

# Statement of Accounts

**2024 / 2025**

**SUBJECT TO AUDIT**



## **Cannock Chase District Council – Statement of Accounts**

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## Narrative Report

The Statement of Accounts for the year ended 31 March 2025 has been prepared in accordance with the requirements of the Accounts and Audit Regulations 2015. The format reflects the requirements of the Code of Practice in Local Authority Accounting in the United Kingdom 2024/25 published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is supported by the International Financial Reporting Standards (IFRS). It is important to note that IFRS16 has not been implemented in full in the preparation of these accounts with regards to leases. The Statement of Accounts therefore aims to provide information for the 2024/25 financial year so that members of the public (including electors and residents of Cannock Chase Council), Members, partners, stakeholders and other interested parties are able to:

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

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

1. An Overview of Cannock Chase District and its Council;
2. The Council's Priorities and Performance 2024/25
3. Financial strategy and resource allocation
4. Future Outlook and Issues Facing the Council
5. Explanation of the Financial Statements.

### **1. An Overview of Cannock Chase District and its Council**

#### **1.1 The District**

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

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

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

#### **1.2 Political Composition and Leadership**

There are 36 Councillors representing 12 wards, who are democratically elected representatives responsible for setting the policy direction and budgets of the Council.

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

The Cabinet is responsible for most day-to-day decisions and when major decisions are to be discussed these are published in the forward plan. Decisions are made by the Cabinet in line

with the Council's overall policies and budget. If the Cabinet wishes to make a decision which is outside the budget or policy framework, then this is referred to the Council as a whole to decide.

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

Following direction from the political leadership, the Council's Leadership Team is responsible for delivering priorities and operational services.

The Council employs approximately 446 staff.

### **1.3 Purpose**

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

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

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

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

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

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

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

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

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

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

**Internal functions** - All the above services are supported by a number of internal functions including customer services, human resources, technology, audit & risk management, communications, finance, and legal services. Some of these services are shared with Stafford Borough Council.

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

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

## **1.4 Governance**

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

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

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

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

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

## **2 The Council's Priorities and Performance 2024/25**

### **2.1 Corporate Plan**

The corporate plan for 2022-26 sets out the following vision and ambition for the District.

#### **Vision:**

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

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

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

#### **Our Priorities for 2022-26**

##### **Priority 1 - Economic Prosperity**

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

We aim to:

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

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

## **Priority 2- Health & Wellbeing**

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

We aim to:

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

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

## **Priority 3 - The Community**

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

We aim to:

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

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

## **Priority 4 - Responsible Council**

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

We aim to:

- Improve our customers’ access to services.

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

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

We want to ensure that our staff are trained to deliver the services that our residents need. The Council faces a challenging financial future, so it is important that we live within our means and make the best use of the assets we have. We will communicate with our residents to provide updates on the progress we are making in delivering our priorities and key decisions that affect the future of services.

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

## **2.2. The Council's Performance 2024-25**

The key successes during 2024-25 are highlighted below:

- Commencement of demolition works in Cannock town centre and acquisition of properties for phase two;
- Submission of the Local Plan to the Planning Inspectorate;
- Successful integration of Health into the Community Safety Partnership;
- The mobilisation of the kerbside waste collections contract included the rerouting of some 27,000 properties as part of efficiency savings in the contract;
- Approval of the Climate Change Strategy and Action Plan; and
- The closure and publication of 3 sets of accounts bringing the Council up-to-date.

## **3. Financial Strategy and resource allocation**

### **3.1 Overview of Portfolio Spending**

The following pages provide a brief overview of the financial position of the Council for 2024-25, in terms of the Council's management accounting framework, rather than the statutory IFRS framework.

The Council undertakes two distinct roles;

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

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

### **3.2 General Fund- Revenue spending**



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

The Council Portfolio spending was £16.802 million for 2024-25 as reflected in its Portfolio outturn in the table below. The following table sets out the overall net revenue outturn of £14.973 million compared with the budget set for the year of £15.126 million, a variance of £0.153 million:

### **Cannock Preliminary Outturn 2024/25**

|    |                                       | <b>Revised<br/>Budget<br/>£'000</b> | <b>Actual<br/>£'000</b> | <b>Variance to<br/>Revised<br/>£'000</b> |
|----|---------------------------------------|-------------------------------------|-------------------------|--|
|    | <b>Portfolios</b>                     |                                     |                         |  |
| 1  | Community Wellbeing                   | 2,934                               | 2,888                   | 46                                       |
| 2  | Environment & Climate Change          | 4,256                               | 4,095                   | 161                                      |
| 3  | Housing                               | 1,313                               | 1,243                   | 70                                       |
| 4  | Leader of the Council                 | 1,336                               | 1,311                   | 25                                       |
| 5  | Parks, Culture and Heritage           | 2,114                               | 1,925                   | 189                                      |
| 6  | Regeneration & High Streets           | 1,227                               | 1,182                   | 45                                       |
| 7  | Resources & Transformation            | 4,046                               | 4,158                   | -112                                     |
| 8  | <b>Total Portfolios</b>               | <b>17,226</b>                       | <b>16,802</b>           | <b>424</b>                               |
| 9  | Investment Income                     | -2,759                              | -3,149                  | 390                                      |
| 10 | Interest Payable                      | 444                                 | 453                     | -9                                       |
| 11 | Technical Items                       | 1,866                               | 2,596                   | -730                                     |
| 12 | <b>Net Expenditure</b>                | <b>16,777</b>                       | <b>16,702</b>           | <b>75</b>                                |
| 13 | Use of Government Grants              | -1,651                              | -1,729                  | 78                                       |
| 14 | <b>Net Revenue Budget</b>             | <b>15,126</b>                       | <b>14,973</b>           | <b>153</b>                               |
|    | <b>Financed by:</b>                   |                                     |                         |  |
|    | Business Rates                        |                                     |                         |  |
| 15 | Core Funding                          | -3,291                              | -3,291                  | 0  |
| 16 | Growth / S31 Grants                   | -2,187                              | -2,226                  | 39                                       |
| 17 | Business Rates Pool                   | -1,152                              | -1,273                  | 121                                      |
| 18 | Revenue Support Grant                 | -131                                | -131                    | 0  |
| 19 | Fund guarantee grant                  | -1,542                              | -1,542                  | 0  |
| 20 | Core spending power grant             | -21                                 | -21                     | 0  |
| 21 | Council Tax deficit                   | 38                                  | 38                      | 0  |
| 22 | Council Tax                           | -7,324                              | -7,324                  | 0  |
| 23 | <b>Total Financing</b>                | <b>-15,610</b>                      | <b>-15,770</b>          | <b>160</b>                               |
| 24 | <b>Trf to/(from) working balances</b> | <b>484</b>                          | <b>797</b>              | <b>-313</b>                              |
| 25 | <b>Net Revenue Budget</b>             | <b>15,126</b>                       | <b>14,973</b>           | <b>153</b>                               |

The table above shows the budgeted anticipated net expenditure of £15.126 million, to be principally funded from Council Taxpayers and Business Rates.

The detail and explanations of expenditure are in the outturn report taken to cabinet on the 6 November 2025.

### **3.4 Collection Fund**

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

### **3.5 Council Tax**

The net position on the Collection Fund for the year was a surplus of £0.513 million for Council Tax after taking into account distribution of previous year deficit in year. The overall position for Council tax leaves a net deficit on the fund of £0.744 million at 31 March 2025 (of which £0.094 million relates to this Council).

### **3.6 National Non-Domestic Rates**

A surplus of £1.110 million exists in relation to Business Rates as at 31 March 2025. The deficit is however notional and represents a timing difference between estimated Business Rates returns and actual returns. This Council's actual retained Business Income is in line with the Income and Expenditure account after taking into account the timing deficit required as part of the Collection Fund Statutory requirements.

### **3.7 General Fund Reserves**

The outturn shows a contribution from working balances to the General Fund of £0.798 million with a resultant £2.410 million balance as at the 31 March 2025. As the Council policy is to retain a working balance of £1.0 million the £0.798 million transfer will be able to support future budgets.

### **3.8 Pensions**

Councils are required to account for pension costs to show any deficit, or surplus, on the Pension Fund in the balance sheet. The fund is administered by Staffordshire County Council and the actuarial valuation at 31 March 2025 showed the Council's share of the fund to be a deficit of £29.935 million, an decrease of £2.346 million as compared to the 31 March 2024. The fund deficit has no impact on the level of Council Tax. The remaining deficit on the scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.

