1</sup>General Fund Reserves also includes earmarked reserves

# 6. Notes to the Core Financial Statements

2022/23	2022/23 General Fund <sup>1</sup>	2022/23 Capital Receipts reserves	2022/23 Capital Grants unapplied	2022/23 Total usable reserves	2022/23 Total unusable reserves
	£000	£000	£000	£000	£000
<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	(708)			(708)	708
Revaluation movements on PPE	(2,290)			(2,290)	2,290
Capital grants and contributions applied	1,051			1,051	(1,051)
Revenue expenditure funded from capital under statute	(2,739)			(2,739)	2,739
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(467)			(467)	467
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>					
Statutory provision for the financing of capital investment	408			408	(408)
Capital Expenditure charged against the general fund	287			287	(287)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>					
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	407		(407)		
Application of grants to capital financing transferred to the Capital Adjustment Account			95	95	(95)

<sup>1</sup>General Fund Reserves also includes earmarked reserves

# 6. Notes to the Core Financial Statements

2022/23 continued	2022/23 General Fund <sup>1</sup>	2022/23 Capital Receipts reserves	2022/23 Capital Grants unapplied	2022/23 Total usable reserves	2022/23 Total unusable reserves
	£000	£000	£000	£000	£000
<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	476	(476)			
Use of the Capital Receipts Reserve to finance new capital expenditure		2,072		2,072	(2,072)
<b>Adjustments primarily involving the Pensions Reserve:</b>					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(4,272)			(4,272)	4,272
Employer's pensions contributions and direct payments to pensioners payable in the year	2,148			2,148	(2,148)
<b>Adjustments 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	2,187			2,187	(2,187)
<b>Adjustments primarily involving the unequal 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	78			78	(78)
<b>Total Adjustments</b>	<b>(3,434)</b>	<b>1,596</b>	<b>(313)</b>	<b>(2,151)</b>	<b>2,151</b>

<sup>1</sup>General Fund Reserves also includes earmarked reserves

# 6. Notes to the Core Financial Statements

## 9. Transfers to/from Earmarked Reserves

Earmarked reserves	Balance 31 March 20212	Transfers Out 2022/23	Transfers In 2022/23	Balance 31 March 2023	Transfers Out 2022/23	Transfers In 2022/23	Balance 31 March 2024
	£000	£000	£000	£000	£000	£000	£000
<b>General Fund</b>							
Collection Fund Reserve	3,652	(1,181)	0	2,471	(1,141)	1,631	2,961
Sink Fund Commercial Assets	177	0	68	245	(41)	109	313
Transformation Reserve	208	(85)		123	(123)	244	244
Highways (S106 Income)	132	0	0	132	0	0	132
Grounds Maintenance (S106 Income)	164	0	0	164	(20)	0	144
New Burdens	0	0	157	157	(174)	167	150
Electoral Registration	50	(20)		30	0	0	30
Planning Fee Increase	53	0	50	103	(58)	155	200
Corporate (CLT Forward Planning)	292	(82)	0	210	(190)	0	20
Transactional Services	0	0	0	0	(4)	162	158
Business Rates Pool Surplus	921	0	0	921	(921)	0	0
Covid 19 Grants	363	(192)	10	181	(48)	9	142
Climate Change	73	(47)	0	26	0	0	26
Digital 2	131	(20)	0	111	(111)	0	0
Pay & Inflation Uncertainty	600	(360)	234	474	(239)	0	235
Unit 4E Insurance Reimbursement	0	(287)	500	213	(213)	0	0
Uk Shared Prosperity Fund	0	0	184	184	(184)	0	0
Customer Experience Transformation	0	0	112	112	0	36	148
DWP Projects	89	(124)	34	0	0	0	0
Covid 19 (Pay) Uncertainty Risk	364	(130)	(234)	0	0	0	0
Ward Based Priorities	0	0	0	0	0	156	156
Capital Projects Contingency	0	0	0	0	0	300	300
Temporary Accommodation	0	0	0	0	0	1,000	1,000
DLUHC Digital Planning	0	0	0	0	0	115	115
CIS Contingent Reserve	0	0	0	0	0	350	350
Closed Churchyards	0	0	0	0	0	238	238
Housing and Homelessness	0	0	182	182	(7)	165	340
Joint Use Repairs	0	0	106	106	(52)	42	96
Waste and Recycling Staffing	0	0	0	0	0	92	92
Other Earmarked Reserves	984	(674)	540	850	(520)	331	661
<b>Total</b>	<b>8,253</b>	<b>(3,202)</b>	<b>1,944</b>	<b>6,994</b>	<b>(5,299)</b>	<b>6,558</b>	<b>8,252</b>

# 6. Notes to the Core Financial Statements

## 9. Transfers to/from Earmarked Reserves

The Collection Fund Reserve is a reserve to mitigate the Council's Strategic Risk which concerns changes in the way Local Government is financed and the Fairer Funding Review and volatility in Business Rates.

Sink Fund (Commercial Assets) refers to a sink fund within the industrial estate to fund future maintenance.

Transformation Reserve is an Earmarked Reserve to fund ongoing investment in Efficiency and Income schemes with a view to yielding future savings.

Section 106 grant income receipts from Government are obligations to spend money arising from planning decisions made. Until such monies are spent, the receipts are held in Earmarked reserves. Currently, South Staffordshire hold two significant amounts for these purposes, relating to Highways and Grounds Maintenance (Public Space Open Reserve) respectively.

The New Burdens reserve is to ensure funds are available to maximise collection of Council Tax following the introduction of the Council Tax support scheme.

Electoral Registration is an Earmarked Reserve set aside to cover additional staffing requirements ahead of anticipated elections in 2024/25.

Corporate CLT Forward Planning This reserve has been set aside to fund expenditure on Corporate Transformation projects in 2024/25.

Transactional Services – to fund additional staffing within the Transactional Services team until such time as new systems are implemented and functional.

Covid 19 Grants includes reserves set aside from Grants received for Track and Trace payments and Shielding

Climate Change - Set up in February 2022 to provide a source for investments the Council wishes to undertake in order to improve sustainability and move towards Carbon neutrality.

Pay & Inflation Uncertainty A reserve has been created to mitigate, as far as possible, the potential financial implications of a sustained rate of inflation over and above that budgeted for in 2023/24 and beyond. Any additional staffing and contract costs incurred above budgetary assumptions for inflation will initially be funded from this reserve.

UK Shared Prosperity Fund Allocations received will be held in Earmarked Reserve until such time that disbursements approved in accordance with the scheme and priorities.

Customer Experience Transformation Reserve created to fund enhancing the Customer Experience Programme (CXIP)

Ward Based Priorities Funding the costs of environment and landscape improvements arising from specific member led priorities.

Capital Projects Contingency Reserve to fund any potential cost pressures in relation to Capital projects at Wombourne and Unit 4e refurbishment at Four Ashes.

Temporary Accommodation Recognising the potential for any significant cost pressures arising from statutory requirements to provide temporary accommodation.

DLUHC Digital Planning Reserve to cover investment in digitalising the planning service.

CIS Contingent Reserve to cover the contingent liability should the Council be found liable for any omissions in returning tax due on construction invoices for any firms that did not hold gross payment status and are also behind on their own tax affairs.

Closed Churchyards Commencement of a sink fund which will enable maintenance of any closed churchyards when the Council takes over responsibility from the Parish area to be undertaken.

Housing and Homelessness Ring-fenced grant to contribute to ongoing commitments for staffing & partnership working relating to homelessness.

Joint Use Repairs Sink fund to cover any emergency one-off pressures that fall within the Council's responsibilities. Prevents any recourse to base budgets.

Waste and Recycling Staffing Reserve to reflect additional one-off costs likely to be incurred in the renegotiation of the major Waste disposal contract in 2024/25.

Legal Shared Services To fund ad-hoc professional and consultancy costs arising due to unexpected legal matters (e.g. Crooked House, Judicial Reviews)

There are a number of additional separate, smaller Earmarked Reserves making up the balance. These are a variety of specific grant receipts to be used for a specified future purpose and other previous budgetary savings set aside to be spent on specified, future one-off projects.

# 6. Notes to the Core Financial Statements

## 10. Financing and investment income and expenditure

This line contains corporate items of income and expenditure arising from the Council's involvement in financial instruments and similar transactions involving interest payments and receipts.

Financing and investment income and expenditure	2023/24	2022/23
	£000	£000
Interest payable and similar charges	268	239
Net interest on the defined benefit liability (asset)	484	854
Interest receivable and similar income	(1,181)	(623)
<b>Total</b>	<b>(429)</b>	<b>470</b>

## 11. Taxation and non-specific grant income

This note provides a breakdown of the grants included under the heading of taxation and non-Specific grant income in the Comprehensive Income and Expenditure Account.

Taxation and non-specific grant income	2023/24	2022/23
	£000	£000
Council Tax Income	(8,036)	(7,663)
Non Domestic Rates	(8,450)	(6,787)
Non Ring fenced Government Grants	(5,278)	(4,263)
Capital Grants & Contributions	(957)	(300)
<b>Total</b>	<b>(22,721)</b>	<b>(19,013)</b>

# 6. Notes to the Core Financial Statements

## 12. Property, Plant and Equipment

Movement in Property, Plant and Equipment during the 2023/24 financial year and during the 2022/23 financial year were as follows:

2023/24	Other land and Buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>							
<b>As at 1 April 2023</b>	<b>42,445</b>	<b>4,430</b>	<b>107</b>	<b>1,567</b>	<b>51</b>	<b>0</b>	<b>48,600</b>
Additions	3,283	198				1,592	5,073
Donations				50			50
Revaluation increases / (decreases) recognised in Revaluation Reserve	123						123
Revaluation increases / (decreases) recognised in Surplus / Deficit on the Provision of Services	(1,497)						(1,497)
De-recognition - other		(205)					(205)
<b>As at 31 March 2024</b>	<b>44,353</b>	<b>4,423</b>	<b>107</b>	<b>1,617</b>	<b>51</b>	<b>1,592</b>	<b>52,144</b>
<b>Accumulated depreciation and impairment</b>							
<b>As at 1 April 2023</b>	<b>0</b>	<b>2,582</b>	<b>0</b>	<b>198</b>	<b>0</b>	<b>0</b>	<b>2,780</b>
Depreciation charge	418	370		17			805
Depreciation written out to Revaluation Reserve	(167)						(167)
Depreciation written out to the surplus/ deficit on the provision of services	(251)						(251)
De-recognition - other		(205)					(205)
<b>As at 31 March 2024</b>	<b>0</b>	<b>2,747</b>	<b>0</b>	<b>215</b>	<b>0</b>	<b>0</b>	<b>2,962</b>
<b>NET BOOK VALUE</b>							
<b>As at 1 April 2023</b>	<b>42,445</b>	<b>1,848</b>	<b>107</b>	<b>1,369</b>	<b>51</b>	<b>0</b>	<b>45,820</b>
<b>As at 31 March 2024</b>	<b>44,353</b>	<b>1,676</b>	<b>107</b>	<b>1,402</b>	<b>51</b>	<b>1,592</b>	<b>49,182</b>



## 6. Notes to the Core Financial Statements

2022/23	Other land and Buildings	Vehicles, plant, furniture and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>							
<b>As at 1 April 2022</b>	<b>41,289</b>	<b>4,036</b>	<b>107</b>	<b>1,448</b>	<b>51</b>	<b>2,616</b>	<b>49,547</b>
Additions	2,579	714		120			3,413
Revaluation increases / (decreases) recognised in Revaluation Reserve	(1,340)						(1,340)
Revaluation increases / (decreases) recognised in Surplus / Deficit on the Provision of Services	(2,478)						(2,478)
De-recognition - disposals		(85)					(85)
De-recognition - other		(458)					(458)
Other movements in cost or valuation	2,395	223				(2,616)	0
<b>As at 31 March 2023</b>	<b>42,445</b>	<b>4,430</b>	<b>107</b>	<b>1,567</b>	<b>51</b>	<b>0</b>	<b>48,600</b>
<b>Accumulated depreciation and impairment</b>							
<b>As at 1 April 2022</b>	<b>0</b>	<b>2,808</b>	<b>0</b>	<b>193</b>	<b>0</b>	<b>0</b>	<b>3,001</b>
Depreciation charge	416	287		5			708
Depreciation written out to Revaluation Reserve	(229)						(229)
Depreciation written out to the surplus/ deficit on the provision of services	(187)						(187)
De-recognition - disposals		(55)					(55)
De-recognition - other		(458)					(458)
<b>As at 31 March 2023</b>	<b>0</b>	<b>2,582</b>	<b>0</b>	<b>198</b>	<b>0</b>	<b>0</b>	<b>2,780</b>
<b>NET BOOK VALUE</b>							
<b>As at 1 April 2022</b>	<b>41,289</b>	<b>1,228</b>	<b>107</b>	<b>1,255</b>	<b>51</b>	<b>2,616</b>	<b>46,546</b>
<b>As at 31 March 2023</b>	<b>42,445</b>	<b>1,848</b>	<b>107</b>	<b>1,369</b>	<b>51</b>	<b>0</b>	<b>45,820</b>

Property, vehicles, plant and equipment are depreciated using the straight-line method over their useful economic lives. Accumulated depreciation of PPE, currently on Balance Sheet as at 31 March 2024 is £2,962,000. Land and Buildings were subject to a valuation as at 31 March 2024.

Additions (£5m) mainly comprised of the development costs associated with the Commercial Asset Strategy project.

# 6. Notes to the Core Financial Statements

## Property, plant and equipment valuation

The long-term assets shown in the Balance Sheet have been measured on the basis recommended by CIPFA and, where applicable, in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors. Valuations for land and property are carried out by an external organisation, Wilks, Head and Eve, Chartered Surveyors and Town Planners. As at 31st March 2024, all the Council's assets (over £10,000) were measured on the following basis:

- **Land and Buildings** - Land and Buildings were measured at:
  - *Current value based on Existing Use Value (EUV) (where a market existed)*
  - *Depreciated Replacement Cost (DRC using the 'instant build approach if EUV cannot be determined')*
- **Vehicles, Plant and Equipment.** Vehicles, Plant and Equipment have been measured at the lower of net current replacement cost and net realisable value, which may be the existing use value, the depreciated replacement cost or the open market value, as appropriate.
- **Infrastructure.** Infrastructure is measured on a depreciated historic cost basis.
- **Community assets and open spaces.** Community parks, open spaces, cemeteries, car parks and public conveniences are measured on a depreciated historic cost basis.
- **Assets under construction.** Measured at depreciated historical cost basis
- **Non-Operational assets (Surplus Assets).** Fair value based on a 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 expected remaining useful life of the majority of Council properties was assessed at 60 years in accordance with the last full valuation as at 31 March 2024. General vehicles and equipment have useful lives of 5 years. The remaining assets have varied useful lives depending on their nature.