### **3.9 General Fund Capital Expenditure**

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

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

The Council spent £7.878 million on capital projects in 2024/25, which was £2.193 million less than budget. The spend was profiled as below:

|                               | <b>Budget<br/>£'000</b> | <b>Actual<br/>£'000</b> | <b>Variance from<br/>Budget<br/>£'000</b> |
|-------------------------------|-------------------------|-------------------------|---|
| Environment & Climate Change  | 84                      | 97                      | (13)                                      |
| Parks, Culture and Heritage   | 1,689                   | 1,034                   | 655                                       |
| Resources and Transformation  | 208                     | 196                     | 12  |
| Community Wellbeing           | 2,567                   | 1,347                   | 1,220                                     |
| Housing                       | 12                      | 3                       | 9   |
| Regeneration and High Streets | 5,511                   | 5,201                   | 310                                       |
| <b>Total</b>                  | <b>10,071</b>           | <b>7,878</b>            | <b>2,193</b>                              |

The major items of capital spend in the year were:

- **£4.488 million** on Levelling Up Fund
- **£1.043 million** on Disabled Facilities Grants.
- **£0.400 million** on UK Shared Prosperity Fund
- **£0.280 million** on Laburnum Avenue Phase 1

The capital programme of £7.878 million was financed in the following way:

| <b>Capital Financing</b>         | <b>£'000</b> |
|----------------------------------|--------------|
| Capital grants and contributions | 6,556        |
| Capital receipts                 | 247          |
| Direct Revenue Financing         | 1,075        |
| <b>Total</b>                     | <b>7,878</b> |

### 3.10 Treasury Management

During 2024/25 most investment decisions were driven by cash flow considerations and funds were placed in Money Market Funds for easy access. However, opportunities were also taken to place funds in higher interest bearing investments when cash flow requirements would allow.

### 3.11 Housing Revenue Account

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

Income from Rents and associated items amounted to £24.697 million with expenditure and accounting transactions netting this to a position of a surplus of £99k which was transferred to working balances.

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

The Housing Revenue Account spent £8.688 million on capital projects in 2024/25.

#### **4. Future Outlook and issues facing the Council**

##### **4.1 Future investments**

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

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

##### **4.2 Financially sustainable**

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

The Council approved its three-year budget to 2027/28 in February 2025 however like all other authorities a great deal of uncertainty exists with single year financial settlements.

Detailed figures are only available for 2025-26 pending the implementation of changes to the local Government funding regimes and material deficits exist in 2026-27 and 2027-28 based upon the implications of such changes.

The Council continues to progress the areas within its direct control with balanced budgets set for 2025/26. However, a great deal of uncertainty exists post 2025/26 with the key risks arising from fundamental changes to Government Funding-

- Fair Funding and Business Rates Reset were due to be implemented in each of the years since 20/21. This is now anticipated in 2026/27.

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

- Central government funding –The Provisional Settlement is for one year only with the changes to the Local Government Finance Regime now facing considerable uncertainty. No details are available from 2025-26 onwards with Local Government funding expected to be subject to considerable change.
- New Homes Bonus - in relation to New Homes Bonus (NHB) the Provisional Settlement reiterates the Government's commitment to reforming the NHB.

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

- The actual baseline or minimum level of business rates will be reassessed based upon a fair funding review and its distribution is likely to change between the two tiers of local government in county areas.  
The biggest risk however is in relation to the planned Reset of growth achieved to date. Three potential options exist in relation to the basis of the reset, notably No Reset (All growth retained); Full Reset (No growth retained) or Partial Reset (Proportion of growth retained) with the growth not retained being redistributed across the local government sector.

Robust figures will be determined as further details become available from the Government however actual details for this Council for Business rates; Fair Funding and New Homes Bonus will not be known until the late autumn of 2025 at the earliest.

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

#### 4.3 **Auditors Annual Report on the Council**

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), the external auditors Azets are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This report is currently being undertaken. It will take into account the previous auditors work, and be reported to audit committee when completed.

Auditors are required to report their commentary on the Council's arrangements under specified criteria. This piece of work is currently being undertaken by the external auditors. Once this work has been completed it will be reported to audit committee.

### 5. **Explanation of Financial Statements**

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

#### 5.1 **Statements to the Accounts**

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

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

#### 5.2 **Core Financial Statements**

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

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

**Balance Sheet** – shows the value of the Council's assets and liabilities at the Balance Sheet date. These are matched by reserves which are split into two categories, Usable and Unusable reserves. Unusable reserves are not available to support services and are in the main used to hold unrealised gains and losses, where the actual gain or loss will only become

available once another event has occurred. For example, the Revaluation Reserve for Non-Current assets will only become available if the asset is sold and the full value of the asset realised.

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

### 5.3 Supplementary Statements

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

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

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

### 5.4 Notes to the Accounts

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

### 5.5 Main Changes to the Core Statements and Significant Transactions in 2024/25

There were no major changes to the statements for 2024/25.

#### **Comprehensive Income and Expenditure Account (page 19)**

- The net cost of services shows a decrease of £3.569 million compared with 23/24. This principally relates to changes in capital transactions, staffing and additional income through the environment and climate change service in part due to a full year of garden waste income.
- There is a significant decrease in the financing and investment income and expenditure. This is primarily due to a decrease in the interest receivable and the impact of the interest effect of the asset ceiling in the pension fund as well as a loss on the disposal of investment properties. (note 14)
- There is an actuarial change of £35.367 million in the pension asset which is primarily due to changes in the financial assumptions (note 28)

**Balance Sheet (page 22)**

- Property, Plant and Equipment have increased by £32.104 million; this is due to the revaluation of assets, additions in year less disposals.
- Short term investments have decreased by £15.255 million reflecting a change in year-end holdings.
- Cash and cash equivalents have increased by £18.008 million which reflects the year end holdings of money market and call account funds.
- Long term borrowing reduced by £3.000 million due to the repayment of a PWLB loan as it matured.

**Cash Flow Statement (page 22)**

- There was a significant change in cashflows from investing activities, moving from an outflow of £25.781 million to an inflow of £12.260 million. This was driven by an increase in proceeds from short and long term investments of £37.000 million.
- As a result of this, cash and cash equivalents increased which also reflects the change on the balance sheet of a reduction in short term investments consequentially increasing cash held.

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

**The Council's Responsibilities**

The Council is required to:

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

**The Deputy Chief Executive - Resources with S151 Responsibilities**

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

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

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

The Deputy Chief Executive - Resources (S151) has also:

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

**Certification by Deputy Chief Executive - Resources (S151)**

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its income and expenditure for the year ended 31 March 2025.

C Forrester

Date

12/12/2025

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

\* original signed certificate held in Finance



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

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## MOVEMENT IN RESERVES STATEMENT

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

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

|  | General Fund<br>Balance<br>£000 | Housing Revenue<br>Account Balance<br>£000 | Earmarked General<br>Fund Reserves<br>£000 | Earmarked Housing<br>Revenue Reserves<br>£000 | Capital Receipts<br>Reserve<br>£000 | Major Repairs<br>Reserve<br>£000 | Capital Grants<br>Unapplied Account<br>£000 | Total usable<br>Reserves<br>£000 | Unusable<br>Reserves<br>£000 | Total Council<br>Reserves<br>£000 |
|--|---------------------------------|--|--|---|-------------------------------------|----------------------------------|---|----------------------------------|------------------------------|-----------------------------------|
| <b>Balance at 31 March 2024</b>  | <b>(1,612)</b>                  | <b>(2,572)</b>                             | <b>(19,932)</b>                            | <b>(13,964)</b>                               | <b>(12,826)</b>                     | <b>(6,602)</b>                   | <b>(2,862)</b>                              | <b>(60,370)</b>                  | <b>(193,211)</b>             | <b>(253,581)</b>                  |
| <b>Movement in reserves during 2024/25</b>                                       |                                 |  |  |   |                                     |                                  |   |                                  |                              |                                   |
| (Surplus)/deficit on the provision of services                                   | (8,753)                         | 242  |  |   |                                     |                                  |   | (8,511)                          |                              | (8,511)                           |
| Other Comprehensive Income and Expenditure                                       |                                 |  |  |   |                                     |                                  |   | -                                | (30,922)                     | (30,922)                          |
| <b>Total Comprehensive Income and Expenditure</b>                                | <b>(8,753)</b>                  | <b>242</b>                                 | <b>-</b>                                   | <b>-</b>                                      | <b>-</b>                            | <b>-</b>                         | <b>-</b>                                    | <b>(8,511)</b>                   | <b>(30,922)</b>              | <b>(39,433)</b>                   |
| Adjustments between accounting basis & funding basis under regulations (Note 11) | 5,946                           | (2,699)                                    | -  | -   | 331                                 | 3,079                            | (4,897)                                     | 1,760                            | (1,760)                      | -                                 |
| <b>Net (Increase)/Decrease before Transfer to Earmarked Reserves</b>             | <b>(2,807)</b>                  | <b>(2,457)</b>                             | <b>-</b>                                   | <b>-</b>                                      | <b>331</b>                          | <b>3,079</b>                     | <b>(4,897)</b>                              | <b>(6,751)</b>                   | <b>(32,682)</b>              | <b>(39,433)</b>                   |
| Transfers to/from Earmarked Reserves (Note 12)                                   | 2,009                           | 2,358                                      | (2,009)                                    | (2,358)                                       |                                     |                                  | -   | -                                |                              | -                                 |
| Internal recharges to HRA  |                                 |  |  |   |                                     |                                  |   |                                  |                              |                                   |
| <b>(Increase)/Decrease in 2024/25</b>  | <b>(798)</b>                    | <b>(99)</b>                                | <b>(2,009)</b>                             | <b>(2,358)</b>                                | <b>331</b>                          | <b>3,079</b>                     | <b>(4,897)</b>                              | <b>(6,751)</b>                   | <b>(32,682)</b>              | <b>(39,433)</b>                   |
| <b>Balance at 31 March 2025</b>  | <b>(2,410)</b>                  | <b>(2,671)</b>                             | <b>(21,941)</b>                            | <b>(16,322)</b>                               | <b>(12,495)</b>                     | <b>(3,523)</b>                   | <b>(7,759)</b>                              | <b>(67,121)</b>                  | <b>(225,893)</b>             | <b>(293,014)</b>                  |

The Total General Fund balance at 31 March 2025 is £24.351 million, comprising a working balance of £2.410 million and earmarked reserves of £21.941 million.

The Total Housing Revenue Account balance at 31 March 2025 is £18.993 million, comprising a working balance of £2.671 million and earmarked reserves of £16.322 million.

## MOVEMENT IN RESERVES STATEMENT

|  | General Fund<br>Balance<br>£000 | Housing Revenue<br>Account Balance<br>£000 | Earmarked General<br>Fund Reserves<br>£000 | Earmarked Housing<br>Revenue Reserves<br>£000 | Capital Receipts<br>Reserve<br>£000 | Major Repairs<br>Reserve<br>£000 | Capital Grants<br>Unapplied Account<br>£000 | Total usable<br>Reserves<br>£000 | Unusable<br>Reserves<br>£000 | Total Council<br>Reserves<br>£000 |
|--|---------------------------------|--|--|---|-------------------------------------|----------------------------------|---|----------------------------------|------------------------------|-----------------------------------|
| <b>Balance at 31 March 2023</b>  | <b>(1,942)</b>                  | <b>(1,983)</b>                             | <b>(19,002)</b>                            | <b>(13,191)</b>                               | <b>(11,656)</b>                     | <b>(8,562)</b>                   | <b>(3,606)</b>                              | <b>(59,942)</b>                  | <b>(218,238)</b>             | <b>(278,180)</b>                  |
| <b>Movement in reserves during 2023/24</b>                                       |                                 |  |  |   |                                     |                                  |   |                                  |                              |                                   |
| (Surplus)/deficit on the provision of services                                   | (1,952)                         | 4,428                                      |  |   |                                     |                                  |   | 2,476                            |                              | 2,476                             |
| Other Comprehensive Income and Expenditure                                       |                                 |  |  |   |                                     |                                  |   | -                                | 22,123                       | 22,123                            |
| <b>Total Comprehensive Income and Expenditure</b>                                | <b>(1,952)</b>                  | <b>4,428</b>                               | <b>-</b>                                   | <b>-</b>                                      | <b>-</b>                            | <b>-</b>                         | <b>-</b>                                    | <b>2,476</b>                     | <b>22,123</b>                | <b>24,599</b>                     |
| Adjustments between accounting basis & funding basis under regulations (Note 11) | 1,352                           | (5,790)                                    |  |   | (1,170)                             | 1,960                            | 744   | (2,904)                          | 2,904                        | -                                 |
| <b>Net (Increase)/Decrease before Transfer to Earmarked Reserves</b>             | <b>(600)</b>                    | <b>(1,362)</b>                             | <b>-</b>                                   | <b>-</b>                                      | <b>(1,170)</b>                      | <b>1,960</b>                     | <b>744</b>                                  | <b>(428)</b>                     | <b>25,027</b>                | <b>24,599</b>                     |
| Transfers to/from Earmarked Reserves (Note 12)                                   | 930                             | 773  | (930)                                      | (773)   |                                     |                                  |   |                                  |                              |                                   |
| <b>(Increase)/Decrease in 2023/24</b>  | <b>330</b>                      | <b>(589)</b>                               | <b>(930)</b>                               | <b>(773)</b>                                  | <b>(1,170)</b>                      | <b>1,960</b>                     | <b>744</b>                                  | <b>(428)</b>                     | <b>25,027</b>                | <b>24,599</b>                     |
| <b>Balance at 31 March 2024</b>  | <b>(1,612)</b>                  | <b>(2,572)</b>                             | <b>(19,932)</b>                            | <b>(13,964)</b>                               | <b>(12,826)</b>                     | <b>(6,602)</b>                   | <b>(2,862)</b>                              | <b>(60,370)</b>                  | <b>(193,211)</b>             | <b>(253,581)</b>                  |

The Total General Fund balance at 31 March 2024 is £21.544 million, comprising a working balance of £1.612 million and earmarked reserves of £19.932 million.

The Total Housing Revenue Account balance at 31 March 2024 is £16.536 million, comprising a working balance of £2.572 million and earmarked reserves of £13.964 million.

## BALANCE SHEET

The Balance Sheet shows the value as at 31 March 2025 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories:

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

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

| <b>31 March<br/>2024<br/>£000</b>          | <b>Notes</b> | <b>31 March<br/>2025<br/>£000</b> |
|--|--------------|-----------------------------------|
| 319,008 Property, Plant & Equipment        | 16           | 351,112                           |
| 296 Heritage Assets                        | 17           | 296                               |
| 1,212 Investment Properties                | 18           | 219                               |
| 300 Intangible Assets                      | 19           | 458                               |
| 51 Long Term Debtors                       | 20           | 51                                |
| <b>320,867 Long Term Assets</b>            |              | <b>352,136</b>                    |
| 28,855 Short Term Investments              | 20           | 13,600                            |
| 142 Inventories                            | 21           | 149                               |
| 8,287 Short Term Debtors                   | 22           | 10,167                            |
| 26,023 Cash and Cash Equivalents           | 23           | 44,031                            |
| <b>63,307 Current Assets</b>               |              | <b>67,947</b>                     |
| (1,726) Short Term Borrowing               | 20           | (3,298)                           |
| (11,857) Short Term Creditors              | 25           | (10,278)                          |
| (144) Short Term Provisions                | 26           | -                                 |
| (390) Grants Receipts in Advance-Revenue   | 37           | (177)                             |
| (1,685) Grants Receipts in Advance-Capital | 37           | (1,967)                           |
| <b>(15,802) Current Liabilities</b>        |              | <b>(15,720)</b>                   |
| (6) Long Term Creditors                    | 20           | (2)                               |
| (80,205) Long Term Borrowing               | 50           | (77,205)                          |
| (2,299) Provisions                         | 26           | (1,500)                           |
| - Finance Leases                           | 40           | (2,707)                           |
| (32,281) Pensions                          | 43           | (29,935)                          |
| <b>(114,791) Long Term Liabilities</b>     |              | <b>(111,349)</b>                  |
| <b>253,581 Net Assets</b>                  |              | <b>293,014</b>                    |
| (60,370) Usable Reserves                   | 27           | (67,121)                          |
| (193,211) Unusable Reserves                | 28           | (225,893)                         |
| <b>(253,581) Total Reserves</b>            |              | <b>(293,014)</b>                  |

## 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.

| <b>2023/24</b>   | <b>2024/25</b>  |
|--|-----------------|
| <b>£000</b>  | <b>£000</b>     |
| <b>2,476</b> Net (surplus) or deficit on the provision of services   | <b>(8,511)</b>  |
| <b>(9,996)</b> Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 29)   | <b>(13,751)</b> |
| <b>3,880</b> Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 29) | <b>12,757</b>   |
| <b>(3,640)</b> Net cash flows from Operating Activities  | <b>(9,505)</b>  |
| <b>25,781</b> Investing Activities (Note 30)   | <b>(12,260)</b> |
| <b>2,534</b> Financing Activities (Note 31)  | <b>3,757</b>    |
| <b>24,675</b> Net (increase) / decrease in cash and cash equivalents   | <b>(18,008)</b> |
| <b>50,698</b> Cash and cash equivalents at the beginning of the reporting period   | <b>26,023</b>   |
| <b>26,023</b> Cash and cash equivalents at the end of the reporting period (Note 23)   | <b>44,031</b>   |

## NOTES TO THE ACCOUNTS

### 1. Accounting Policies

#### i General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which is required to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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

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

The accounts have been prepared on a going concern basis.