The Council ensures that all Property, Plant and Equipment, measured at current value, are revalued at least every 5 years. Land and Buildings were subject to a revaluation as at 31st March 2024.

Surplus Assets are measured at fair value at each reporting date. The fair value of the surplus parcels of land, are based on Level 2 inputs of the fair value hierarchy where observable inputs exist. The valuation has been arrived at via the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the locality.

Carrying values below are shown net of accumulated depreciation.

As at 31 March 2024	Other land and buildings	Vehicles, plant, furniture and equipment	TOTAL
	£000	£000	£000
Carried at historical value	-	1,676	1,676
Valued at current value	44,353	-	44,353
<b>Total cost or valuation</b>	<b>44,353</b>	<b>1,676</b>	<b>46,029</b>

## 6. Notes to the Core Financial Statements

International Accounting Standard 16 (IAS 16) – Property, Plant and Equipment (PPE) contains the accounting requirements that each part of an item of PPE with a cost that is significant in relation to the total cost of the item shall be depreciated separately (referred to as componentisation).

Componentisation shall be applied for depreciation purposes on enhancement, acquisition expenditure and revaluations.

Components are recognised and are depreciated over different lives where they have significant value when compared to the value of the host assets. We have considered assets (or group of similar assets) for componentisation where the carrying value is at least £500,000 and where the component:

- Costs at least 15% of the overall asset.
- Has a value of at least £100,000.
- Has a useful life +/- five years different from the host (main part of asset).
- Has an annual depreciation charge +/- £5,000 different than the Host.

The valuation exercise undertaken as at 31st March 2024, identified that the Council offices (Codsall Community Hub) had one significant component. Element Court also has one significant component.

### Property, Plant and Equipment - impairment losses

In 2023/24 the Council did not recognise any impairment losses against the Surplus or Deficit on the Provision of Services.

### Property, Plant and Equipment - other movements in cost or valuation

In 2023/24, following a valuation undertaken by Wilks, Head and Eve to review carrying values of properties as at 31st March 2024, the Council recognised the below movements in Cost or Valuation.

Property, Plant and Equipment – other movements in cost or valuation	Council Offices	Other land and buildings	TOTAL
	£000	£000	£000
Downward revaluation movements recognised in the Surplus or Deficit on the Provision of Services	(1,611)	(109)	(1,720)
Reversal of downward revaluation movements previously recognised in the Surplus or Deficit on the Provision of Services	442	32	474
Reversal of downward revaluation movements on revalued assets in Other Comprehensive Income and Expenditure and taken to the Revaluation Reserve	(1,174)	(313)	(1,487)
Revaluation gains recognised within Other Comprehensive Income and Expenditure	1,588	189	1,777

## 6. Notes to the Core Financial Statements

### Property, Plant and Equipment - other effects of changes in estimates

In 2023/24, the Council has made no material changes to its accounting estimates for PPE.

### Property, Plant and Equipment - commitments under capital contracts

There are three significant uncompleted contracts (over £100,000) which will incur future capital expenditure after 31st March 2024. The total value of the contracts is £5,496,000.

	<b>Contract amount</b>	<b>Works certified to 31st March 2024</b>	<b>Remaining Contract Balance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Wombourne Enterprise Park - Construction	4,508	1,065	3,443
Wombourne Enterprise Park - Consultant / Engineering / QS	701	701	0
Wolverhampton Road - Construction	287	242	45
	<b>5,496</b>	<b>2,008</b>	<b>3,488</b>

# 6. Notes to the Core Financial Statements

## 13. Financial instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

Financial assets	Non-current				Current				Total
	Investments		Debtors		Investments		Debtors		
	22/23	23/24	22/23	23/24	22/23	23/24	22/23	23/24	
Amortised cost	0	0	90	79	18,022	6,915	3,096	3,504	10,497
<b>Total</b>	<b>0</b>	<b>0</b>	<b>90</b>	<b>79</b>	<b>18,022</b>	<b>6,915</b>	<b>3,096</b>	<b>3,504</b>	<b>10,497</b>

Financial liabilities	Non-current				Current				Total
	Borrowings		Creditors		Borrowings		Creditors		
	22/23	23/24	22/23	23/24	22/23	23/24	22/23	23/24	
Amortised cost	15,000	15,000	0	0	131	91	4,495	3,801	18,892
<b>Total</b>	<b>15,000</b>	<b>15,000</b>	<b>0</b>	<b>0</b>	<b>131</b>	<b>91</b>	<b>4,495</b>	<b>3,801</b>	<b>18,892</b>

Financial liabilities carried at contract amount valued at £3,801,000 are valued at cost. These relate to trading contracts between the council and its suppliers and represent the value of the transaction that has taken place.

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

	2023/24		2022/23	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
<b>Net gains/losses on:</b>	£000	£000	£000	£000
Financial assets measured at amortised cost	1,180	0	623	0
<b>Total net gains</b>	<b>1,180</b>	<b>0</b>	<b>623</b>	<b>0</b>
<b>Fee expense:</b>				
Financial assets or financial liabilities that are not at fair value through profit or loss	268	0	239	0
<b>Total fee expense</b>	<b>268</b>	<b>0</b>	<b>239</b>	<b>0</b>

## 6. Notes to the Core Financial Statements

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

Financial liabilities and financial assets represented by loans and receivables 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 (Public Works Loan Board) and other (material) loans payable, premature repayment rates from the PWLB would be applied to provide the fair value under PWLB debt redemption procedures. The Council currently has £15m in PWLB borrowing to be paid back over 40-50 years.
- 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 principal outstanding or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The table below includes investments held at fair value, fair value items are split into 3 levels:

Level 1 fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices.

Level 2 fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments.

Level 3 fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

The fair values calculated are as follows:

Fair values	2023/24		2022/23	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Trade creditors	3,801	3,801	4,495	4,495
Long Term Borrowing <sup>1</sup>	15,000	5,929	15,000	6,761
Short-Term Finance Lease Liability	41	41	40	40
Long-term Finance Lease Liability	50	50	91	91
<b>Total Financial Liabilities</b>	<b>18,893</b>	<b>9,822</b>	<b>19,626</b>	<b>11,387</b>
Money Market Loans <sup>2</sup>	6,915	6,915	12,150	12,150
Short Term Investments <sup>2</sup>	1,515	1,515	5,872	5,872
Short Term Debtors	3,504	3,504	3,096	3,096
<b>Total Financial Assets</b>	<b>11,934</b>	<b>11,934</b>	<b>21,118</b>	<b>21,118</b>

<sup>1</sup>The fair value of Long-term borrowing with the PWLB is valued using the new rates available as at 31 March 2024.

In addition to this, it is also possible to do a fair value calculation at a premature repayment again valued at 31 March 2024. Using this valuation method the fair value of the Long-term borrowing is £7.345m.

<sup>2</sup>The Money Market Loans and Short Term Investments are classified as level 1 in the fair value hierarchy.

# 6. Notes to the Core Financial Statements

## Nature and extent of risks arising from financial instruments and how South Staffordshire Council manages those risks

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets, and is structured to implement suitable controls to minimise these risks.

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

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice.
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution.
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
  - The Council's overall borrowing.
  - Its maximum and minimum exposures to fixed and variable rates.
  - Its maximum and minimum exposures to the maturity structure of its debt.
  - Its maximum annual exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 6 February 2024 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2023/24 was retained at £45m. This is the maximum limit of external borrowings or other long-term liabilities.
- The maximum amounts of fixed and variable interest rate exposure were set at £45m and £15m.

## 6. Notes to the Core Financial Statements

These policies are implemented by a central treasury team. The Council maintains written policies for overall risk management, as well as written policies (Treasury Management Practices (TMPs) covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. These TMP's are a requirement of the Code of Practice and are reviewed periodically.

### Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are made internally. The Council will maintain a list of the categories of counterparty with which it will place its funds for investment.

The criteria for providing a pool of high-quality investment counterparties (both Specified and Non-specified investments) can be found within the Annual Treasury Management Strategy on the Council Website.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and non-collectability over the last eight financial years, adjusted to reflect current market conditions:

Credit risk analysis	Amount at 31 March 2024	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2023	Estimated maximum exposure to default and uncollectability
	£000s	%	%	£000s
	A	B	C	(A X C)
Deposits with banks and financial institutions	6,913	0.00%	0.00%	0
Customers	3,504	7.38%	8.11%	284
	<b>10,417</b>			<b>284</b>

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

The £3,504,000 (relating to Customers in the above table) is made up of £819,000 Sundry Debtors, £831,000 Housing Benefit Overpayments, £2,896,000 for trade debtors less £1,042,000 Bad Debt Provision. The authority does not generally allow credit for customers, such that £683,000 of the £819,000 balance is past its due date for payment. The past due amount can be analysed by age as follows:

Ageing analysis	£000
30 Days	209
31-60 Days	16
61-90 Days	111
90 Days +	483
<b>Total overdue</b>	<b>819</b>

**Collateral** – During the reporting period the Council held no collateral as security.



# 6. Notes to the Core Financial Statements

## Liquidity risk

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

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

## Market risks

### Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in fixed and variable 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 borrowings 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 assets will fall (no impact on revenue balances).

The Council has a number of strategies for managing interest rate risk.

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

<b>Interest Rate risk</b>	<b>£000</b>
Increase in interest payable on variable rate borrowings	142
Increase in interest receivable on variable rate investments	(215)
<b>Impact on surplus or deficit on the provision of services</b>	<b>(73)</b>
Decrease in fair value of fixed rate investment assets	0
<b>Impact on other comprehensive income and expenditure</b>	<b>0</b>
Decrease in fair value of fixed rate borrowings liabilities (no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure)	9,071

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the note – Fair value of Assets and Liabilities carried at Amortised Cost.

# 6. Notes to the Core Financial Statements

## Price risk

The Council does not invest in equity shares. All of the investments made by Council officers are either in fixed-term fixed-rate cash deposits, the value of which does not fluctuate according to market conditions or in special bank deposit accounts or AAA rated money market funds.

The risk of exposure to market fluctuations is minimised in that sufficient funds are retained for investment by Council officers to cover any predicted immediate requirements for liquidity.

## Foreign exchange risk

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

## 14. Debtors

The debtors total provided in the Balance Sheet as at 31 March consists of the following major balances:

Debtors	2023/24	2022/23
	£000	£000
Trade receivables	1,132	1,301
Prepayments	583	235
Collection Fund (including provision for bad debts)	450	913
Other receivable amounts	3,132	2,259
<b>Total debtors</b>	<b>5,297</b>	<b>4,708</b>

## Debtors for local taxation

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	2023/24	2022/23
	£000	£000
<b>Council Tax</b>		
Less than one year	183	160
More than one year	216	188
<b>Non-domestic rates</b>		
Less than one year	291	132
More than one year	82	90
<b>Total</b>	<b>772</b>	<b>570</b>

# 6. Notes to the Core Financial Statements

## 15. Cash and cash equivalents

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

Cash and cash equivalents	2023/24	2022/23
	£000	£000
Cash held by the Authority	2	2
Bank Current Accounts	(487)	1,870
Call Accounts	7,000	15,000
Money Market Fund Accounts	400	1,150
<b>Total Cash and Cash Equivalents</b>	<b>6,915</b>	<b>18,022</b>

## 16. Creditors

The creditors total provided in the Balance Sheet as at 31st March consists of the following major balances:

Creditors	2023/24	2022/23
	£000	£000
Trade Payables	28	305
Accruals	2,937	3,277
Collection Fund	2,205	8,919
Other Payables	1,350	1,220
Government Grants	1,001	80
<b>Total Creditors</b>	<b>7,521</b>	<b>13,801</b>

In the previous year, there were exceptional short term creditor balances at year end due to the Council Tax Energy Rebate Grant and Energy Bills Support Scheme Grant. These grant schemes are now closed and unallocated funds have been returned.

Exceptional Short Term Creditor	2023/24	2022/23
	£000	£000
Council Tax Energy Rebate Grant	-	9
Energy Bills Support Scheme Grant	-	715
<b>Total Exceptional Creditors</b>	<b>-</b>	<b>724</b>

# 6. Notes to the Core Financial Statements

## 17. Provisions

Provisions are charged to the Comprehensive Income and Expenditure Statement at the point when it becomes probable that a transfer of economic benefit will be required. Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement. When expenditure is incurred to which the provision relates it is charged directly against the provision in the Balance Sheet.

Provisions	2023/24	2022/23
	£000	£000
<b>Balance at 1 April</b>	<b>888</b>	<b>931</b>
Additional provisions made in year	130	523
Amounts used in year	(497)	(566)
<b>Balance at 31 March</b>	<b>521</b>	<b>888</b>

The table below demonstrates how the provision is profiled between current and long-term liabilities on the Balance Sheet.

Provisions - Current and long-term liabilities	2023/24	2022/23
	£000	£000
Provision - Current liability	521	888
Provision - Long-term liability	0	0
<b>Balance at 31 March</b>	<b>521</b>	<b>888</b>

### Provisions

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 new arrangements for the retention of business rates came into effect on 1 April 2013.

In accordance with legislation South Staffordshire Council, as a billing authority which acts as an agent on behalf of the major preceptors and central government, is required to make provisions for their share of business rates appeals to refund ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This will include amounts relating to non-domestic rates charged to businesses in 2012-13 and earlier financial years.

These totalled £521,000

# 6. Notes to the Core Financial Statements

## 18. Usable Reserves

Movements in the Council's usable reserves are set out below and detailed on page 22 in the Movement in Reserves Statement.

### Capital Receipts Reserve

The balance on the usable capital receipts reserve can be used to finance capital expenditure whether or not an Authority is debt free. The balance on this account is therefore available to the Council.

Details of the transactions for 2023/24 are given below:

Usable Capital Receipts	2023/24	2022/23
	£000	£000
<b>Balance brought forward at 1 April 2023</b>	<b>4,112</b>	<b>5,708</b>
Net proceeds on sale of long-term assets	0	476
Applied to finance new expenditure	(528)	(2,072)
<b>Balance carried forward 31 March 2024</b>	<b>3,584</b>	<b>4,112</b>

### Capital Grants Unapplied

Capital contributions received are credited to this account and released when the scheme to which they relate is financed.