#### ii Accruals of Income and Expenditure

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

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

#### iii Cash and Cash Equivalents

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

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

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

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

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

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

#### **v Charges to Revenue for Non-Current Assets**

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

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

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

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

#### **vi Employee Benefits**

##### **Benefits Payable During Employment**

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

##### **Termination Benefits**

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

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

##### **Post Employment Benefits**

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

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

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

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



## **Discretionary Benefits**

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

## **vii Events After the Balance Sheet Date**

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

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

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

## **vii Financial Instruments**

### **Financial Liabilities**

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

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

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

### **Financial Assets**

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

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

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

### **Financial Assets measured at amortised cost**

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

interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

### **Expected Credit Loss Model**

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

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

## **ix Government Grants and Contributions**

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

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

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

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

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

### **Community Infrastructure Levy**

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

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

## **x Heritage Assets**

### **Tangible and Intangible Heritage Assets**

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

**Civic Regalia**

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

**Museum Artefacts**

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

**Heritage Assets - General**

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

**xi Intangible Assets**

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

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

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

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

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

**xii Interests in Companies and Other Entities**

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

**xiii Inventories and Long Term Contracts**

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

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

#### **xiv Investment Properties**

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

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

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

#### **xv Leases**

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

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

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

##### **The Council as Lessee:**

##### **Finance Leases**

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

Lease payments are apportioned between:

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

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

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

##### **Operating Leases**

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

## **The Council as Lessor:**

### **Finance Leases**

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

Lease rentals receivable are apportioned between:

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

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

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

### **Operating Leases**

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

## **xvi Overheads and Support Services**

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

## **xvi Property, Plant and Equipment**

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

### **Recognition**

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

## Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Impairment**

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

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

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

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

## **Depreciation**

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

Depreciation is calculated on the following bases:-

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

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a de minimus threshold in relation to componentisation of £1 million or 10% of the total asset value.

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

## **Disposals and Non-current Assets Held for Sale**

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

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

## **vii Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

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

### **Contingent Liabilities**

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

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

### **Contingent Assets**

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

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

## **ix Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council - these reserves are explained in the relevant policies.



## **xx Revenue Expenditure Funded from Capital under Statute**

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

## **xxi VAT**

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

## **xxi Debt Redemption**

In accordance with the requirements of the Local Government Act 2003, the Council is required to set aside a Minimum Revenue Provision (MRP) for the repayment of debt. This is equal to 4% of the General Fund Capital Financing requirement adjusted for an opening year balance. If depreciation on the General Fund does not equal this amount, then a transfer either to or from the Capital Adjustment Account (CAA) is required for the difference. Amounts set aside as transfers to reserves are disclosed separately on the face of the Movement in Reserves statement.

## **xxii Interest Charges**

The amount of interest chargeable to the HRA is calculated in accordance with a calculation prescribed by Central Government.

## **xxi Tax Income (Council Tax, Non-Domestic Rates (NDR) and Rates)**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and as principals, collecting council tax and NDR for ourselves. We are required to maintain a separate fund (i.e. Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

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

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

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

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

## **xxi Fair Value Measurement**

The Council measures some of its non-financial assets such as surplus assets and investment properties and its financial instruments for certificates of deposit at fair value at each reporting date. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

The Code of Practice on Local Authority Accounting in the UK (the Code) requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year in question (i.e. on or before 1st January 2025 for 2024/25)

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and are therefore required to be disclosed:

These new or amended standards may provide clarification but are unlikely to have a significant impact on the amounts anticipated to be reported in the financial statements of this Council:

- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

These new or amended standards are anticipated to be of limited application to this Council:

- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023

## **3. Critical Judgements in Applying Accounting Policies**

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

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

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

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

The items in the Council's Balance Sheet as at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| Item                   | Uncertainties   | Effect if Actual Results Differ from Assumptions  |
|------------------------|---|---|
| Pensions Liability     | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. | The effects on the net pensions liability of changes in individual assumptions can be measured. The actuary has provided sensitivity information about the effects of changes in assumptions. The financial effects of these changes are detailed in note 43 to the accounts. |
| Sundry debt arrears    | At 31 March 2025 the Council's balance of sundry debts was £3.377m. A review of significant balances suggested that an impairment of doubtful debts of 52% was appropriate (£1.761m). However, in the current economic climate this level of debt will require constant monitoring.   | If collection rates were to deteriorate by 1% an additional £34,000 would need to be set aside as allowance.  |
| Council tax arrears    | At 31 March 2025 the Council's share of the council tax debtors included in the councils accounts was £1.420m. A review of significant balances suggested that an impairment of doubtful debts of 73.3% (£1.04m) was appropriate. However, in the current economic climate this level of debt will require constant monitoring.   | If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £14,000 to be set aside as an allowance.  |
| Business rate arrears  | At 31 March 2025 the Council's share of the business rates debtors included in the councils accounts was £0.856m. A review of significant balances suggested that an impairment of doubtful debts of 63.16% (£0.541m) was appropriate. However, in the current economic climate this level of debt will require constant monitoring.  | If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £9,000 to be set aside as an allowance.   |
| Business rates appeals | At 31 March 2025 the Council's share of the business rates appeals included in the Council's accounts was £1.269m.  | If there was an increase of 1% in the appeals percentages this would require an additional £196,000 to be set aside.  |

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

There are no material items of income and expense that are not disclosed elsewhere in the financial statements.

## 6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

It also shows how this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

| 2023/2024  |                            |   |                      |                                 |  | 2024/2025  |                            |   |                      |                                 |
|--|----------------------------|---|----------------------|---------------------------------|--|--|----------------------------|---|----------------------|---------------------------------|
| Net<br>Expend<br>Chargeable<br>to the<br>General<br>Fund | Ear-<br>marked<br>Reserves | Adjust's<br>between<br>the<br>Funding<br>and<br>Accounting<br>Basis | Internal<br>Recharge | Net<br>Expend<br>in the<br>CIES |  | Net<br>Expend<br>Chargeable<br>to the<br>General<br>Fund | Ear-<br>marked<br>Reserves | Adjust's<br>between<br>the<br>Funding<br>and<br>Accounting<br>Basis | Internal<br>Recharge | Net<br>Expend<br>in the<br>CIES |
| £000   | £000                       | £000  | £000                 | £000                            |  | £000   | £000                       | £000  | £000                 | £000                            |
| 1,180  | (18)                       | (53)  | (0)                  | 1,109                           | Leader of the Council  | 1,311  | (97)                       | (73)  |                      | 1,141                           |
| 4,429  | (354)                      | 130   | (631)                | 3,574                           | Environment and Climate Change                                     | 4,095  | (767)                      | (72)  | (554)                | 2,702                           |
| 1,955  | (106)                      | 456   | 985                  | 3,290                           | Parks, Culture and Heritage  | 1,925  | (155)                      | 551   | 910                  | 3,231                           |
| 3,849  | 450                        | (324)   | 94                   | 4,069                           | Resources and Transformation                                       | 4,158  | 287                        | (716)   | 42                   | 3,771                           |
| 3,065  | (290)                      | 2,788   | (283)                | 5,280                           | Community Wellbeing  | 2,888  | 355                        | 2,609   | (246)                | 5,606                           |
| 1,137  | (146)                      | 67  | (16)                 | 1,042                           | Housing  | 1,243  | (26)                       | 654   | (17)                 | 1,854                           |
| 1,615  | (80)                       | 204   | (9)                  | 1,730                           | Regeneration and High Street                                       | 1,181  | (81)                       | 407   | (8)                  | 1,499                           |
| 17,230   | (544)                      | 3,268   | 140                  | 20,094                          |  | 16,801   | (484)                      | 3,360   | 127                  | 19,804                          |
| (5,244)  | (774)                      | 7,907   | (140)                | 1,749                           | Housing Revenue Account  | (4,073)  | (2,538)                    | 5,208   | (127)                | (1,530)                         |
| 11,986   | (1,318)                    | 11,175  | (0)                  | 21,843                          | <b>Net Cost of Services</b>  | 12,728   | (3,022)                    | 8,568   | -                    | 18,274                          |
| (12,245)   | (385)                      | (6,737)   | -                    | (19,367)                        | Other Income and Expenditure                                       | (13,625)   | (1,345)                    | (11,815)  |                      | (26,785)                        |
| <b>(259)</b>   | <b>(1,703)</b>             | <b>4,438</b>  | <b>(0)</b>           | <b>2,476</b>                    | <b>(Surplus)/Deficit on Provision of Services</b>                  | <b>(897)</b>   | <b>(4,367)</b>             | <b>(3,247)</b>  | <b>-</b>             | <b>(8,511)</b>                  |
|  |                            |   |                      |                                 |  |  |                            |   |                      |                                 |
| (3,925)  | (32,193)                   |   |                      |                                 | Opening General Fund & HRA Balance Balance                         | (4,184)  | (33,896)                   |   |                      |                                 |
| -  | -                          |   |                      |                                 | Transfer to Earmarked Reserves                                     | -  | -                          |   |                      |                                 |
| (259)  | (1,703)                    |   |                      |                                 | Less/Plus Surplus or Deficit on General Fund & HRA Balance in year | (897)  | (4,367)                    |   |                      |                                 |
| <b>(4,184)</b>   | <b>(33,896)</b>            |   |                      |                                 | <b>Closing General Fund &amp; HRA Balance at 31 March *</b>        | <b>(5,081)</b>   | <b>(38,263)</b>            |   |                      |                                 |