Capital Grants Unapplied	2023/24	2022/23
	£000	£000
<b>Balance brought forward 1 April 2023</b>	<b>1,278</b>	<b>965</b>
Government grants received in the year	537	408
Government grants applied	(375)	(95)
<b>Balance carried forward 31 March 2024</b>	<b>1,440</b>	<b>1,278</b>

# 6. Notes to the Core Financial Statements

## 19. Unusable Reserves

### Revaluation Reserve

The Revaluation Reserve records the accumulated gains on the long-term assets (at an individual level) held by the Council arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value). Whilst these gains arising from revaluations increase the net worth of the Council, they would only result in an increase in spending power if the relevant assets were sold and capital receipts generated. The balance is also reduced when assets with accumulated gains are used in the provision of services and the gains are consumed through depreciation and if the assets are revalued downwards or impaired and the gains are lost.

Revaluation Reserve	2023/24	2022/23
	£000	£000
<b>Balance brought forward at 1 April</b>	<b>16,058</b>	<b>17,550</b>
Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(1,487)	(2,201)
Upward revaluation of assets	1,775	1,079
Difference between fair value depreciation and historical cost depreciation	(105)	(128)
Disposal of fixed assets	0	(242)
<b>Balance carried forward 31 March 2024</b>	<b>16,241</b>	<b>16,058</b>

### Pensions reserve

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

Pensions reserve	2023/24	2022/23
	£000	£000
<b>Balance brought forward at 1 April</b>	<b>(11,294)</b>	<b>(31,433)</b>
Re-measurement of the net defined benefit liability	425	22,263
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	(2,174)	(4,272)
Employer's pensions contributions and direct payments to pensioners payable in the year	2,500	2,148
<b>Balance carried forward 31 March</b>	<b>(11,393)</b>	<b>(11,294)</b>

# 6. Notes to the Core Financial Statements

## Capital Adjustment Account

This Account accumulates (on the debit side) the write-down of the historical cost of long-term assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (Revenue Expenditure funded from Capital under Statute).

The balance on the Account thus represents timing differences between the amount of the historical cost of long-term assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

The account also contains revaluation gains accumulated on PPE before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

Capital Adjustment Account	2023/24	2022/23
	£000	£000
<b>Balance brought forward at 1 April</b>	<b>(513)</b>	<b>1,408</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>		
Charges for depreciation and impairment of non-current assets	(805)	(708)
Revaluation movements on PPE	(1,246)	(2,290)
Amortisation of intangible assets	0	0
Income in relation to donated assets	50	0
Revenue Expenditure funded from Capital under Statute	(996)	(2,739)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	(467)
	<b>(3,510)</b>	<b>(4,796)</b>
Adjusting amount written out of the revaluation reserve	105	370
<b>Capital financing applied in year</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	529	2,072
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to Capital Financing	1,595	1,051
Application of grants to capital financing from the Capital Grants Unapplied Account	375	95
Statutory provision for the financing of capital investment charged against the General Fund	519	408
Capital expenditure charged against General Fund	2,646	287
<b>Balance Carried Forward 31st March</b>	<b>2,259</b>	<b>(513)</b>

# 6. Notes to the Core Financial Statements

## Collection Fund Adjustment Account

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

Collection Fund Adjustment Account	2023/24	2022/23
	£000	£000
<b>Balance brought forward at 1 April</b>	<b>1,736</b>	<b>(450)</b>
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(107)	25
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(1,632)	2,161
<b>Balance carried forward 31 March</b>	<b>(3)</b>	<b>1,736</b>



# 6. Notes to the Core Financial Statements

## 20. Cash Flow Statement - operating activities

The cash flows for operating activities include the following items:

Cash Flow Statement - operating activities	2023/24	2022/23
	£000	£000
Interest received	(1,180)	(623)
Interest paid	268	239

### Reconciliation of net cash flows from operating activities to the surplus/deficit on the Provision of Services

The Surplus/Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement includes some transactions which do not result in cash flows, and others which are not classified as operating activities within the Cash Flow Statement (i.e. classified as investing or financing cash flows). The following table identifies these transactions and reconciles the Surplus/Deficit on the Provision of Services with the net cash flows from operating activities within the Cash Flow Statement.

Reconciliation of net cash flows from operating activities to the surplus/deficit on the provision of services	2023/24	2022/23
	£000	£000
<b>Surplus or deficit on the provision of services</b>	<b>(1,807)</b>	<b>5,317</b>
<b>Adjustments to the surplus/deficit on the provision of service for non-cash movements</b>		
Depreciation, Impairment & Downward Valuations	(2,051)	(2,998)
Amortisation	-	-
(Increase)/Decrease in Impairment for Bad Debts	(72)	75
(Increase)/Decrease in Creditors	7,050	4,233
Increase/(Decrease) in Debtors	671	1,186
Movement in pension liability	1,747	(2,906)
(Increase)/decrease in provisions	367	43
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	-	(7)
Other non-cash items charged to the net surplus or deficit on the provision of services	4,979	(4,173)
	<b>12,691</b>	<b>(4,547)</b>
Adjustments for items included in the surplus/deficit on the provision of services that are investing or financing activities	-	16
<b>Net cash flows from operating activities</b>	<b>10,884</b>	<b>786</b>

# 6. Notes to the Core Financial Statements

## 21. Cash Flow Statement - Investing Activities

Cash Flow Statement - Investing Activities	2023/24	2022/23
	£000	£000
Purchase of PPE, investment property and intangible assets	5,122	4,038
Purchase of short-term and long-term investments	-	10
Other payments for investing activities	-	(4)
Proceeds from the sale of property, plant & equipment, investment property and intangible assets	-	(476)
Proceeds from short-term & long-term investments	(10)	-
<b>Net cash flows from investing activities</b>	<b>5,112</b>	<b>3,568</b>

## 22. Cash Flow Statement - Financing Activities

Cash Flow Statement - Financing Activities	2023/24	2022/23
	£000	£000
Cash receipts of short and long term borrowing	-	-
Other receipts from financing activities	(4,929)	4,172
Cash payments for the reduction of the outstanding liabilities relating to finance leases	40	36
Other payments for financing activities	-	17
<b>Net cash flows from financing activities</b>	<b>(4,889)</b>	<b>4,225</b>

### Reconciliation of Liabilities arising from Financing Activities

The changes in liabilities arising from financing activities can be classified as follows:

	Long-term borrowings	Lease liabilities	Total
<b>As at 1 April 2023</b>	<b>(15,003)</b>	<b>(131)</b>	<b>(15,134)</b>
<b>Cash flows:</b> Repayment	0	40	40
<b>Cash flows:</b> Proceeds		-	-
<b>Non-cash:</b> Acquisition	-		0
<b>Non-cash:</b> Fair value	1		1
<b>As at 31 March 2024</b>	<b>(15,002)</b>	<b>(91)</b>	<b>(15,093)</b>

# 6. Notes to the Core Financial Statements

## 23. Expenditure and income analysed by nature

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

Expenditure	2023/24	2022/23
	£000	£000
Employee Related	11,912	12,605
Premises Related	1,637	1,302
Transport Related	257	272
Supplies and Services	7,059	7,667
Agency and Contract Services	12,953	12,689
Transfer Payments	15,393	14,833
Capital Financing Costs	805	708
Parish Precepts	2,614	2,420
Financing & Interest Payments	752	1,093
<b>Total Expenditure</b>	<b>53,382</b>	<b>53,589</b>
Income	2023/24	2022/23
	£000	£000
Grants and Contributions	(18,029)	(17,724)
Customer and Client Receipts	(13,258)	(10,903)
Net gains/losses on disposal of Non-current assets	0	(9)
Interest and Investment Income	(1,181)	(623)
Taxation and Non-Specific Grant Income	(22,721)	(19,013)
<b>Total Income</b>	<b>(55,189)</b>	<b>(48,272)</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(1,807)</b>	<b>5,317</b>

## 24. Members' allowances

The Council paid the following amounts to Members of the Council during the year:

Members allowances	2023/24	2022/23
	£000	£000
Allowances	<b>347</b>	382
Expenses	<b>0</b>	0
<b>Total paid</b>	<b>347</b>	382

# 6. Notes to the Core Financial Statements

## 25. Officers' remuneration

The Accounts and Audit (England) Regulations 2015 require Local Government bodies to produce a note specifying the number of employees whose total remuneration was £50,000 per year or more in that financial year, in bands of £5,000. Regulation 7 of the Accounts and Audit (England) Regulations 2015 [SI 2015 No.234] includes a legal requirement to increase transparency and accountability in Local Government for reporting remuneration of senior employees.

The Regulations require disclosure of the following:

- a. The number of employees whose total remuneration was £50,000 per year or more in that financial year, in bands of £5,000 (This replaces the Accounts and Audit (England) Regulations 2003 requirement).

Officers remuneration	2023/24	2022/23
	No. of Employees	No. of Employees
£150,000 - £154,999	1	0
£145,000 - £149,999	0	0
£140,000 - £144,999	0	1
£135,000 - £139,999	0	0
£130,000 - £134,999	0	0
£125,000 - £129,999	0	0
£120,000 - £124,999	0	0
£115,000 - £119,999	2	0
£110,000 - £114,999	1	0
£105,000 - £109,999	0	1
£100,000 - £104,999	0	2
£95,000 - £99,999	0	0
£90,000 - £94,999	0	1
£85,000 - £89,999	6	0
£80,000 - £84,999	0	4
£75,000 - £79,999	1	2
£70,000 - £74,999	0	1
£65,000 - £69,999	3	0
£60,000 - £64,999	5	2
£55,000 - £59,999	12	5
£50,000 - £54,999	6	11
<b>Total Employees</b>	<b>37</b>	<b>30</b>

# 6. Notes to the Core Financial Statements

b) The remuneration of **senior employees** earning over £50,000, is detailed below.

## Remuneration for Senior Employees 2023/24

Job Title	Salary (Including Fees and Allowances)	Benefits in Kind	Total (Excl. Pension Contributions)	Employer's Pension Contributions	Total (Incl. Pension Contributions)
	£	£	£	£	£
Chief Executive	126,460	963	127,423	27,568	154,991
Corporate Director Finance & Resource	24,774	0	24,774	5,176	29,950
Finance Director (S151 Officer)	47,764	508	48,272	10,413	58,685
Corporate Director of Place & Communities	93,677	963	94,640	20,422	115,062
Corporate Director Chief Operating Officer	94,772	1,148	95,920	20,660	116,580
Director Governance	91,688	1,239	92,927	19,988	112,915
Assistant Director Business Transformation & Digital Technology	71,404	1,239	72,643	15,566	88,209
Assistant Director Welfare Services	71,404	963	72,367	15,566	87,933
Assistant Director Community Services	71,404	963	72,367	15,566	87,933
Assistant Director Enterprise & Growth	71,404	963	72,367	15,566	87,933
Assistant Director Commercial Assets & Estates	47,555	637	48,192	10,367	58,559
Assistant Director Organisation and People Development	71,404	1,239	72,643	15,566	88,209
Assistant Director Partnerships	71,404	963	72,367	15,566	87,933
	<b>955,114</b>	<b>11,788</b>	<b>966,902</b>	<b>207,990</b>	<b>1,174,892</b>

## Remuneration for Senior Employees 2022/23

Job Title	Salary (Including Fees and Allowances)	Benefits in Kind	Total (Excl. Pension Contributions)	Employer's Pension Contributions	Total (Incl. Pension Contributions)
	£	£	£	£	£
Chief Executive	122,184	940	123,124	20,038	143,162
Corporate Director Finance & Resource	91,938	948	92,886	15,078	107,964
Corporate Director Infrastructure & Business Growth	86,615	963	87,578	14,205	101,783
Corporate Director Communities & Wellbeing	86,615	1,029	87,644	14,205	101,849
Director Legal & Governance	79,028	1,239	80,267	12,961	93,228
Assistant Director Business Transformation	68,030	1,239	69,269	11,157	80,426
Assistant Director Welfare Services	68,030	963	68,993	11,157	80,150
Assistant Director Community Services	68,030	963	68,993	11,157	80,150
Assistant Director Enterprise & Growth	68,030	962	68,992	11,157	80,149
Assistant Director Organisation and People Development	66,682	1,101	67,783	10,935	78,718
Assistant Director Partnerships	66,841	958	67,799	10,962	78,761
	<b>872,023</b>	<b>11,305</b>	<b>883,328</b>	<b>143,012</b>	<b>1,026,340</b>

## 6. Notes to the Core Financial Statements

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

(a) Exit package cost band (including special payments)	(b) No. of compulsory redundancies		(c) No. of other departures agreed		(d) Total number of exit packages by cost band [(b)+(c)]		(e) Total cost of exit packages in each band	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
							£000	£000
£0-£20,000	0	1	0	0	0	1	0	5
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>5</b>

## 26. External Audit costs

The authority has incurred the following costs in relation to the audit of the statement of accounts:

Audit fees	2023/24	2022/23
	£000	£000
External Audit Services - Accounts and Governance Works	161	58
Certification of grant claims and returns	32	21
<b>Total</b>	<b>193</b>	<b>79</b>

# 6. Notes to the Core Financial Statements

## 27. Grant Income

The Council credited the following grants to the Comprehensive Income and Expenditure Statement in 2023/24.

Grant Income	2023/24	2022/23
	£000	£000
<b>Credited to Taxation and Non-Specific Grant Income</b>		
Formula Grant	203	98
Lower Tier Services Grant	659	107
Services Grant	95	162
New Homes Bonus	0	499
Business Rates Relief (S31)	4,321	3,396
UK Shared Prosperity Fund	0	300
DLUHC Local Housing Fund	252	0
Getting Building Fund	655	0
Donated Asset	50	0
<b>Total</b>	<b>6,235</b>	<b>4,562</b>
<b>Credited to Services</b>		
Housing Benefit Subsidy	15,148	14,977
Localities (Replaced Community Safety Grant)	64	64
NNDR Admin Grant	113	104
New Burdens Fund	38	211
Section 31 Grant – Small Business Rates Relief	0	25
Elections - District	42	19
DWP Funding	209	139
Big Lottery	0	172
Preventing Homelessness	173	197
Preventing Homelessness – Ukraine Funding	59	0
Preventing Homelessness – Asylum Seekers	157	0
HMLR Grant	0	48
HA&F Grant	32	108
Disabled Facilities Grant	1,225	1,127
S106 Hazelbrook	0	32
COVID Grants	0	1
Support for Energy Bills	0	187
DEFRA Biodiversity	27	27
DEFRA Air Quality	23	0
Uk Shared Prosperity Fund	496	184
Local Government Cyber Security Resilience Grant	75	0
Modern Planning Software	100	0
Other Grant & Contributions (Under 20k)	48	102
<b>Total</b>	<b>18,029</b>	<b>17,724</b>

The Council has received 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 balance of Receipts in Advance is included on the Balance Sheet within Short Term Creditors.

# 6. Notes to the Core Financial Statements

## 28. Related Party Disclosures

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosures of these transactions allow readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. Related parties of a Local Authority include Central Government, other Local Authorities and Precepting Bodies, Pension Funds, Housing Associations, Members and Chief Officers:

- Central Government has significant influence 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). Details of other grants for specific projects or services are shown in note 11 and the Cash Flow Statement.
- Staffordshire County Council, Staffordshire Police Authority and Stoke-on Trent and Staffordshire Fire Authority issue precepts on the Council and these are shown in the Collection Fund. The County Council is the administering Authority for the Pension Fund and details of the employer's contributions paid by this Council are shown in note 32 Defined Benefit Pension Scheme.
- Precepting Bodies. Details of transactions with Precepting Bodies are detailed in the note 3 to the Collection Fund.
- Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2023/24 is shown in Note 24. The Council maintains a general register of members' interests. Members are required under the Members' Code of Conduct to register financial and other interests and a register is maintained by the Council's Monitoring Officer. The Code of Conduct also requires members to register personal and prejudicial interests in decisions taken by the Council. The Council formally nominates members to sit on outside bodies. Where grants, income and expenditure were made to these outside bodies they were awarded with proper consideration of declarations of interest and the relevant Members did not take part in any discussion or decision relating to the grant award. The total net value of payments made to outside or received from bodies in the last year with which members and officers were involved was £147,000.
- Chief Officers of the Council have control over the day-to-day management of the Council. The total of Chief Officer's remuneration paid in 2023/24 is shown in Note 25. Chief Officers are required to disclose personal interests with regard to contracts. All Chief Officers have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.



## 6. Notes to the Core Financial Statements

Amount of grant, expenditure and (income)	No. of Councillors declaring an involvement	Organisation	Amount of grant, expenditure and (income)	No. of Councillors declaring an involvement
2022/23	2022/23		2023/24	2023/24
£000			£000	
(7)	3	Codsall Parish Council	(16)	2
-	5	Perton Parish Council	(17)	3
(2)	1	Shareshill Parish Council	(2)	1
*	*	Veolia Environmental	215	1
(8)	6	Wombourne Parish Council	(21)	6
<b>(17)</b>	<b>10</b>	<b>Total</b>	<b>159</b>	<b>13</b>

\* There was no related party relationship in prior year.

In addition to the transactions detailed in the table about the Council also provides a payroll service to Cheslyn Hay Parish Council.

# 6. Notes to the Core Financial Statements

## 29. Capital Expenditure and Capital Financing

The total amount of capital expenditure (including the value of assets acquired under finance leases) incurred in 2023/24, and the methods of financing are detailed below.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used, the expenditure results in an increase in the Capital Financing Requirement (CFR). This is a measure of capital expenditure incurred historically by the Council that has yet to be financed.

<b>Capital financing requirement</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>
<b>Opening capital financing requirement</b>	<b>30,398</b>	28,148
<b>Capital expenditure</b>		
Property, plant and equipment	<b>5,073</b>	3,424
Intangible assets	<b>95</b>	0
Revenue expenditure funded from capital under statute	<b>996</b>	2,739
<b>Sources of finance</b>		
Capital Receipts	<b>(528)</b>	(2,072)
Government grants and other contributions	<b>(1,970)</b>	(1,146)
Direct Revenue Financing	<b>(2,646)</b>	(287)
Minimum Revenue Provision	<b>(519)</b>	(408)
<b>Closing capital financing requirement</b>	<b>30,899</b>	<b>30,398</b>
<b>Explanation of movements in year</b>		
Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	<b>501</b>	2,087
Assets disposed of under finance leases	<b>0</b>	163
<b>Increase/(decrease) in capital financing requirement</b>	<b>501</b>	2,250

# 6. Notes to the Core Financial Statements

## 30. Leases

### Council as lessee

#### Finance leases

During 2023/24, the Council had a total of seven vehicles used for litter, grounds maintenance and trees under finance leases. The assets acquired under these leases are carried under the asset heading of Vehicles and Equipment in the Balance Sheet at the following net amounts.

Asset Classification	2023/24	2022/23
	£000	£000
Vehicles, Plant, Furniture and Equipment	89	129

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

Finance Lease Liabilities (net present value of minimum lease payments)	2023/24	2022/23
	£000	£000
Current	41	40
Non-current	50	91
Finance costs payable in future years	3	6
<b>Minimum lease payments</b>	<b>94</b>	<b>137</b>

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

Aged Analysis	Minimum Lease Payments		Finance Lease Liabilities	
	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000
Not later than one year	43	43	41	40
Later than one year and not later than five years	51	94	50	91
Later than five years	0	0	0	0
	<b>94</b>	<b>137</b>	<b>91</b>	<b>131</b>

# 6. Notes to the Core Financial Statements

## Council as Lessor

### Operating Leases

The Council leases out property under operating leases for economic development purposes by providing business premises for rental.

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

	Minimum lease payments	
	2023/24	2022/23
	£000	£000
Not later than one year	2,300	2,020
Later than one year and not later than five years	2,771	3,305
Later than five years	123	301
	<b>5,194</b>	<b>5,626</b>

## 31. Termination benefits

The Council did not terminate any contracts of employment during 2023/24, incurring no liabilities (£5k in 2022/23).

# 6. Notes to the Core Financial Statements

## 32. Defined Benefit Pension Scheme

### Participation in pension schemes

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

The Council participates in the Local Government Pension Scheme administered by Staffordshire County Council. It is a funded defined benefit final salary scheme, meaning that both the Council and employees pay contributions into a fund. The level of contributions is calculated to balance the pension liabilities with investment assets. Changes to the scheme that affect the pension liabilities will result in a change to the level of contributions, as will fluctuations in the performance of the fund.

The Council also participates in 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 pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

### 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 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:

Further information can be found in Staffordshire County Council's Superannuation Fund's Annual Report, which is available upon request from the County Pensions Service, 2, Staffordshire Place, Tipping Street (telephone 01785 278222).

# 6. Notes to the Core Financial Statements

## Transactions relating to post-employment benefits recognised in the Comprehensive Income and Expenditure Statement

	2023/24	2022/23
	£000	£000
<b>Cost of services</b>		
Current service cost	1,690	3,418
Past service costs (including curtailments)	0	0
<b>Financing and investment income and expenditure</b>		
Interest income on scheme assets	(3,025)	(1,777)
Interest cost on defined benefit obligation	3,346	2,631
Interest on the effect of the asset ceiling	163	0
<b>Total post employment benefit charged to the surplus or deficit on the provision of services</b>	<b>2,174</b>	<b>4,272</b>
<b>Re-measurements of the net defined liability comprising:</b>		
Return on plan assets excluding amounts included in net interest	4,984	(2,987)
Actuarial losses arising from changes in demographic assumptions	411	2,142
Actuarial losses arising from changes in financial assumptions	4,064	36,310
Other experience	(2,240)	(9,765)
Changes in the effect of the asset ceiling	(7,644)	(3,437)
<b>Total remeasurements recognised in other comprehensive income and expenditure</b>	<b>(425)</b>	<b>22,263</b>
<b>Total post-employment benefit charged to the comprehensive income and expenditure statement</b>	<b>1,749</b>	<b>17,991</b>
<b>Movement in Reserves Statement</b>		
<b>Reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the code</b>	<b>2,174</b>	<b>4,272</b>
<b>Employers' contributions payable to the scheme</b>		
<b>Actual amount charged against the general fund balance for pensions in the year:</b>		
Employers' contributions payable to scheme	(2,500)	(2,148)
	<b>(2,500)</b>	<b>(2,148)</b>

# 6. Notes to the Core Financial Statements

## Pensions Assets and Liabilities Recognised in the Balance Sheet

South Staffordshire's assets within the Pension Fund are greater than funded obligations (an accounting surplus). The Accounting Standard restricts the amount of surplus that can be disclosed (i.e. the asset ceiling), recognising the inability of the Council to obtain full economic benefit of the calculated surplus by way of either a refund or reduced future Pension Fund contributions. The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit scheme is as follows.

Scheme liabilities	2023/24	2022/23
	£000	£000
Fair value of employer assets	72,327	63,081
Present Value of Funded Liabilities	(70,109)	(69,947)
Impact of Asset Ceiling	(11,244)	(3,437)
Present value of unfunded liabilities	(946)	(991)
<b>Net liability arising from defined benefit obligation</b>	<b>(9,972)</b>	<b>(11,294)</b>

In the absence of the Asset Ceiling, the Pension Fund would have been £1.272m in surplus

Reconciliation of the movements in fair value of scheme assets	2023/24	2022/23
	£000	£000
Opening fair value of scheme assets	63,081	66,272
Interest income	3,025	1,777
<b>Re-measurement gain</b>		
Return on plan assets excluding amounts included in net interest	4,984	(2,987)
Contributions from employers	3,825	1,275
Contributions from employees into the scheme	528	476
Other	0	(1,126)
Benefits paid	(3,116)	(2,606)
<b>Closing fair value of scheme assets</b>	<b>72,327</b>	<b>63,081</b>
Reconciliation of present value of scheme liabilities (defined benefit obligation)	2023/24	2022/23
	£000	£000
Opening fair value of scheme liabilities	74,375	96,923
Current service cost	1,690	3,418
Past service costs (including curtailments)	0	0
Interest cost	3,509	2,631
Contributions from scheme participants	528	476
<b>Re-measurement gain</b>		
Actuarial gains/losses arising from changes in demographic assumptions	(411)	(2,142)
Actuarial gains/losses arising from changes in financial assumptions	(4,064)	(36,310)
Other	2,240	8,639
Asset Ceiling Adjustment	7,644	3,467
Benefits paid	(3,212)	(2,697)
<b>Closing fair value of scheme liabilities</b>	<b>82,299</b>	<b>74,375</b>

# 6. Notes to the Core Financial Statements

## Pension scheme assets comprised:

Asset category	Period ended 31 March 2024				Period ended 31 March 2023			
	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of total 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>								
Consumer	1,958.6	0	1,958.6	3	2,123.7	0	2,123.7	3
Manufacturing	975.9	0	975.9	1	1,733.1	0	1,733.1	3
Energy and Utilities	445.4	0	445.4	1	476.0	0	476.0	1
Financial Institutions	2,657.5	0	2,657.5	4	2,260.5	0	2,260.5	4
Health & Care	2,002.7	0	2,002.7	3	2,387.0	0	2,387.0	4
Information Technology	3,198.7	0	3,198.7	4	2,745.3	0	2,745.3	4
<b>Debt securities:</b>								
Corporate bonds (investment grade)	5,384.0	0	5,384.0	7	3,705.7	0	3,705.7	6
<b>Private equity:</b>								
All	0	3,806.5	3,806.5	5	0	3,283.6	3,283.6	5
<b>Real estate:</b>								
UK property	0	5,338.9	5,338.9	7	0	5,307.2	5,307.2	8
<b>Investment funds and unit trusts:</b>								
Equities	32,774.6	0	32,774.6	46	31,481.6	0	31,481.6	48
Bonds	5,676.0	0	5,676.0	8	4,147.7	0	4,147.7	6
Hedge Funds	0	0	0	0	0	24.4	24.4	0
Infrastructure	0	3,143.2	3,143.2	4	0	176.5	176.5	0
Other	0	3,789.0	3,789.0	5	0	3,041.3	3,041.3	5
<b>Cash and cash equivalents:</b>								
All	1,176.0	0	1,176.0	2	2,597.6	0	2,597.6	4
<b>Totals</b>	<b>56,249</b>	<b>16,078</b>	<b>72,327</b>	<b>100</b>	<b>54,439</b>	<b>11,833</b>	<b>66,272</b>	<b>100</b>



# 6. Notes to the Core Financial Statements

## 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. Assumptions have been made about mortality rates, rates of inflation, the rate of increase in salaries etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Estimates are based on the latest full valuation of the scheme as at 31st March 2024, projected forwards to 31st March 2025. The next full valuation is due for April 2026.

The significant assumptions used by the actuary are set out below:

Mortality rates	2023/24		2022/23	
	Males	Females	Males	Females
<b>Longevity at 65 for:</b>				
Current pensioners	21.4 years	24.2 years	21.4 years	24.5 years
Future pensioners	21.9 years	25.7 years	21.9 years	26.0 years

Financial assumptions	2023/24	2022/23
	%p.a.	%p.a.
Inflation/pension increase rate	<b>2.75%</b>	<b>2.95%</b>
Salary increase rate	<b>3.25%</b>	<b>3.45%</b>
Discount rate	<b>4.85%</b>	<b>4.75%</b>

Investment returns	
Actual returns from 1 April 2023 to 31 March 2024	12.6%
<b>Total Returns from 1 April 2023 to 31 March 2024</b>	<b>12.6%</b>

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below, based on reasonably possible changes to 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 assumes 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 cost method. The methods and types of assumptions used in preparing the sensitivity analysis below have not changed from those used since 2013/14.

## 6. Notes to the Core Financial Statements

Change in assumptions at 31 March 2024	Approximate % increase to defined benefit obligation	Approximate monetary amount
		£000
0.1% decrease in real discount rate	2%	1,308
1 year increase in member life expectancy	4%	2,842
0.1% increase in the salary increase rate	0%	60
0.1% increase in the pension increase rate	2%	1,273

### Impact on the Council's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 21 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed 31st March 2026.

The scheme takes account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the act, the Local Government Pension Scheme in England and Wales may not provide benefits in relation to services after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability (when adjusted for the asset ceiling) of £9.972 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary; and
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The Council anticipates paying contributions of £1,763,000 to the scheme in 2024/25.

# 6. Notes to the Core Financial Statements

## 33. Contingent assets and liabilities

A contingent liability needs to be declared where the Council is aware of a matter that may have a financial impact, but the exact amount of possible liability involved cannot be accurately determined or liability is contested.

Contingent assets are sums due from individuals or organisations that may arise in the future but for which the amount due cannot be determined in advance. These are not recognised in the accounts. They are disclosed as a note to the accounts as there is a possible receipt, which may result in a transfer of economic benefits.

### Contingent assets

There are no contingent assets to disclose in 2023/24.

### Contingent liabilities

The Council is in discussions with its tax advisors in relation to the possibility that the Council could be liable for any past failure to properly deduct Construction Industry tax payments due on invoices where:

- i) The contractor does not hold 'gross payment status and
- ii) The contractor is not up to date on its tax affairs and/or is no longer trading.

At this stage it is not possible to determine if a liability will arise, nor if it does, the extent of the cost. However, an Earmarked Reserve has been set aside to cover a reasonable early estimate of potential costs.