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

## 7. Expenditure and Funding Analysis

### Adjustments between Funding and Accounting Basis 2024/25

| Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts  | Adjustments for Capital Purposes<br>£000 | Net change for the Pensions Adjustments<br>£000 | Other Statutory Adjustments<br>£000 | Total Statutory Adjustments<br>£000 | Other Non-Statutory Adjustments<br>£000 | Total Adjustments<br>£000 |
|--|--|---|-------------------------------------|-------------------------------------|---|---------------------------|
| Leader of the Council  | -  | (72)  | (1)                                 | (73)                                | -                                       | (73)                      |
| Environment and Climate Change   | 170                                      | (262)   | -                                   | (92)                                | 20                                      | (72)                      |
| Parks, Culture and Heritage  | 847                                      | (287)   | (2)                                 | 558                                 | (7)                                     | 551                       |
| Resources and Transformation   | 37                                       | (1,055)   | 48                                  | (970)                               | 254                                     | (716)                     |
| Community Wellbeing  | 2,737                                    | (134)   | 6                                   | 2,609                               | -                                       | 2,609                     |
| Housing  | 752                                      | (101)   | 3                                   | 654                                 | -                                       | 654                       |
| Regeneration and High Street   | 733                                      | (207)   | 2                                   | 528                                 | (121)                                   | 407                       |
| Sub Total  | 5,276                                    | (2,118)   | 56                                  | 3,214                               | 146                                     | 3,360                     |
| Housing Revenue Account  | 8,767                                    | (786)   | (50)                                | 7,931                               | (2,723)                                 | 5,208                     |
| <b>Net Cost of Services</b>  | <b>14,043</b>                            | <b>(2,904)</b>                                  | <b>6</b>                            | <b>11,145</b>                       | <b>(2,577)</b>                          | <b>8,568</b>              |
| <b>Other income and expenditure from the Expenditure and Funding Analysis</b>  | (16,356)                                 | 1,539   | 425                                 | (14,392)                            | 2,577                                   | (11,815)                  |
| <b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the the Provision of Services</b> | <b>(2,313)</b>                           | <b>(1,365)</b>                                  | <b>431</b>                          | <b>(3,247)</b>                      | <b>-</b>                                | <b>(3,247)</b>            |

### Adjustments between Funding and Accounting Basis 2023/24

| Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts  | Adjustments for Capital Purposes<br>£000 | Net change for the Pensions Adjustments<br>£000 | Other Statutory Adjustments<br>£000 | Total Statutory Adjustments<br>£000 | Other Non-Statutory Adjustments<br>£000 | Total Adjustments<br>£000 |
|--|--|---|-------------------------------------|-------------------------------------|---|---------------------------|
| Leader of the Council  | -  | (55)  | 2                                   | (53)                                | -                                       | (53)                      |
| Environment and Climate Change   | 346                                      | (234)   | (2)                                 | 110                                 | 20                                      | 130                       |
| Parks, Culture and Heritage  | 710                                      | (253)   | 6                                   | 463                                 | (7)                                     | 456                       |
| Resources and Transformation   | 35                                       | (494)   | (32)                                | (491)                               | 167                                     | (324)                     |
| Community Wellbeing  | 2,897                                    | (104)   | (5)                                 | 2,788                               | -                                       | 2,788                     |
| Housing  | 158                                      | (93)  | 2                                   | 67                                  | -                                       | 67                        |
| Regeneration and High Street   | 458                                      | (220)   | 5                                   | 243                                 | (39)                                    | 204                       |
| Sub Total  | 4,604                                    | (1,453)   | (24)                                | 3,127                               | 141                                     | 3,268                     |
| Housing Revenue Account  | 11,748                                   | (684)   | 39                                  | 11,103                              | (3,196)                                 | 7,907                     |
| <b>Net Cost of Services</b>  | <b>16,352</b>                            | <b>(2,137)</b>                                  | <b>15</b>                           | <b>14,230</b>                       | <b>(3,055)</b>                          | <b>11,175</b>             |
| <b>Other income and expenditure from the Expenditure and Funding Analysis</b>  | (8,552)                                  | 178   | (1,418)                             | (9,792)                             | 3,055                                   | (6,737)                   |
| <b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the the Provision of Services</b> | <b>7,800</b>                             | <b>(1,959)</b>                                  | <b>(1,403)</b>                      | <b>4,438</b>                        | <b>-</b>                                | <b>4,438</b>              |

## **Adjustments for Capital Purposes**

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

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

## **Net Change for the Pensions Adjustments**

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

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

## **Other Statutory Adjustments**

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

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

## **Other Non-statutory Adjustments**

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

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

## 8. Segmental Income

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

| 2023/24<br>£000 |   | 2024/25<br>£000 |
|-----------------|---|-----------------|
| -               | Leader of the Council                             | -               |
| 2,485           | Environment and Climate Change                    | 3,038           |
| 379             | Parks, Culture and Heritage                       | 529             |
| 3,385           | Resources and Transformation                      | 3,812           |
| 629             | Community Wellbeing                               | 1,192           |
| 541             | Housing   | 399             |
| 1,871           | Regeneration and High Street                      | 1,968           |
| 9,290           | <b>Sub Total</b>                                  | 10,938          |
| 22,595          | Housing Revenue Account                           | 24,585          |
| <b>31,885</b>   | <b>Total income analysed on a segmental basis</b> | <b>35,523</b>   |

## 9. Expenditure and Income Analysed by Nature

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

| 2023/24<br>£000    |  | 2024/25<br>£000 |
|--------------------|--|-----------------|
| <b>Expenditure</b> |  |                 |
| 18,315             | Employee benefits expenses                             | 18,759          |
| 36,087             | Other services expenses                                | 40,412          |
| 16,351             | Depreciation, amortisation, impairment                 | 14,014          |
| 3,429              | Interest payments                                      | 4,713           |
| 856                | Precepts and levies                                    | 881             |
| (595)              | Gain / loss on the disposal of assets                  | 621             |
| <b>74,443</b>      | <b>Total Expenditure</b>                               | <b>79,400</b>   |
| <b>Income</b>      |  |                 |
| (31,885)           | Fees, charges and other service income                 | (35,523)        |
| (3,393)            | Interest and investment income                         | (2,983)         |
| (15,318)           | Income from council tax and non-domestic rates         | (16,506)        |
| (21,371)           | Government grants and contributions                    | (32,899)        |
| <b>(71,967)</b>    | <b>Total Income</b>                                    | <b>(87,911)</b> |
| <b>2,476</b>       | <b>Surplus or Deficit on the Provision of Services</b> | <b>(8,511)</b>  |

## 10. Revenue from Contracts with Service Recipients

The Council exposure to this area is only in relation to a limited number of areas. These are:

- a) Planning fees
- b) Land charges fees
- c) Building control

These amounts occur due to timings from receipt of monies to processing of application. There are no contract assets or liabilities held for either 2024/25 or 2023/24.

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

| 2023/24<br>£000 |   | 2024/25<br>£000 |
|-----------------|---|-----------------|
| 77              | Revenue from contracts with service recipients                          | 194             |
| 77              | <b>Total Included in Comprehensive Income and Expenditure Statement</b> | <b>194</b>      |

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

| 2023/24<br>£000 |  | 2024/25<br>£000 |
|-----------------|--|-----------------|
| 77              | Receivables, which are included within debtors (note 22) | 194             |
| 77              | <b>Total Included in Net Assets</b>                      | <b>194</b>      |

The value of revenue that is expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the year is:

| 31 March<br>2024<br>£000 |   | 31 March<br>2025<br>£000 |
|--------------------------|---|--------------------------|
| 77                       | Not later than one year   | 194                      |
| -                        | - Later than one year   | -                        |
| 77                       | <b>Amounts of transaction price, partially or fully unsatisfied</b> | <b>194</b>               |

## 11. Adjustments Between Accounting Basis And Funding Basis Under Regulations

This note details the adjustments that are made to the Comprehensive Income and Expenditure Account recognised by the Council in 2024/25 in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