# 6. Notes to the Core Financial Statements

## 34. Prior Period Adjustment

As a result of changes to the Councils organisational restructure during 2023/24 the Code of Practice on Local Authority Accounting requires parts of the presentation of accounts to be re-stated for 2022/23. So that the user can make a reasonable comparison from one year to the next last year's CIES and EFA have been restated to show how they would have looked under the current reporting structure for 2022/23. These changes are detailed in the table set out below.

The changes to the report structure have no impact on the balance sheet, so an adjustment to this is not required.

### Comprehensive Income and Expenditure Statement

	2022/23 Original				2022/23 (Re-stated)		
	Exp	Inc	Net		Exp	Inc	Net
Cabinet Area	£000	£000	£000	Cabinet Area	£000	£000	£000
Business Transformation	1,709	(4)	1,705	Business Enterprise and Community Infrastructure	7,723	(1,371)	6,352
Community Services	13,165	(5,542)	7,623	Community Services	12,139	(5,523)	6,616
Partnership Services	13,275	(4,406)	8,869	Corporate Services	3,883	(509)	3,374
Regulatory	960	(286)	675	Digital Transformation and Estate Management	6,048	(3,482)	2,566
Planning	2,163	(1,172)	991	Regulatory Services	1,546	(572)	974
Welfare	18,805	(17,218)	1,587	Welfare Services	18,738	(17,170)	1,568
<b>Cost of Service</b>	<b>50,077</b>	<b>(28,628)</b>	<b>21,450</b>	<b>Cost of Service</b>	<b>50,077</b>	<b>(28,627)</b>	<b>21,450</b>

# 6. Notes to the Core Financial Statements

## Expenditure Funding Analysis – Original

Expenditure Funding Analysis 2022/23	Net Expenditure for resource management	Adjustment to arrive at the amount chargeable to the General Fund	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
Business Transformation	1,562	(89)	1,473	232	1,705
Community Services	5,294	(320)	4,974	2,649	7,623
Partnership Services	2,217	4,763	6,980	1,889	8,869
Planning	760	(58)	702	289	991
Regulatory	544	0	544	130	674
Welfare Services	1,338	(33)	1,305	282	1,587
Net Cost of Services	11,715	4,263	15,978	5,471	21,449
Other Income and Expenditure	(9,294)	(4,805)	(14,095)	(2,037)	(16,132)
<b>(Surplus) or Deficit on provision of services</b>	<b>2,421</b>	<b>(539)</b>	<b>1,882</b>	<b>3,434</b>	<b>5,317</b>
<b>Opening General Fund Balance</b>			<b>17,548</b>		
<b>Less (Surplus) / Deficit on General Fund</b>			<b>1,882</b>		
<b>Closing General Fund Balance (incl Earmarked)</b>			<b>15,666</b>		

# 6. Notes to the Core Financial Statements

## Expenditure Funding Analysis – Re-stated

Expenditure Funding Analysis 2022/23	Net Expenditure for resource management	Adjustment to arrive at the amount chargeable to the General Fund	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
Business Enterprise and Community Infrastructure	765	5,547	6,312	40	6,352
Community Services	4,395	(213)	4,182	2,434	6,616
Corporate Services	3,232	681	3,913	(539)	3,374
Digital Transformation and Estate Management	(10)	(498)	(508)	3,074	2,566
Regulatory Services	676	108	784	190	974
Welfare Services	891	404	1,295	272	1,568
Net Cost of Services	9,949	6,029	15,978	5,471	21,449
Other I&E	(7,528)	(6,568)	(14,095)	(2,037)	(16,132)
<b>(Surplus or Deficit on provision of Services)</b>	<b>2,421</b>	<b>(539)</b>	<b>1,882</b>	<b>3,434</b>	<b>5,317</b>
<b>Opening General Fund Balance</b>			<b>17,548</b>		
<b>Less (Surplus)/ Deficit on General Fund</b>			<b>1,882</b>		
<b>Closing General Fund Balance Including Earmarked Reserves)</b>			<b>15,666</b>		

# 6. Notes to the Core Financial Statements

## Note to the Expenditure and Funding Analysis (Original)

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2022/23	2022/23 Adjustment for capital purposes	2022/23 Net charge for the pension adjustment	2022/23 Other differences	2022/23 Total adjustments
Business Transformation	89	142	0	231
Community Services	2,026	622	0	2,648
Partnership Services	2,272	(303)	(78)	1,890
Planning	(32)	321	0	289
Regulatory	0	130	0	130
Welfare Services	(75)	358	0	282
Net Cost of Services	4,279	1,270	(78)	5,471
Other income and expenditure from the EFA	(704)	854	(2,187)	(2,037)
<b>Difference between General Fund surplus or deficit and CIES surplus or deficit on the provision of services</b>	<b>3,575</b>	<b>2,124</b>	<b>(2,265)</b>	<b>3,434</b>

## Note to the Expenditure and Funding Analysis (Re-stated)

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2022/23	2022/23 Adjustment for capital purposes	2022/23 Net charge for the pension adjustment	2022/23 Other differences	2022/23 Total adjustments
Business Transformation	(332)	372	0	40
Community Services	1,831	602	0	2,433
Partnership Services	2	(462)	(78)	(538)
Planning	2,854	220	0	3,074
Regulatory	0	190	0	190
Welfare Services	(75)	348	0	272
Net Cost of Services	4,279	1,270	(78)	5,471
Other income and expenditure from the EFA	(704)	854	(2,187)	(2,037)
<b>Difference between General Fund surplus or deficit and CIES surplus or deficit on the provision of services</b>	<b>3,575</b>	<b>2,124</b>	<b>(2,265)</b>	<b>3,434</b>

# 6. Notes to the Core Financial Statements

In addition to this, changes in the way that IAS19 is reported in the accounts have been updated following audit and publication of the 2022/23 as a result further prior period adjustments are required to the CIES, balance sheet and MiRs statement. This impact on these statements is detailed on page 97.

In arriving at a consensus of the appropriate treatment of pensions/ assets under IFRIC14, the auditors identified additional past service costs under the asset ceiling approach. In addition to altering the balance sheet to account for this change in 2023/24 consistent application of this requirement also impacts upon the previously reported 2022/23 accounts.

The impact of the revised approach is shown in the suite of Prior Period Adjustments as applied to the Core Statements with the alterations made highlighted as;

## **Comprehensive Income and Expenditure Statement**

The remeasurement of the Net Defined Pension Liability is restated as (£22.263m), previously (£25.700m).

Consequent to above, Total Comprehensive Income and Expenditure is (£15.824m), previously (£19.261m).

## **Balance Sheet**

The 2022/23 Pensions Liability is restated as £11.294m (previously £7.857m).

The 2022/23 Pensions Reserve is restated as £11.294m (previously £7.857m).

## **Movement in Reserves Statement**

Unusable Reserves at end 2022/23 total £5.8956m (previously £9.293m) taking account of the above.



# 6. Notes to the Core Financial Statements

## Original CIES

	<i>Other Operating Expenditure</i>		
2,340	Parish precepts		2,420
(7)	Nat gains/losses on disposal of non-current assets		(9)
922	Financing and Investment Income and Expenditure	<i>Note 10</i>	470
(19,260)	Taxation and Non-specific grant income	<i>Note 11</i>	(19,013)
<b>8,112</b>	<b>(SURPLUS)/Deficit on provision of services</b>		<b>5,317</b>
<b>(3,393)</b>	<b>(SURPLUS) on revaluation of non-current assets</b>		<b>1,122</b>
0	(SURPLUS) on revaluation of available for sale assets	<i>Note 13</i>	0
(13,300)	Re-measurement of net defined benefit/liability		(25,700)
(16,693)	OTHER COMPREHENSIVE INCOME AND EXPENDITURE		(24,578)
<b>(8,581)</b>	<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>		<b>(19,261)</b>

## Restated CIES

	<i>Other Operating Expenditure</i>		
2,340	Parish precepts		2,420
(7)	Nat gains/losses on disposal of non-current assets		(9)
922	Financing and Investment Income and Expenditure	<i>Note 10</i>	470
(19,260)	Taxation and Non-specific grant income	<i>Note 11</i>	(19,013)
<b>8,112</b>	<b>(SURPLUS)/Deficit on provision of services</b>		<b>5,317</b>
<b>(3,393)</b>	<b>(SURPLUS) on revaluation of non-current assets</b>		<b>1,122</b>
0	(SURPLUS) on revaluation of available for sale assets	<i>Note 13</i>	0
(13,300)	Re-measurement of net defined benefit/liability		(22,263)
(16,693)	OTHER COMPREHENSIVE INCOME AND EXPENDITURE		(21,141)
<b>(8,581)</b>	<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>		<b>(15,824)</b>

# 6. Notes to the Core Financial Statements

## Balance Sheet

	Note	31/03/23 £000
<b>Property Plant and Equipment</b>	12	
Land and Buildings		42,445
Vehicles and Equipment		1,848
Infrastructure		107
Community Assets		1,369
Surplus Assets		51
Assets under construction		0
<b>Heritage Assets</b>		
Civic Regalia		122
Long-Term Debtors	13	80
<b>TOTAL LONG-TERM ASSETS</b>		<b>46,022</b>
Assets Held For Sale	34	0
Short Term Debtors	14	4,708
Cash and Cash Equivalents	15	18,022
<b>TOTAL CURRENT ASSETS</b>		<b>22,730</b>
Short Term Creditors	16	(13,801)
Exceptional Short Term Creditors	16	(724)
Provisions	17	(888)
Finance Lease Liability	13,30	(40)
<b>TOTAL CURRENT LIABILITIES</b>		<b>(15,453)</b>
Long-Term Creditors		(3)
Provision	17	0
Long term Borrowing	13	(15,000)
Pensions Liability	32	(7,857)
Finance Lease Liability		(91)
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>(22,951)</b>
<b>NET ASSETS</b>		<b>30,348</b>
<b>Usable Reserves</b>		
General Fund		8,672
Earmarked Reserves	9	6,994
Capital Receipts Reserve	18	4,112
Capital Grants Unapplied	18	1,278
<b>TOTAL USABLE RESERVES</b>		<b>21,055</b>
<b>Unusable Reserves</b>		
Revaluation Reserve	19	16,058
Pensions Reserve		(7,857)
Capital Adjustment Account	19	(513)
Collection Fund Adjustment Account	19	1,736
Accumulated Absences Account		(131)
<b>TOTAL UNUSABLE RESERVES</b>		<b>9,293</b>
<b>TOTAL RESERVES</b>		<b>30,348</b>

# 6. Notes to the Core Financial Statements

## Restated Balance Sheet

	Note	31/03/23 £000
<b>Property Plant and Equipment</b>	12	
Land and Buildings		42,445
Vehicles and Equipment		1,848
Infrastructure		107
Community Assets		1,369
Surplus Assets		51
Assets under construction		0
<b>Heritage Assets</b>		
Civic Regalia		122
Long-Term Debtors	13	80
<b>TOTAL LONG-TERM ASSETS</b>		<b>46,022</b>
Assets Held For Sale	34	0
Short Term Debtors	14	4,708
Cash and Cash Equivalents	15	18,022
<b>TOTAL CURRENT ASSETS</b>		<b>22,730</b>
Short Term Creditors	16	(13,801)
Exceptional Short Term Creditors	16	(724)
Provisions	17	(888)
Finance Lease Liability	13,30	(40)
<b>TOTAL CURRENT LIABILITIES</b>		<b>(15,453)</b>
Long-Term Creditors		(3)
Provision	17	0
Long term Borrowing	13	(15,000)
Pensions Liability	32	(11,294)
Finance Lease Liability		(91)
<b>TOTAL LONG-TERM LIABILITIES</b>		<b>(26,388)</b>
<b>NET ASSETS</b>		<b>26,911</b>
<b>Usable Reserves</b>		
General Fund		8,672
Earmarked Reserves	9	6,994
Capital Receipts Reserve	18	4,112
Capital Grants Unapplied	18	1,278
<b>TOTAL USABLE RESERVES</b>		<b>21,055</b>
<b>Unusable Reserves</b>		
Revaluation Reserve	19	16,058
Pensions Reserve		(11,294)
Capital Adjustment Account	19	(513)
Collection Fund Adjustment Account	19	1,736
Accumulated Absences Account		(131)
<b>TOTAL UNUSABLE RESERVES</b>		<b>5,856</b>
<b>TOTAL RESERVES</b>		<b>26,911</b>

# 6. Notes to the Core Financial Statements

## Previous Movement in Reserves Statement

2022/23	General Fund*	Capital Receipts Reserves	Capital Grants Unapplied	Total Usable Reserves	Total Un-usable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2022</b>	<b>(17,548)</b>	<b>(5,708)</b>	<b>(965)</b>	<b>(24,222)</b>	<b>13,135</b>	<b>(11,087)</b>
<b>Movement in Reserves during 2022/23</b>						
(Surplus) or deficit on provision of services	5,317	0	0	5,317	0	5,317
Other Comprehensive Income and Expenditure	0	0	0	0	(24,578)	(24,578)
Total Comprehensive Income and Expenditure	5,317	0	0	5,317	(24,578)	(19,261)
Total Adjustment between accounting basis and funding basis under regulations (Note 8)	(3,434)	1,596	(313)	(2,151)	2,151	0
(Increase)/Decrease in Year	1,882	1,596	(313)	3,166	(22,427)	(19,261)
<b>Balance at 31 March 2023 carried forward</b>	<b>(15,666)</b>	<b>(4,112)</b>	<b>(1,278)</b>	<b>(21,055)</b>	<b>(9,293)</b>	<b>(30,348)</b>

## Restated Movement in Reserves Statement for 2022/23 and 2023/24 opening balances

2022/23	General Fund*	Capital Receipts Reserves	Capital Grants Unapplied	Total Usable Reserves	Total Un-usable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2022</b>	<b>(17,548)</b>	<b>(5,708)</b>	<b>(965)</b>	<b>(24,222)</b>	<b>13,135</b>	<b>(11,087)</b>
<b>Movement in Reserves during 2022/23</b>						
(Surplus) or deficit on provision of services	5,317	0	0	5,317	0	5,317
Other Comprehensive Income and Expenditure	0	0	0	0	(21,141)	(21,141)
Total Comprehensive Income and Expenditure	5,317	0	0	5,317	(21,141)	(15,824)
Total Adjustment between accounting basis and funding basis under regulations (Note 8)	(3,434)	1,596	(313)	(2,151)	2,151	0
(Increase)/Decrease in Year	1,882	1,596	(313)	3,166	(18,990)	(15,824)
<b>Balance at 31 March 2023 carried forward</b>	<b>(15,666)</b>	<b>(4,112)</b>	<b>(1,278)</b>	<b>(21,055)</b>	<b>(5,856)</b>	<b>(26,911)</b>

# 7. Supplementary financial statements

2022/23	Collection fund	2023/24		
		Council Tax	NNDR	Total
£000		£000	£000	£000
	<b>INCOME</b>			
(76,561)	Council Tax payers	(80,782)		(80,782)
(25,395)	Income from business ratepayers (Note 1)		(29,023)	(29,023)
<b>(101,956)</b>	<b>TOTAL INCOME</b>	<b>(80,782)</b>	<b>(29,023)</b>	<b>(109,805)</b>
	<b>EXPENDITURE</b>			
	<b>Precepts</b>			
54,743	Staffordshire County Council	58,273		58,273
9,711	Office of Police and Crime Commissioner Staffordshire	10,321		10,321
3,138	Staffordshire and Stoke on Trent Fire and Rescue	3,336		3,336
5,092	South Staffordshire	5,361		5,361
2,420	Parishes	2,614		2,614
	<b>Business Rates</b>			
11,087	Payments to Government		10,169	10,169
2,167	Payment to Staffordshire County		2,267	2,267
219	Payment to Fire and Rescue		252	252
13,803	Payment to South Staffordshire		16,548	16,548
104	Cost of collection		116	116
	<b>Bad and Doubtful Debts</b>			
140	Provisions	486	182	668
(223)	Write offs	(235)	(35)	(270)
71	<b>Provision for appeals</b>		(917)	(917)
(6,487)	<b>Transfer of collection fund surplus/(deficit)</b>	1,694	4,841	6,535
<b>95,985</b>	<b>TOTAL EXPENDITURE</b>	<b>81,852</b>	<b>33,423</b>	<b>115,275</b>
<b>(5,970)</b>	<b>Deficit/(surplus) for the year</b>	<b>1,070</b>	<b>4,400</b>	<b>5,470</b>
	<b>Collection Fund Balance</b>			
(954)	Balance brought forward at 1 April	(3,020)	(3,903)	(6,923)
(5,970)	Deficit/(surplus) for the year	1,070	4,400	5,470
<b>(6,924)</b>	<b>Balance carried forward at 31 March</b>	<b>(1,950)</b>	<b>497</b>	<b>(1,453)</b>
	<b>Allocated to:</b>			
(1,863)	South Staffordshire	(194)	199	5
(2,553)	Staffordshire County Council	(1,423)	45	(1,378)
(390)	Office of Police and Crime Commissioner Staffordshire	(252)		(252)
(165)	Staffordshire and Stoke on Trent Fire and Rescue	(81)	5	(76)
<b>(4,971)</b>	<b>Total (Excluding Central Government)</b>	<b>(1,950)</b>	<b>249</b>	<b>(1,701)</b>
(1,952)	Central Government		248	248
<b>(6,923)</b>		<b>(1,950)</b>	<b>497</b>	<b>(1,453)</b>

# 8. Notes to the Collection Fund

## 1. Non-domestic rates (Income from business rate payers)

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

Local authorities retain a proportion of the total collectable rates. South Staffordshire Council's local share is 40%. The remaining 60% is split between Central Government (50%), Staffordshire County Council (9%) and Stoke-on-Trent and Staffordshire Fire and Rescue Authority (1%).

The total Non-Domestic Rateable value in the South Staffordshire area as at 31 March 2024 was £84.983 million (£71.049 million as at 31 March 2023). The National Rate set by the government was 49.9p for qualifying small businesses and 51.2 for all other businesses (49.9p and 51.2 respectively in 2022/23).

In April 2019 South Staffordshire Council became part of a 75% pilot business rates pool which was managed by Cannock District Council. The financial benefit of belonging to the pool is that tariff authorities like South Staffordshire do not have to pay a levy on business rates growth to central government. Instead, the levy is retained by the pool partly to support local infrastructure projects and partly for redistribution to member authorities.

# 8. Notes to the Collection Fund

## 2. Council Tax base

The Council's tax base is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted into an equivalent number of Band D properties. A collection rate of 99% has been assumed in the calculation of the tax base.

The council tax base for 2023/24 is 39,608.54 (39,066.18 in 2022/23).

In 2013/14, the local government finance regime was revised, and Council Tax Benefit is no longer received by the Council. This has been replaced by a Council Tax Reduction Scheme which is administered in each Authority.

The tax base for 2023/24 was calculated as follows:

Figures are estimates used for setting tax for 2023/24	No. of dwellings in 2023/24 (adj. for discounts)	Ratio	No. of Band D equivalent properties
Band A* (qualifying for disabled relief)	13.86	5/9	7.70
Band A	4,361.96	6/9	2,907.97
Band B	8,216.40	7/9	6,390.53
Band C	9,918.70	8/9	8,816.62
Band D	6,695.96	9/9	6,695.96
Band E	5,061.28	11/9	6,186.01
Band F	3,308.93	13/9	4,779.57
Band G	2,306.86	15/9	3,844.77
Band H	189.75	18/9	379.50
<b>Total</b>	<b>40,073.69</b>		<b>40,008.63</b>
Other adjustments			(400.09)
<b>Total Band D equivalents</b>			<b>39,608.54</b>

# 8. Notes to the Collection Fund

## 3. Precepts

The following authorities have made a significant precept or demand on the Collection Fund of the Council:

Precepting Authority	2023/24	2022/23
	£000	£000
Staffordshire County Council	58,273	54,743
Office of the Police and Crime Commissioner	10,321	9,711
South Staffordshire District Council	5,361	5,092
Stoke-on-Trent and Staffordshire Fire Authority	3,337	3,139
Parish Councils	2,614	2,420
	<b>79,906</b>	<b>75,105</b>



## 8. Notes to the Collection Fund

Details of the individual Parish precepts are set out below:

Precepting Authority	2023/24	2022/23
	£000	£000
Acton Trussell, Bednall and Teddesley Hay	30,000	28,000
Bilbrook	97,500	92,000
Blymhill and Weston-under-Lizard	6,500	6,000
Bobbington	5,385	5,125
Brewood	175,232	168,485
Cheslyn Hay	223,143	212,130
Codsall	194,494	187,266
Dunston with Coppenhall	4,620	4,400
Enville	7,370	7,270
Essington	146,041	140,000
Featherstone	102,046	93,236
Great Wyrley	206,179	196,361
Hatherton	28,900	18,900
Hilton	6,240	6,240
Himley	11,500	11,250
Huntington	96,000	92,000
Kinver	162,134	153,975
Lapley, Stretton and Wheaton Aston	121,926	115,561
Lower Penn	17,170	16,560
Pattingham and Patshull	46,209	46,209
Penkridge	270,000	270,000
Perton	225,000	215,000
Saredon	21,240	20,621
Shareshill	24,103	24,103
Swindon	18,200	18,200
Trysull and Seisdon	35,070	32,150
Wombourne	331,843	238,736
	<b>2,614,045</b>	<b>2,419,778</b>

# 8. Notes to the Collection Fund

## 4. Provisions for doubtful debts and for valuation appeals

### Provision for Council Tax doubtful debts

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

Provision for Council Tax doubtful debts	2023/24	2022/23
	£000	£000
<b>Balance at 1 April</b>	<b>1,164</b>	<b>1,222</b>
Net increase/(decrease) in provision	<b>251</b>	<b>(58)</b>
<b>Balance at 31 March</b>	<b>1,415</b>	<b>1,164</b>

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

Provision for Council Tax doubtful debts – South Staffordshire	2023/24	2022/23
	£000	£000
<b>Balance at 1 April</b>	<b>116</b>	<b>123</b>
Net increase/(decrease) in provision	<b>25</b>	<b>(7)</b>
<b>Balance at 31 March</b>	<b>141</b>	<b>116</b>

### Provision for Business Rates doubtful debts

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

Provision for Business Rates doubtful debts	2023/24	2022/23
	£000	£000
<b>Balance at 1 April</b>	<b>356</b>	<b>380</b>
Net increase/(decrease) in provision	<b>148</b>	<b>(24)</b>
<b>Balance at 31 March</b>	<b>504</b>	<b>356</b>

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

Provision for Business Rates doubtful debts – South Staffordshire	2023/24	2022/23
	£000	£000
<b>Balance at 1 April</b>	<b>142</b>	<b>152</b>
Net increase/(decrease) in provision	<b>59</b>	<b>(10)</b>
<b>Balance at 31 March</b>	<b>201</b>	<b>142</b>

## 8. Notes to the Collection Fund

### Non domestic rates – provision for appeals

The Collection Fund account also provides a provision for appeals against rateable values set by the Valuation Office Agency (VOA) not settled as at 31st March 2024. The provision has been increased in 2023/24 to reflect experience in year. This experience is used to inform likely levels of future refunds.

Non domestic rates - provision for appeals	2023/24		2022/23	
	£000	£000	£000	£000
<b>Balance at 1 April</b>		<b>2,220</b>		<b>2,149</b>
- Amount charged to provision	<b>(1,242)</b>		<b>(1,237)</b>	
- Change in provision (charged to collection fund)	<b>325</b>		<b>1,308</b>	
Net increase/(decrease) in provision		<b>(917)</b>		<b>71</b>
<b>Balance at 31 March</b>		<b>1,303</b>		<b>2,220</b>

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

Non domestic rates - provision for appeals - South Staffordshire	2023/24	2022/23
	£000	£000
<b>Balance at 1 April</b>	<b>888</b>	<b>860</b>
Net increase/(decrease) in provision	<b>(367)</b>	<b>28</b>
<b>Balance at 31 March</b>	<b>521</b>	<b>888</b>

# 9. Annual Governance Statement 2023/24

## 9. Annual Governance Statement 2023/24

### 1. Introduction

South Staffordshire Council is committed to improving governance on a continuing basis through a process of evaluation and review in accordance with the Council's governance framework.

Each year the Council is required to produce an Annual Governance Statement (AGS) by the Accounts and Audit (England) Regulations 2015 to be published alongside the Statement of Accounts. The AGS is in accordance with the Guidance issued by Chartered Institute of Public Finance and Accountancy (CIPFA) – Delivering Good Governance in Local Government – issued in 2016. There were no changes to the legal framework or CIPFA guidance for this year.

The key purposes of the governance framework are to ensure that:

- business is conducted in accordance with the law and proper standards,
- public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility,
- proper arrangements for the governance of its affairs, and that
- there are effective arrangements for the management of risk.

The AGS sets out how the corporate governance arrangements have been working and the effectiveness of the systems of internal control during the year. It also sets out any key changes during the financial year up to the date of approval of the Annual Financial Report. This AGS will be formally considered at the meeting of the Council's Audit and Risk Committee on 27 June 2024.

### 2. The Principles of Governance

South Staffordshire Council's governance framework derives from six core principles identified in Delivering Good Governance in Local Government.

The publication defines governance as:

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

It goes on to state that:

*To deliver good governance in the public sector both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while 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.*

# 9. Annual Governance Statement 2023/24

The guidance sets out 6 key principles

- a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- b) Ensuring openness and comprehensive stakeholder engagement.
- c) Defining outcomes in terms of sustainable economic, social and environmental benefits.
- d) Determining the interventions necessary to optimise the achievement of the intended outcomes.
- e) Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- f) Managing risks and performance through robust internal control and strong public financial management.

# 9. Annual Governance Statement 2023/24

## 3. How do we know that our arrangements are working?

Set out below are the measures in place to measure how we are performing against these key principles and any issues identified from the measures in place.

Core Principles from the CIPFA Framework	Assurances required	Sources of assurance	Review of effectiveness
<p>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p> <p>Ensuring openness and comprehensive stakeholder engagement</p> <p>Defining outcomes in terms of sustainable economic, social and environmental benefits</p> <p>Determining the interventions necessary to optimise the achievement of the intended outcomes -</p> <p>Developing the entity's capacity, including the capability of its leadership and the individuals within it</p> <p>Managing risks and performance through robust internal control and strong public financial management</p>	<p>Delivery of and communication of the Council Plan</p> <p>Quality services are delivered efficiently and effectively</p> <p>Clearly defined roles and functions</p> <p>Management of risk</p> <p>Effectiveness of internal controls</p> <p>Compliance with laws, regulation, internal policies and procedures</p> <p>Value for money and efficient management and resources</p> <p>High standards of conduct and behaviours</p> <p>Public accountability</p> <p>Published information is accurate and reliable</p> <p>Implementation of previous governance issues</p>	<p>The Constitution and internal delegations</p> <p>Council, Cabinet and Committees</p> <p>Audit and Risk Committee</p> <p>Scrutiny including Overview and Scrutiny and Asset Scrutiny Panel</p> <p>Standards and Resources Committee</p> <p>Internal and External Audit</p> <p>Corporate and Extended Leadership Team</p> <p>Council Plan</p> <p>Medium Term Financial Strategy</p> <p>Capital Strategy</p> <p>Codes of Conduct</p> <p>Integrated Performance Management Framework</p> <p>HR policies and procedures</p> <p>Whistleblowing and anti-fraud policies</p>	<p>External Audit Report – opinion</p> <p>Annual Internal Audit Report – substantial assurance</p> <p>Annual Statement of Accounts</p> <p>Local Government Ombudsman Report – no upheld complaints against the Council in 2022/2023</p> <p>Scrutiny reports – including reports from the Asset Scrutiny Panel</p> <p>Residents' survey</p> <p>Annual Governance Statement</p> <p>Staff Surveys</p> <p>LGA Peer Review Report</p>

# 9. Annual Governance Statement 2023/24

## **Principle A) - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

The standards of conduct and personal behaviour expected of Members and officers are defined and communicated through Codes of Conduct, protocols and the Council's constitution. Arrangements are in place to ensure that officers and members are made aware of what is expected of them and details on how to make a complaint are set out clearly on the Council's website.

Importantly the Council's Standards and Resources Committee meets regularly and receives regular updates on conduct complaints. The Standards and Resources Committee promotes and maintains high standards of conduct by members proactively and deals with any allegations that a Member is in breach of the Council's Code of Conduct. The Council adopted a revised Code of Conduct in May 2022 and training for all members was provided post May 2023 elections. Further training will be held in Summer 2024.

A key part of the remit of this Committee is overseeing responsibility for the recently reviewed policy on Comments, Compliments and Complaints, and our Customer Promise, this includes receiving reports on the complaints and comments made by residents and others and the lessons learned as a result. The Committee receives all copies of reports from the Ombudsman and also receives updates to every meeting on any substantial cases. Members have the opportunity to input into mitigation measures required following a complaint and to track compliance with any Ombudsman recommendations.