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

### General Fund Balance

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

### Housing Revenue Account Balance

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



**Major Repairs Reserve**

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

**Capital Receipts Reserve**

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

**Capital Grants Unapplied**

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

|  | Usable Reserves                 |                                    |                                     |                                  |                                     |                                  |   |
|--|---------------------------------|------------------------------------|-------------------------------------|----------------------------------|-------------------------------------|----------------------------------|---|
|  | General Fund<br>Balance<br>£000 | Housing Revenue<br>Account<br>£000 | Capital Receipts<br>Reserve<br>£000 | Major Repairs<br>Reserve<br>£000 | Capital Grants<br>Unapplied<br>£000 | Total Usable<br>Reserves<br>£000 | Movement in<br>Unusable<br>Reserves<br>£000 |
| <b>2024/25</b>   |                                 |                                    |                                     |                                  |                                     |                                  |   |
| <b>Adjustments to the Revenue Resources</b>  |                                 |                                    |                                     |                                  |                                     |                                  |   |
| Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements: |                                 |                                    |                                     |                                  |                                     |                                  |   |
| Pension costs (transferred to / (or from) the Pensions Reserve)  | 579                             | 786                                |                                     |                                  |                                     | 1,365                            | (1,365)                                     |
| Council Tax and NDR (transfer to / (or from) Collection Fund)  | (424)                           |                                    |                                     |                                  |                                     | (424)                            | 424   |
| Holiday pay (transferred to the Accumulated Absences Reserve)  | (57)                            | 50                                 |                                     |                                  |                                     | (7)                              | 7   |
| Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)                   | 4,441                           | (9,060)                            |                                     |                                  | (5,286)                             | (9,905)                          | 9,905                                       |
|  |                                 |                                    |                                     |                                  |                                     | -                                | -   |
| <b>Total Adjustments to the Revenue Resources</b>  | <b>4,539</b>                    | <b>(8,224)</b>                     | <b>-</b>                            | <b>-</b>                         | <b>(5,286)</b>                      | <b>(8,971)</b>                   | <b>8,971</b>                                |
| <b>Adjustments between Revenue and Capital Resources</b>   |                                 |                                    |                                     |                                  |                                     |                                  |   |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve   | -                               | 1,396                              | (1,396)                             |                                  |                                     | -                                | -   |
| Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)   |                                 | (25)                               | 25                                  |                                  |                                     | -                                | -   |
| Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)  |                                 | -                                  | -                                   |                                  |                                     | -                                | -   |
| Posting of HRA resources from revenue to the Major Repairs Reserve   |                                 | 3,974                              |                                     | (3,974)                          |                                     | -                                | -   |
| Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)   | 265                             |                                    |                                     |                                  |                                     | 265                              | (265)                                       |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)  | 1,142                           | 180                                |                                     |                                  |                                     | 1,322                            | (1,322)                                     |
| <b>Total Adjustments between Revenue and Capital Resources</b>   | <b>1,407</b>                    | <b>5,525</b>                       | <b>(1,371)</b>                      | <b>(3,974)</b>                   | <b>-</b>                            | <b>1,587</b>                     | <b>(1,587)</b>                              |
| <b>Adjustments to Capital Resources</b>  |                                 |                                    |                                     |                                  |                                     |                                  |   |
| Use of Capital Receipts Reserve to finance capital expenditure   |                                 |                                    | 1,702                               |                                  |                                     | 1,702                            | (1,702)                                     |
| Use of the Major Repairs Reserve to finance capital expenditure  |                                 |                                    |                                     | 7,053                            |                                     | 7,053                            | (7,053)                                     |
| Application of capital grants to finance capital expenditure   |                                 |                                    |                                     |                                  | 389                                 | 389                              | (389)                                       |
| Cash payments in relation to deferred capital receipts   |                                 |                                    |                                     |                                  |                                     | -                                | -   |
| <b>Total Adjustments to Capital Resources</b>  | <b>-</b>                        | <b>-</b>                           | <b>1,702</b>                        | <b>7,053</b>                     | <b>389</b>                          | <b>9,144</b>                     | <b>(9,144)</b>                              |
| <b>Total Adjustments</b>   | <b>5,946</b>                    | <b>(2,699)</b>                     | <b>331</b>                          | <b>3,079</b>                     | <b>(4,897)</b>                      | <b>1,760</b>                     | <b>(1,760)</b>                              |

2023/24

### Adjustments to the Revenue Resources

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

|  | General Fund<br>Balance<br>£000 | Housing<br>Revenue<br>Account<br>£000 | Capital<br>Receipts<br>Reserve<br>£000 | Major Repairs<br>Reserve<br>£000 | Capital Grants<br>Unapplied<br>£000 | Total Usable<br>Reserves<br>£000 | Movement in<br>Unusable<br>Reserves<br>£000 |
|--|---------------------------------|---------------------------------------|--|----------------------------------|-------------------------------------|----------------------------------|---|
| ◦ Pension costs (transferred to / (or from) the Pensions Reserve)  | 1,275                           | 684                                   |  |                                  |                                     | 1,959                            | (1,959)                                     |
| ◦ Council Tax and NDR (transfer to / (or from) Collection Fund)  | 1,418                           |                                       |  |                                  |                                     | 1,418                            | (1,418)                                     |
| ◦ Holiday pay (transferred to the Accumulated Absences Reserve)  | 24                              | (39)                                  |  |                                  |                                     | (15)                             | 15  |
| ◦ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account) | (2,433)                         | (12,368)                              |  |                                  | (231)                               | (15,032)                         | 15,032                                      |
| <b>Total Adjustments to the Revenue Resources</b>  | <b>284</b>                      | <b>(11,723)</b>                       | <b>-</b>                               | <b>-</b>                         | <b>(231)</b>                        | <b>(11,670)</b>                  | <b>11,670</b>                               |

### Adjustments between Revenue and Capital Resources

|  |              |              |                |                |          |            |              |
|--|--------------|--------------|----------------|----------------|----------|------------|--------------|
| ◦ Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve                         | 644          | 847          | (1,491)        |                |          | -          | -            |
| ◦ Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve) | (12)         | (16)         | 28             |                |          | -          | -            |
| ◦ Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)        |              |              |                |                |          | -          | -            |
| ◦ Posting of HRA resources from revenue to the Major Repairs Reserve   |              | 5,102        |                | (5,102)        |          | -          | -            |
| ◦ Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)                     | 267          |              |                |                |          | 267        | (267)        |
| ◦ Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)                  | 169          |              |                |                |          | 169        | (169)        |
| <b>Total Adjustments between Revenue and Capital Resources</b>   | <b>1,068</b> | <b>5,933</b> | <b>(1,463)</b> | <b>(5,102)</b> | <b>-</b> | <b>436</b> | <b>(436)</b> |

### Adjustments to Capital Resources

|   |          |          |            |              |            |              |                |
|---|----------|----------|------------|--------------|------------|--------------|----------------|
| ◦ Use of Capital Receipts Reserve to finance capital expenditure  |          |          | 293        |              |            | 293          | (293)          |
| ◦ Use of the Major Repairs Reserve to finance capital expenditure |          |          |            | 7,062        |            | 7,062        | (7,062)        |
| ◦ Application of capital grants to finance capital expenditure    |          |          |            |              | 975        | 975          | (975)          |
| ◦ Cash payments in relation to deferred capital receipts          |          |          |            |              |            | -            | -              |
| <b>Total Adjustments to Capital Resources</b>                     | <b>-</b> | <b>-</b> | <b>293</b> | <b>7,062</b> | <b>975</b> | <b>8,330</b> | <b>(8,330)</b> |

### Total Adjustments

| Usable Reserves                 |                                       |  |                                  |                                     |                                  |   |  |
|---------------------------------|---------------------------------------|--|----------------------------------|-------------------------------------|----------------------------------|---|--|
| General Fund<br>Balance<br>£000 | Housing<br>Revenue<br>Account<br>£000 | Capital<br>Receipts<br>Reserve<br>£000 | Major Repairs<br>Reserve<br>£000 | Capital Grants<br>Unapplied<br>£000 | Total Usable<br>Reserves<br>£000 | Movement in<br>Unusable<br>Reserves<br>£000 |  |
| <b>1,352</b>                    | <b>(5,790)</b>                        | <b>(1,170)</b>                         | <b>1,960</b>                     | <b>744</b>                          | <b>(2,904)</b>                   | <b>2,904</b>                                |  |

## 12. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2024/25.

|                               | Balance at 31<br>March 2023<br>£000 | Transfer out<br>2023/24<br>£000 | Transfers in<br>2023/24<br>£000 | Balance at 31<br>March 2024<br>£000 | Transfer out<br>2024/25<br>£000 | Transfers in<br>2024/25<br>£000 | Balance at 31<br>March 2025<br>£000 |
|-------------------------------|-------------------------------------|---------------------------------|---------------------------------|-------------------------------------|---------------------------------|---------------------------------|-------------------------------------|
| <b>General Fund</b>           |                                     |                                 |                                 |                                     |                                 |                                 |                                     |
| <b>Revenue</b>                |                                     |                                 |                                 |                                     |                                 |                                 |                                     |
| General                       | 9,632                               | (1,434)                         | 3,063                           | 11,261                              | (895)                           | 2,594                           | 12,960                              |
| Section 106                   | 3,877                               | (262)                           | 455                             | 4,070                               | (1,101)                         | 532                             | 3,501                               |
| Commuted Sums                 | 483                                 | (69)                            | 43                              | 457                                 | (72)                            | 286                             | 671                                 |
| Grants                        | 2,401                               | (237)                           | 558                             | 2,722                               | (940)                           | 644                             | 2,426                               |
| Business Rates Reserve        | 462                                 | (1,393)                         |                                 | (931)                               | (444)                           | 931                             | (444)                               |
| <b>Sub Total</b>              | <b>16,855</b>                       | <b>(3,395)</b>                  | <b>4,119</b>                    | <b>17,579</b>                       | <b>(3,452)</b>                  | <b>4,987</b>                    | <b>19,114</b>                       |
| <b>Capital</b>                |                                     |                                 |                                 |                                     |                                 |                                 |                                     |
| RCCO                          | 15                                  |                                 | 300                             | 315                                 | -                               | 500                             | 815                                 |
| Capital                       | 2,132                               | (124)                           | 30                              | 2,038                               | (333)                           | 307                             | 2,012                               |
| <b>Sub Total</b>              | <b>2,147</b>                        | <b>(124)</b>                    | <b>330</b>                      | <b>2,353</b>                        | <b>(333)</b>                    | <b>807</b>                      | <b>2,827</b>                        |
| <b>General Fund Sub Total</b> | <b>19,002</b>                       | <b>(3,519)</b>                  | <b>4,449</b>                    | <b>19,932</b>                       | <b>(3,785)</b>                  | <b>5,794</b>                    | <b>21,941</b>                       |
| <b>HRA</b>                    |                                     |                                 |                                 |                                     |                                 |                                 |                                     |
| Housing                       | 2,001                               | (132)                           | 107                             | 1,976                               | (203)                           | 148                             | 1,921                               |
| RCCO                          | 11,190                              |                                 | 798                             | 11,988                              | -                               | 2,413                           | 14,401                              |
| <b>HRA Sub Total</b>          | <b>13,191</b>                       | <b>(132)</b>                    | <b>905</b>                      | <b>13,964</b>                       | <b>(203)</b>                    | <b>2,561</b>                    | <b>16,322</b>                       |
| <b>Total Revenue Reserves</b> | <b>32,193</b>                       | <b>(3,651)</b>                  | <b>5,354</b>                    | <b>33,896</b>                       | <b>(3,988)</b>                  | <b>8,355</b>                    | <b>38,263</b>                       |

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

The Business Rates Reserve balance is not available for general use. This represents the Council's share of the surplus on the Collection Fund for 2024/25. This reserve has been set aside to absorb the timing difference in accounting for collection fund balances.

## 13. Other Operating Expenditure

| 2023/24<br>£000   | 2024/25<br>£000 |
|---|-----------------|
| 849 Parish council precepts                                 | 873             |
| (595) (Gains)/Losses on the disposal of non-current assets: | (409)           |
| 7 Levies  | 7               |
| <b>261 Total</b>  | <b>471</b>      |

## 14. Financing and Investment Income and Expenditure

| 2023/24<br>£000   | 2024/25<br>£000 |
|---|-----------------|
| 3,251 Interest Payable & Similar Charges                          | 3,174           |
| (6,850) Net interest on the net defined benefit liability (asset) | (7,798)         |
| 7,028 Remeasurements of the net defined benefit liability/(asset) | 7,132           |
| - Interest on the effect of the asset ceiling                     | 2,205           |
| (3,393) Interest Receivable and similar income                    | (2,983)         |
| - Investment properties changes in fair value                     | (37)            |
| (52) Income and Expenditure in relation to investment properties  | 15              |
| - (Gain) / loss on disposal of investment properites              | 1,030           |
| 72 (Gain) / loss on trading accounts                              | 87              |
| (221) Expected credit loss allowance                              | (259)           |
| <b>(165) Total</b>  | <b>2,566</b>    |

## 15. Taxation and Non Specific Grant Incomes

| 2023/24                                   | 2024/25                |
|---|------------------------|
| £000                                      | £000                   |
| (2,417) Capital grants and contributions  | (11,387)               |
| (7,796) Precepts on the Collection Fund   | (8,222)                |
| (7,522) Non domestic rates                | (8,284)                |
| (1,728) Non ring-fenced government grants | (1,929)                |
| <b><u>(19,463) Total</u></b>              | <b><u>(29,822)</u></b> |

## 16. Property, Plant and Equipment

### Movements on Balances

|  | Council<br>Dwellings<br>£000 | Other Land &<br>Buildings<br>£000 | Vehicles, Plant,<br>Furniture &<br>Equipment<br>£000 | Leased Plant &<br>Equipment<br>£000 | Infrastructure<br>£000 | Community<br>Assets<br>£000 | Surplus Assets<br>£000 | Assets Under<br>Construction<br>£000 | Total Property,<br>Plant and<br>Equipment<br>£000 |
|--|------------------------------|-----------------------------------|--|-------------------------------------|------------------------|-----------------------------|------------------------|--------------------------------------|---|
| <b>Movements in 2024/25</b>  |                              |                                   |  |                                     |                        |                             |                        |                                      |   |
| <b>Cost or Valuation</b>   |                              |                                   |  |                                     |                        |                             |                        |                                      |   |
| o at 1 April 2024  | 245,982                      | 70,593                            | 3,731  | 1,313                               | 105                    | 241                         | 167                    | 3,818                                | 325,950   |
| o Additions  | 7,261                        | 1,840                             | 576  | 3,210                               |                        |                             |                        | 4,992                                | 17,879  |
| o Revaluation increases/(decreases) recognised in the Revaluation Reserve                          | 20,887                       | 618                               |  |                                     |                        |                             | (347)                  |                                      | 21,158  |
| o Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | (4,852)                      | (1,211)                           |  |                                     |                        |                             |                        |                                      | (6,063)   |
| o Derecognition - disposals  | (947)                        | (19)                              |  | (1,313)                             |                        |                             |                        |                                      | (2,279)   |
| o Derecognition - other  | (94)                         |                                   |  |                                     |                        |                             |                        |                                      | (94)  |
| o Assets reclassified (to)/from Held For Sale  |                              |                                   |  |                                     |                        |                             |                        |                                      | -   |
| o Other movements in cost or valuation   |                              | (1,063)                           |  |                                     |                        |                             | 632                    | 431                                  | -   |
| <b>at 31 March 2025</b>  | <b>268,237</b>               | <b>70,758</b>                     | <b>4,307</b>   | <b>3,210</b>                        | <b>105</b>             | <b>241</b>                  | <b>452</b>             | <b>9,241</b>                         | <b>356,551</b>                                    |
| <b>Accumulated Depreciation and Impairment</b>   |                              |                                   |  |                                     |                        |                             |                        |                                      |   |
| o at 1 April 2024  | (1,604)                      | (1,096)                           | (2,908)  | (1,313)                             | (21)                   | -                           | -                      | -                                    | (6,942)   |
| o Depreciation charge  | (3,359)                      | (2,695)                           | (327)  | (9)                                 | (4)                    |                             | (4)                    |                                      | (6,398)   |
| o Depreciation written out to the Revaluation Reserve  | 3,133                        | 3,190                             |  |                                     |                        |                             | 18                     |                                      | 6,341   |
| o Depreciation written out to the Surplus/Deficit on the Provision of Services                     | 87                           |                                   |  |                                     |                        |                             |                        |                                      | 87  |
| o Impairment losses/(reversals) recognised in the Revaluation Reserve                              |                              |                                   |  |                                     |                        |                             |                        |                                      | -   |
| o Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services     |                              | 61                                |  |                                     |                        |                             |                        |                                      | 61  |
| o Derecognition - disposals  | 99                           |                                   |  | 1,313                               |                        |                             |                        |                                      | 1,412   |
| o Derecognition - other  |                              |                                   |  |                                     |                        |                             |                        |                                      | -   |
| o Other movements in depreciation and impairment   |                              | 295                               |  |                                     |                        |                             | (14)                   | (281)                                | -   |
| <b>at 31 March 2025</b>  | <b>(1,644)</b>               | <b>(245)</b>                      | <b>(3,235)</b>                                       | <b>(9)</b>                          | <b>(25)</b>            | <b>-</b>                    | <b>-</b>               | <b>(281)</b>                         | <b>(5,439)</b>                                    |
| <b>Net Book Value</b>  |                              |                                   |  |                                     |                        |                             |                        |                                      |   |
| <b>at 31 March 2025</b>  | <b>266,593</b>               | <b>70,513</b>                     | <b>1,072</b>   | <b>3,201</b>                        | <b>80</b>              | <b>241</b>                  | <b>452</b>             | <b>8,960</b>                         | <b>351,112</b>                                    |
| <b>at 31 March 2024</b>  | <b>244,378</b>               | <b>69,497</b>                     | <b>823</b>   | <b>-</b>                            | <b>84</b>              | <b>241</b>                  | <b>167</b>             | <b>3,818</b>                         | <b>319,008</b>                                    |