The Standards and Resources Committee Chairman reports to Council on matters arising from the Committee.

The Council has an Anti-Money Laundering policy in place, as well as a Whistleblowing policy; both of these policies were reviewed in 2021/22 and approved at the January 2022 meeting of the Standards and Resources Committee; the policies are due for review in 2024 and will be reported through to the committee. The Council revised its Counter Fraud and Corruption Policy in October 2023.

The Section 151 Officer confirms that the Council's financial management arrangements conform with the governance requirements of the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Financial Officer in Local Government (2010). The Section 151 Officer is undertaking a review of financial management compliance with standards in 2024/25.

# 9. Annual Governance Statement 2023/24

## **Principle B) Ensuring openness and comprehensive stakeholder engagement**

The Council continues to engage with the community and partners individually and collectively to demonstrate that it delivers services and outcomes that meet the needs and expectations of the public. Community engagement features strongly in the new Council Plan and the well-established Locality+ operating model of the Council is integral to how the Council seeks to operate and deliver services. An operational partnership group now meets on a regular basis and a joint delivery plan is in place. A Community Safety Group also meets on a regular basis.

All Council meetings are open to the public except where personal or confidential matters are discussed; all main meetings are recorded and the recordings made available on the Council's YouTube channel with a link to this on the Council's website. All public agendas and minutes are placed on the Council's website, along with the Council's policies and strategies. The website was refreshed in 2022 with greater accessibility tools and improved search function, ensuring improved access for residents. However, the website is subject to continuous review and refresh to ensure it provides the functionality required. The Council continues to use Social Media to get the message out as to what is taking place at relevant Committees and also by sharing a weekly note with Parish Councils (which they in turn share with their communities) as to what is happening at the Council this week. This is in addition to the Council's newspaper, the South Staffordshire Review, published digitally twice yearly and sent to residents via the Gov.Delivery platform.

It should be noted that a clear statement of the Council's purpose and vision was set out in the Council Plan 2020-2024. This plan, was agreed by Council in March 2020; this set out the Council's vision, its approach and its priorities:

- **Prosperous Communities.**
- **Vibrant Communities.**

2023/24 was the final year of the Council Plan and a new plan was produced for the 2024-2028 period. The new plan was approved by Council in March 2024. The Council's vision is a place of vibrant communities, deliver by four over-arching priorities:

- **Financial Stability**
- **Economic Growth**
- **Sustainable Environment**
- **Empowering Our Communities.**

The themes of strong finances, strong council and strong communities from the 2020-2024 Council Plan are continued in the new plan.

Alongside the development of the new Council Plan, a comprehensive review of the performance framework was undertaken in early 2024. There is a move away from the old system of performance targets and to a more community focused approach, concentrating on the outcomes for our communities and performance indicators that have real meaning and impact. It is envisaged that these will develop and adjust over the Council Plan period. Engagement with our communities to develop and refine these indicators will be undertaken.



# 9. Annual Governance Statement 2023/24

## **Principle C) Defining outcomes in terms of sustainable economic, social and environmental benefits**

In addition to the approach taken on Council Plan outcomes detailed above the Council has in place a number of other ways in which it defines the outcomes for its communities. The impact of the cost of living continues to be closely monitored by the Council and as with last year's AGS, the Council has seen an increased call on welfare and support services. The Council has accommodated this increased demand and adjusted service provision accordingly.

The Council reviewed and continues to do so, the support made available to our residents and businesses to ensure economic and other benefits. Building on the strong position developed as a result of Covid recovery and the ten point plan for recovery in the economic development area put in place, support for businesses and residents continues to be a strength of the Council. There is the South Staffordshire Business Partnership and Ambassador programme which hosts events across the district. Like all of the Council plans and policies, environmental impacts are integrated into the plan. Again, this has been recognised in the new Council Plan, with economic growth one of the four priorities.

Alongside the response to the challenges and changes faced, financial stability continues to be a priority for the Council. A balanced budget for a three year period continues to be maintained. It is however a challenging time and the Council is aware that significant issues and challenges lie ahead; the Resource Planning and Prioritisation (RPP) process provides a continuous process that ensures this remains at the forefront. The adoption of the RPP process has fed into the formal budget and council tax setting process with members being involved throughout, from early engagement in July 2023 through to adoption of the budget in February 2024. This process, and engagement of members, will continue in 2024/25.

The Council incorporates all elements of performance management into one integrated approach. This is reported to Cabinet on a quarterly basis and to Overview and Scrutiny Committee on half-yearly basis, with an annual report to Council. This provides effective member oversight on all key issues including budget, performance and risk. In 2023/24 the Council reviewed the IPM and sought to make it truly integrated. Work on this will continue into 2024/25, alongside the development and fine-tuning of the performance measures as mentioned above. In addition, new national performance measures have been introduced by the Government, with the introduction of the Office for Local Government (OFLOG) and a suite of performance indicators. These will be incorporated into the Council's performance reporting alongside the local measures. In 2024 the Council will also be required to produce a Productivity Plan and submit this to central government.

The senior leadership of the council holds Challenge Boards across key areas to ensure oversight and ownership; for example a Waste Challenge Board has been established to review the proposals to address the changes to new waste legislation and the new waste collection contract that is currently being worked through.

# 9. Annual Governance Statement 2023/24

## **Principle D) - Determining the interventions necessary to optimise the achievement of the intended outcomes**

The approach to performance management is detailed above. A key part of this is the role of Scrutiny by members through the 3 Scrutiny Committees namely Overview and Scrutiny Committee, Wellbeing Select Committee and the Asset Scrutiny Panel. Informal scrutiny and member engagement takes place via the Member Working Groups with a more flexible approach than the formal scrutiny committees – ensuring these important member groups have the opportunity to be involved in and shape key issues for the Council and residents.

Following the positive 2022 Corporate Peer Challenge undertaken by the Local Government Association (LGA), a progress review was undertaken in July 2023. The follow-up report commented positively on the progress made by the Council against the action plan arising from the original review. The full report can be seen [here](#).

The Council has a learning culture, seeking to take examples of best practice and build on these within the existing positive environment. The Council takes opportunities to learn from others including engaging with Peer Reviews at other authorities, and taking part in the IESE Council of the Year events.

## **Principle E) - Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The Council has looked to develop a workforce that looks to do things differently in order to meet both the financial challenges we face and to further strengthen our communities; the approach is one of continuous challenge and change. A key element is the Council's Resource Planning and Prioritisation process (RPP). Whilst structured on an annual basis to tie-in with budget setting, the RPP process is a continual one with regular meeting between CLT and the Assistant Directors to track and challenge progress and issues throughout the year. In addition, the Assistant Directors have undertaken a piece of work mapping the key deliverables and how these interact across the Council to ensure forward planning minimises any potential negative impacts and maximises the benefits. This was originally termed a 'pinch points' exercise but has expanded and developed to incorporate the service priorities across the Council, feeding into service planning. This is a continuous process with Assistant Directors meeting regularly to review and refresh. This approach has proven successful with service areas planning key events and resources accordingly, taking into account the impacts across other service areas.

The Evolution Programme has been introduced to continue to provide operational clarity of direction over the next four years. The Programme builds on the culture and environment of the council and sets out four key operational strands.

The Council remains committed to developing its staff and has a comprehensive Workforce Strategy which seeks to align workforce plans with our RPP model, providing strategic direction for workforce planning. Following on from ELT, senior leadership coaching has been held with Team Managers and Assistant Team Managers, proving both popular and effective both in terms of skills development but also enhancing working relationships across teams. Alongside this, there is a Wellbeing Strategy addressing and expanding the support offered to staff. Hybrid working is in place and this is both attractive to potential employees and also popular with existing staff.

# 9. Annual Governance Statement 2023/24

## Ways of working:

*Doing things differently*

- Workforce strategy
- Resilience
- Employer of choice
- Culture shift

## Focused delivery areas:

*Business design and community engagement*

- Business partnership
- Asset strategy
- Localities+
- Digital enablement strategy
- Climate change strategy

## Data and intelligence:

*Maximising the use of locality data sets*

- Use of locality data sets to complement how we operate
- Performance Management

## Place Partnership:

*Who's best placed to deliver*

- Build on existing partnerships
- Influence and shape South Staffordshire as a place
- Community leadership role
- Influencing economic drivers
- Locality 3

Members receive a monthly communications note from the Leader of the Council and regular communications from the Chief Executive and CLT on key matters. There is a bespoke weekly news round-up distributed by email to all members, capturing key events and news items of interest to members. The CEO meets with Group Leaders on a quarterly basis and the Leader of Council and Deputy Leader weekly and is joined by CLT colleagues.

Ward walks, giving members the opportunity to raise local issues and strategic matters with members of CLT were undertaken in Summer 2023. Arising from the ward walks, the capacity to undertake public realm improvement works was increased with the introduction of a new grounds maintenance team specifically to tackle the local issues raised by ward members. In late Winter/ early Spring 2024, virtual ward walks were held, giving members the opportunity to continue those conversations. This pattern of in-person and virtual ward walks will continue in 2024/25 and beyond.

Training for members has continued in key areas such as planning and Code of Conduct. The training for members is co-ordinated by a panel of members known as the Member Engagement and Training Group; this meets regularly and reviews and challenges the training provided for members. Post the May 2023 election, a comprehensive member induction and training programme, with LGA support, was put in place; ensuring members were equipped to undertake their role and to ensure sound decision making. The programme was reviewed in late Autumn 2023, including undertaking a member survey, and feedback used to shape the planning programme for 2024.

# 9. Annual Governance Statement 2023/24

In a staff survey undertaken in 2023 96% of staff surveyed would recommend the council as a place to work. This was an increase from the 93% from the 2022 survey.

The Council remains committed to a One Team One Council approach to development, performance management and recruitment of staff and that the key five values of trust: transparency, positive relationships, listening to people and pride are embedded into the organisation.

In 2023/24 the Council:

- **Commenced the next round of the Aspire programme - for developing future talent and for being your best self**
- **Continued the 'Ways of working' supported by training programme**
- **Continued to consider the recruitment of apprentices where possible**

The Council seeks to be an Employer of Choice and has a number of offers in this area including, flexible working patterns, hybrid working, career development support, employee benefits scheme, generous leave entitlement and wellbeing resource hub.

Alongside staff development the Council prioritises member engagement and development focusing on three key areas:

- **Information - sharing information with members in a timely and effective way**
- **Engagement - Members have a clear focus of local priorities through the ongoing development of locality working and a number of mechanisms are in place to ensure engagement with officers**
- **Training - Members are kept up to date on key topical areas through regular training opportunities**

## **Principle F) - Managing risks and performance through robust internal control and strong public financial management**

The Council considers and counters risk across a broad range of areas supported by an approved risk management approach. As part of good governance risk management is built into the Integrated Performance Management Framework alongside budget management and performance. These reports are taken by the Council's Corporate Leadership Team to Cabinet for its approval. Although the monitoring and reporting of risks was well-established, it was recognised in 2023 that the risk management system needed review in order to be truly integrated and reflect the current risk appetite of the Council. This has been undertaken in early 2024 and will be embedded over the coming months. This revised approach will further enhance the Council's robust internal controls.

Reports on risk are also taken regularly to the Council's Audit & Risk Committee.

The Audit & Risk Committee met regularly during the year to consider regular reports from internal audit on systems reviews, quarterly risk management reports from the responsible s.151 officer and the Annual External Audit report.

# 9. Annual Governance Statement 2023/24

The Internal Audit section has delegated responsibility for monitoring the effectiveness of systems of internal control, beyond the merely financial, and plays an important role in the Council's risk management processes. The audit plan is based upon formal risk assessment methodologies and is approved by the Audit and Risk Committee each year. Audit reports, including assessments of the adequacy of controls and recommendations for improvements, are sent to the responsible officers and the Audit and Risk Committee. Recommendations must be either accepted, with an appropriate action plan, or rejected with reasons given. Regular reviews follow up on the implementation of agreed recommendations.

The Audit & Risk Committee receives regular reports on the work of Internal Audit. Where specific problems are found the manager will be called to attend the Audit & Risk Committee to explain the situation and present their plans for improvement. This will be followed up in a subsequent report by Internal Audit. Audit and Risk Committee have requested further reporting back of issues where they have considered this necessary, evidencing the effectiveness of arrangements in this area.

As set out above regular reports are brought to Cabinet on compliance with the budget during the year, as part of the integrated Performance Management Framework. This is in addition to the approach taken on setting the budget, where all members have been involved at an early stage in the budget setting process. As part of the RPP process Cabinet and all members are engaged at an early stage with briefings on key issues, risks and opportunities undertaken from July; this is then followed by a more detailed session in late Autumn setting out options and budget implications. This then feeds into the formal budget setting process which takes place in February.

In 2021 the Council entered into a shared service arrangement with Staffordshire County Council for its internal audit function. This gives greater resilience and provides a wide pool of expertise and experience benefiting the council going forward. This has proved successful with no issues around service delivery or assurance being raised.

In 2023, the Council appointed new External Auditors; changing from Grant Thornton to Azets. Having had the same external auditors for a number of years, the Council has embraced this change, seeing it as an opportunity for fresh challenge and engagement with a new team.

A full review of Risk Management is being undertaken in 2024/25 to strengthen the Council's position and give assurance on the effectiveness in this area.

# 9. Annual Governance Statement 2023/24

## 4. Review of effectiveness

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

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

The process that has been applied in maintaining and reviewing the system of governance includes the following elements:-

- **Governance and monitoring of the constitution** - The Council's Monitoring Officer is responsible for governance and reviewing the Constitution on a regular basis in order to ensure that it continues to operate effectively – this has taken place on a number of occasions including the annual review which went to Annual Council on 7 May 2024. A number of changes were made at the annual review including the introduction of specific rules for budget motions.

No significant issues have been identified.

- **Scrutiny and challenge** - Self-regulation is key to the Local Government performance management framework in England - ultimately the Council is responsible for its own performance. This takes place internally through the Corporate and Extended Leadership Team and through members. It is clear that there is regular and careful scrutiny of the Council's performance against its targets. A key part of this is through the formal scrutiny process but also through the Member Working Groups. Overview & Scrutiny has provided a method for members to look at key areas including performance against the priorities. This has helped inform the approach taken by Cabinet, officers and wider partners.

No significant issues have been identified.

- **Audit functions**

**External audit** - A critical part of this framework is the role of external audit providing advice and challenge where appropriate including supporting the training programme for members. It is pleasing to note that an unqualified opinion on the accounts was again provided last year. The Council has also received a positive report on its arrangements to secure value for money, with one improvement recommendation around performance information.

**Financial arrangements** - The Section 151 Officer confirms that the Council's financial management arrangements conform with the governance requirements of the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Financial Officer in Local Government (2010).

**Internal audit** - In 2023/24 the internal audit service carried out 19 reviews and of these:

- 14 were rated **Substantial Assurance**;
- 3 were rated **Adequate Assurance**;
- 0 were rated **Limited Assurance**;
- 2 were not rated as they were **advisory**.

# 9. Annual Governance Statement 2023/24

The overall conclusion of the Chief Internal Auditor was that there was substantial assurance.

Of the nine High Level Audit recommendations outstanding from 2022/23 six remain in progress as at June 2024 and details of these have been reported to the Audit & Risk Committee on 27 June 2024.

In terms of the limited assurance reports, these are circulated to members of the Audit and Risk Committee, prior to presentation at the Committee. Immediate steps have been put in place to address the issues raised or are in progress. The officers responsible will be attending the Committee meetings to explain the response and will be reporting back to future Committee meetings on the steps taken. As stated above there is a robust process in place to ensure that high level recommendations are implemented and this will continue.

The Counter Fraud and Corruption policy was reviewed in 2023 and was approved by Audit and Risk Committee on 3 October 2023.

**Conduct - Standards** - The Standards and Resources Committee retains oversight of Code of Conduct issues.

The Monitoring Officer has no significant issues to raise

## 5. Conclusion

The Review of Effectiveness has found the arrangements for the Governance Framework to be fit for purpose.

The following action points have been identified:

- Implementation of High-Level recommendations made in 2023/24
- Review of the Anti-Money Laundering and Whistleblowing policies in Autumn 2024
- Implementation of the External Audit recommendation on internal audit of performance information

These will be addressed in 2024/2025 and reports will be brought to the Audit & Risk Committee on progress during the year.



Kath Perry MBE  
Leader of the Council

6 February 2025



Dave Heywood  
Chief Executive

6 February 2025

# 10. Independent Auditor's report

## Independent auditor's report to the members of South Staffordshire Council

### Report on the Audit of the Financial Statements

#### Opinion on financial statements

We have audited the financial statements of South Staffordshire Council (the 'Council') for the year ended 31 March 2024, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom', as required by the Code of Audit Practice 2024 ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Finance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Director of Finance's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report.



# 10. Independent Auditor's report

## **Other information**

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information contained within the Statement of Accounts. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Matters on which we are required to report by exception under the Code of Audit Practice**

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the "Code of Audit Practice"), we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in respect of the above matter.

## **Opinion on other matters required by the Code of Audit Practice**

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the audited financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Responsibilities of the Director of Finance**

As explained in the Statement of responsibilities, the Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance. The Director of Finance is responsible for the preparation of the Council's Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government to cease the provision of the services provided by the Council. The Director of Finance is required to comply with the requirements set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# 10. Independent Auditor's report

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISA's (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtain and update our understanding of the Council, its activities, control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Council is complying with that framework. We determined that the most significant legal and regulatory frameworks that are applicable to the Council, which are directly linked to specific assertions in the financial statements, are those related to the financial reporting frameworks. These include The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Finance Acts of 1988, 1992 and 2012, and international accounting standards, as interpreted and adapted by the Code of practice on local authority accounting in the United Kingdom 2023/24. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the Council that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management, internal audit, and those charged with governance concerning the Council's operations, the key policies and procedures, and the establishment of internal controls to mitigate risks related to fraud and non-compliance with laws and regulations, together with their knowledge of any actual or potential litigation and claims and actual, suspected and alleged fraud;
- Reviewing minutes of meetings of the Council and those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the Council's financial statements and the operations of the Council through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management bias and override of controls, including testing of high-risk journal entries and other adjustments for appropriateness, including evaluating the rationale of any significant transactions outside the normal course of business and reviewing key accounting estimates including property plant and equipment valuations and defined benefit pension valuations for indicators of potential bias;
- Other audit procedures responsive to the risk of fraud, non-compliance with laws and regulation or irregularity and
- Assessing whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. We concluded that more experienced audit team members needed to be allocated to perform work on the significant risks identified and engaged audit specialists to support our work on defined benefit pension valuations and property, plant and equipment valuations.

We also communicated potential non-compliance with laws and regulations, including potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# 10. Independent Auditor's report

## Report on other legal and regulatory matters

Reports in the public interest or use of other statutory powers

Under the Code of Audit Practice, we are required to report to you if, in the course of or at the conclusion of the audit, we:

- issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014;
- make a written recommendation to the Council under section 24 of the Local Audit and Accountability Act 2014;
- make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above matters.

## Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in this respect.

## Responsibilities of the Council

As explained in the Statement of responsibilities, the Council is required to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets. The Council is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

## Auditor's responsibilities for the review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements.' When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance: how the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Council has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary which will be included in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

# 10. Independent Auditor's report

## Delayed certificate

We cannot formally conclude the audit and issue an audit certificate for South Staffordshire Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice 2024 (the "Code") until we have completed all our responsibilities mandated by the Code.

- Our Whole of Government Accounts work for the year ended 31 March 2024, as mandated under the National Audit Office's group instructions, is currently outstanding.

We are satisfied that this work does not have a material effect on the financial statements, or on our conclusion on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources for the year ended 31 March 2024.

## Use of our report

This report is made solely to the members of the Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Council's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the members of the Council as a body, for our audit work, for this report, or for the opinions we have formed.

*Paul Grady*

Paul Grady, Key Audit Partner

for and on behalf of Azets Audit Services, Local Auditor  
London

6 February 2025

# 11. Glossary of terms

## 10. Glossary of Terms

We have followed CIPFA's Code of Practice on Local Authority Accounting in Great Britain in putting together our statement of accounts for 2021/22. We have adopted the terms detailed below.

### Accounting period

This is the length of time represented by the Statement of Accounts. It is normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

### Accrual

This is one of the main accounting concepts and ensures that income and expenditure are shown in the accounting period that they are earned or incurred, not as money is received or paid.

### Amortisation

This is a charge made to the revenue account each year that reflects the reduction in the value of intangible long-term assets used to deliver services.

### Asset

An asset is something that an organisation owns that has a monetary value. Assets are either 'current' or 'long-term'.

- A current asset is one that will be used or cease to have material value by the end of the next financial year.
- A long-term asset provides an organisation with benefits for a period of more than one year.

### Audit of accounts

An audit is an examination by an independent expert of an organisation's financial affairs to check that the relevant legal obligations and codes of practice have been followed.

### Balance Sheet

The Balance Sheet is a financial statement that summarises an organisation's assets, liabilities and other balances at the end of each accounting period.

# 11. Glossary of terms

## **Budget**

A budget is a financial statement that expresses an organisation's service delivery plans and capital programmes in monetary terms.

## **Capital adjustment account**

This reflects the difference between the cost of long-term assets consumed and the capital financing set aside to pay for them.

## **Capital charges**

This is a charge made to an organisation's revenue accounts to reflect the cost of utilising long-term assets in the provision of services.

## **Capital expenditure**

This is expenditure for the acquisition of a long-term asset that will be used to provide services beyond the current accounting period or expenditure that adds value to an existing long-term asset.

## **Capital financing**

This term describes the various sources of money used to pay for capital expenditure. Those that are applicable to South Staffordshire Council are usable capital receipts, capital grants, capital contributions and earmarked reserves.

## **Capital financing requirement**

This is a summary of the effect of the financing and affordability decisions taken by the Council. It measures the Council's underlying need to borrow as a result of capital investment.

## **Capital programme**

This is a financial summary of the capital schemes that the Council intends to carry out over a specified time period.

# 11. Glossary of terms

## Capital receipt

A capital receipt is the income that results from the sale of land or property. The Government decides the proportion of each capital receipt that can be used to finance new capital expenditure. Capital receipts cannot be used to fund revenue services.

## Cash and cash equivalent

Cash is represented by cash in hand and on demand deposits. Cash equivalents are short-term, highly liquid investments readily convertible to known amounts of cash.

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period.

## CIPFA

These letters stand for the Chartered Institute of Public Finance and Accountancy.

## Collection Fund

A separate fund recording the expenditure and income relating to council tax and non-domestic rates.

## Community assets

This is the land and property South Staffordshire Council intends to own forever. They generally have no determinable useful life and there are often restrictions regarding their sale. Examples of South Staffordshire's community assets are Baggeridge Country Park and associated open spaces.

## Componentisation

This is where an item of property, plant and equipment with a cost that is significant in relation to the total cost shall be depreciated separately. Componentisation is applied for depreciation purposes on enhancement, acquisition expenditure and revaluations.

# 11. Glossary of terms

## **Comprehensive Income and Expenditure Account**

This shows the cost in the year of the Council providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. The taxation position is shown in the Movement in Reserves Statement.

## **Consistency**

This is one of the fundamental accounting concepts. It requires accountants to treat similar items of income and expenditure the same way - both within an accounting period and from one accounting period to the next.

## **Creditor**

This is the amount of money the Council owes to others for goods and services that were supplied in the accounting period but not paid for at the financial year end.

## **Debtor**

This is the amount of money that is owed to the Council for goods and services that were provided during the accounting period but the income was not received at the financial year end.

## **Depreciation**

This is a charge made to the revenue account each year that reflects the reduction in the value of land, property or equipment used to deliver services.

## **Expenditure and Funding Analysis**

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



# 11. Glossary of terms

## **Finance lease**

This is a lease where it is judged that substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee (the Council).

## **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another. The term 'financial instrument' covers both financial assets and liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables (debtors) and trade payables (creditors) and the most complex ones such as derivatives and embedded derivatives.

## **Government grants**

These are grants made by the Government towards either revenue or capital expenditure to help with the cost of providing services and capital projects. Some Government grants have restrictions on how they may be used whilst others are for general purpose.

## **Heritage assets**

A heritage asset is an asset that is either tangible or intangible and is held principally for its contribution to knowledge or culture.

## **Housing (ACT) advances**

These are loans that the Council has previously made to individuals to help fund the cost of constructing, acquiring or improving homes. Loans to individuals are termed mortgages.

## **Housing benefits**

This is the national system for providing financial assistance to individuals towards certain housing costs. South Staffordshire Council administers the scheme for South Staffordshire residents. The Government subsidises the cost of this service.

# 11. Glossary of terms

## **IFRS**

International Financial Reporting Standards advise the accounting treatment and disclose requirements of transactions so that a Council's accounts 'present fairly' the financial position of the Council. The Code of Practice on Local Authority Accounting in the United Kingdom has adopted these standards for financial statements produced from 2010/11.

## **Impairment**

This is a reduction in the value of a long-term asset as shown in the Balance Sheet to reflect its true value.

## **Income**

This is the money that the Council receives or expects to receive from any source including fees, charges, sales, grants and interest.

## **Intangible asset**

This is a non-monetary asset that is without physical substance, for example software.

## **Inventories (formally 'Stocks')**

These are items of stores that the Council has purchased to use on a continuing basis but remain unused at the financial year end.

## **Investment property**

A property used solely to earn rentals and/or for capital appreciation.

# 11. Glossary of terms

## Liability

This is a sum of money that the Council owes to third parties at the Balance Sheet date. There are several types of liability

- A current liability is a sum of money that will or may be payable during the next accounting period. Examples include creditors or cash overdrawn.
- A long-term liability is a sum of money that is not payable until after the next accounting period or is paid off over a number of accounting periods.

## Materiality

This is one of the main accounting concepts. It ensures that the statement of accounts includes all the transactions that, if omitted, would lead to a significant distortion of the financial position at the end of the accounting period.

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council.

## Non-domestic rate

This is a national scheme for collecting contributions from businesses towards the cost of local government services. Each business property has a rateable value. The Government determines how much a business has to pay per £ of rateable value each year.

## Non-operational assets

These are long-term assets owned by the Council that it does not directly occupy or use in the delivery of services. Examples are investment properties or assets that are surplus to requirement. South Staffordshire Council does not classify any of its assets as non-operational.

## Operating lease

This is a lease where the ownership of a long-term asset and the risks and rewards incidental to ownership of said asset remain with the lessor (third party).

# 11. Glossary of terms

## **Operational assets**

These are the long-term assets owned by the Council that it occupies or uses to deliver services.

## **Precept**

This is the levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

## **Provision**

This is a sum of money that has been put aside in the accounts for liabilities or losses that are due but where the amount due or the timing of the payment is not known with any certainty.

## **Prudence**

This is one of the main accounting concepts. It ensures an organisation only includes income in its accounts if it is sure it will receive the money.

## **Rateable value**

The annual assumed rental value of a property that is used for non-domestic rates purposes.

# 11. Glossary of terms

## Related parties

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

- One party has direct or indirect control of the other party.
- The parties are subject to common control from the same source.
- 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 its own interests.
- The parties, in entering into 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 interests.

South Staffordshire Council's related parties include:

- Central Government.
- Other Local Authorities, Police Authorities and other bodies that precept or levy demands on the council tax.
- Its Members.
- Its Chief Officers.

For individuals identified as related parties, the following are also presumed to be related parties:

- Members of the close family or household.
- Partnerships, companies, trusts or other entities that the individual, or a member of their close family or household, has a controlling interest in.

## Related party transactions

A related party transaction is the transfer of assets, liabilities or services between the Council and its related party irrespective of whether a charge is made.

Examples of related party transactions include the:

- Purchase, sale, lease, rental or hire of assets between related parties.
- Provision of a guarantee to a third party in relation to a liability or obligation of a related party.
- Provision of services to a related party.
- Transactions with individuals who are related parties of the Council, except those that are also made to other members of the community such as council tax, rents and payments of benefits.

The materiality of related party transactions is judged both in terms of its significance to the Council and to the related party.

# 11. Glossary of terms

## **Reserves**

Reserves are the Council's savings. A reserve results from the accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the Council's discretion.

## **Residual value**

This is the net realisable value of a long-term asset at the end of its useful life.

## **Revenue expenditure**

The day to day expenses associated with the provision of services.

## **Revenue expenditure funded from capital under statute**

This is expenditure that counts as capital expenditure but it doesn't create an asset that belongs to the Council. The expenditure is charged as an expense to the revenue account. An example of Revenue Expenditure Funded from Capital under Statute is a capital grant made by South Staffordshire to another organisation or person.

## **Revenue support grant**

A general grant paid by the Government to local authorities as a contribution towards the cost of their services.

## **Temporary borrowing**

This is a sum of money borrowed for a period of less than one year.

## **Termination benefits**

Amounts payable as a result of the Council's decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

# 12. Index of Explanatory Notes

## Index of explanatory notes to the Core Financial Statements

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