| <b>Movements in 2023/24</b>  |                                       |  |  |  |                                |                                      |                                |   |   |
|--|---------------------------------------|--|--|--|--------------------------------|--------------------------------------|--------------------------------|---|---|
|  | <b>Council<br/>Dwellings<br/>£000</b> | <b>Other Land &amp;<br/>Buildings<br/>£000</b> | <b>Vehicles, Plant,<br/>Furniture &amp;<br/>Equipment<br/>£000</b> | <b>Leased Plant &amp;<br/>Equipment<br/>£000</b> | <b>Infrastructure<br/>£000</b> | <b>Community<br/>Assets<br/>£000</b> | <b>Surplus Assets<br/>£000</b> | <b>Assets Under<br/>Construction<br/>£000</b> | <b>Total Property,<br/>Plant and<br/>Equipment<br/>£000</b> |
| <b>Cost or Valuation</b>   |                                       |  |  |  |                                |                                      |                                |   |   |
| o at 1 April 2023  | 244,817                               | 68,771   | 3,496  | 1,313  | 105                            | 241                                  | 196                            | 2,631   | 321,570   |
| o Additions  | 6,922                                 | 343  | 235  |  |                                |                                      |                                | 1,187   | 8,687   |
| o Revaluation increases/(decreases) recognised in the Revaluation Reserve                          | 1,623                                 | 1,881  |  |  |                                |                                      | (29)                           |   | 3,475   |
| o Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services | (6,679)                               | (156)  |  |  |                                |                                      |                                |   | (6,835)   |
| o Derecognition - disposals  | (605)                                 | (246)  |  |  |                                |                                      |                                |   | (851)   |
| o Derecognition - other  | (96)                                  |  |  |  |                                |                                      |                                |   | (96)  |
| o Assets reclassified (to)/from Held For Sale  |                                       |  |  |  |                                |                                      |                                |   | -   |
| o Other movements in cost or valuation   |                                       |  |  |  |                                |                                      |                                |   | -   |
| <b>at 31 March 2024</b>  | <b>245,982</b>                        | <b>70,593</b>                                  | <b>3,731</b>   | <b>1,313</b>                                     | <b>105</b>                     | <b>241</b>                           | <b>167</b>                     | <b>3,818</b>                                  | <b>325,950</b>  |
| <b>Accumulated Depreciation<br/>and Impairment</b>   |                                       |  |  |  |                                |                                      |                                |   |   |
| o at 1 April 2023  | (1,380)                               | (618)  | (2,538)  | (1,313)  | (17)                           |                                      |                                |   | (5,866)   |
| o Depreciation charge  | (3,516)                               | (3,636)  | (370)  | -  | (4)                            | -                                    | (3)                            |   | (7,529)   |
| o Depreciation written out to the Revaluation Reserve  | 3,212                                 |  |  |  |                                |                                      |                                |   | 3,212   |
| o Depreciation written out to the Surplus/Deficit on the Provision of Services                     |                                       |  |  |  |                                |                                      |                                |   | -   |
| o Impairment losses/(reversals) recognised in the Revaluation Reserve                              |                                       | 3,133  |  |  |                                |                                      | 3                              |   | 3,136   |
| o Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services     |                                       | 25   |  |  |                                |                                      |                                |   | 25  |
| o Derecognition - disposals  | 12                                    |  |  |  |                                |                                      |                                |   | 12  |
| o Derecognition - other  | 68                                    |  |  |  |                                |                                      |                                |   | 68  |
| o Other movements in depreciation and impairment   |                                       |  |  |  |                                |                                      |                                |   | -   |
| <b>at 31 March 2024</b>  | <b>(1,604)</b>                        | <b>(1,096)</b>                                 | <b>(2,908)</b>   | <b>(1,313)</b>                                   | <b>(21)</b>                    | <b>-</b>                             | <b>-</b>                       | <b>-</b>                                      | <b>(6,942)</b>  |
| <b>Net Book Value</b>  |                                       |  |  |  |                                |                                      |                                |   |   |
| <b>at 31 March 2024</b>  | <b>244,378</b>                        | <b>69,497</b>                                  | <b>823</b>   | <b>-</b>   | <b>84</b>                      | <b>241</b>                           | <b>167</b>                     | <b>3,818</b>                                  | <b>319,008</b>  |
| <b>at 31 March 2023</b>  | <b>243,437</b>                        | <b>68,153</b>                                  | <b>958</b>   | <b>-</b>   | <b>88</b>                      | <b>241</b>                           | <b>196</b>                     | <b>2,631</b>                                  | <b>315,704</b>  |

## Depreciation

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

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

## Capital Commitments

At 31 March 2025 the Council held contracts for the construction or enhancement of Property, Plant and Equipment in 2024/25 and future years budgeted to cost £19,636,000. This included £11,639,000 for HRA Kitchen and Bathroom replacements. Similar commitments as at 31 March 2024 were £15,580,000.

## Valuation Information

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

The valuations are carried out by the external valuer, Lambert Smith Hampton (Senior Associate Director Ben Davies MRICS).

The Housing Revenue fixed assets valuations were carried out by the external valuer, Lambert Smith Hampton (Director Roger Buncombe BSc (Hons) MRICS).

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

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

The significant assumptions applied in estimating the fair values are:

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



As set out above the Council undertakes an annual review of all assets to ensure they are not materially mistated which it will do again for the 31 March 2026.

|                                | Council Dwellings<br>£000 | Other Land & Buildings<br>£000 | Vehicles, Plant, Furniture & Equipment<br>£000 | Leased Plant & Equipment<br>£000 | Infrastructure<br>£000 | Community Assets<br>£000 | Surplus Assets<br>£000 | Assets under construction<br>£000 | Total Property, plant and Equipment<br>£000 |
|--------------------------------|---------------------------|--------------------------------|--|----------------------------------|------------------------|--------------------------|------------------------|-----------------------------------|---|
| Carried at historical cost     | -                         | -                              | 1,072  | 3,201                            | 80                     | 241                      |                        | 8,960                             | 13,554                                      |
| valued at fair value as at :   |                           |                                |  |                                  |                        |                          |                        |                                   |   |
| 31 March 2021                  |                           | 1,578                          |  |                                  |                        |                          |                        |                                   | -   |
| 31 March 2022                  |                           | 1,480                          |  |                                  |                        |                          |                        |                                   | 1,578                                       |
| 31 March 2023                  |                           | 1,516                          |  |                                  |                        |                          |                        |                                   | 1,480                                       |
| 31 March 2024                  |                           | 2,093                          |  |                                  |                        |                          |                        |                                   | 1,516                                       |
| 31 March 2025                  | 266,593                   | 63,846                         |  |                                  |                        |                          | 452                    |                                   | 2,093                                       |
|                                |                           |                                |  |                                  |                        |                          |                        |                                   | 330,891                                     |
| <b>Total Cost or Valuation</b> | <b>266,593</b>            | <b>70,513</b>                  | <b>1,072</b>                                   | <b>3,201</b>                     | <b>80</b>              | <b>241</b>               | <b>452</b>             | <b>8,960</b>                      | <b>351,112</b>                              |

## 17. Heritage Assets

Heritage Assets are held by the authority of £296,000 comprising Civic Regalia (£35,000) and Exhibits (£261,000). There were no changes to these values in either 2024/25 or 2023/24.

## 18. Investment Properties

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

| 2023/24<br>£000 |  | 2024/25<br>£000 |
|-----------------|--|-----------------|
| 53              | Rental Income from Investment Property | (15)            |
| <b>53</b>       | <b>Net Gain / (loss)</b>               | <b>(15)</b>     |

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

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

| 2023/24<br>£000 |  | 2024/25<br>£000 |
|-----------------|--|-----------------|
| 1,212           | Balance at start of the year                     | 1,212           |
| -               | - Disposals                                      | (1,030)         |
| -               | - Net gains / (loss) from fair value adjustments | 37              |
| <b>1,212</b>    | <b>Balance at end of year</b>                    | <b>219</b>      |

### Fair Value Measurement of Investment Property

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

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

There have been no transfers between levels of the fair value hierarchy and valuation techniques from those used in 2023/24.

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

## 19. Intangible Assets

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

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

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

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

| <b>2023/24</b>                   |   | <b>2024/25</b> |
|----------------------------------|---|----------------|
| <b>Total</b>                     |   | <b>Total</b>   |
| <b>£000</b>                      |   | <b>£000</b>    |
| <b>Balance at start of year:</b> |   |                |
| 927                              | Gross carrying amounts                      | 948            |
| (613)                            | Accumulated amortisation                    | (648)          |
| <b>314</b>                       | <b>Net carrying amount at start of year</b> | <b>300</b>     |
| <b>Additions:</b>                |   |                |
| 21                               | Purchases                                   | 195            |
| (35)                             | Amortisation for the period                 | (37)           |
| <b>300</b>                       | <b>Net carrying amount at end of year</b>   | <b>458</b>     |
| <b>Comprising:</b>               |   |                |
| 948                              | Gross carrying amounts                      | 1,143          |
| (648)                            | Accumulated amortisation                    | (685)          |
| <b>300</b>                       |   | <b>458</b>     |

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

| <b>Carrying Amount</b>               |          | <b>Carrying Amount</b> |
|--------------------------------------|----------|------------------------|
| <b>31 March 2024</b>                 |          | <b>31 March 2025</b>   |
| <b>£000</b>                          |          | <b>£000</b>            |
| <b>Remaining Amortisation Period</b> |          |                        |
| -                                    | 1 Year   | -                      |
|                                      | 7 Years  | 244                    |
| 279                                  | 8 Years  | -                      |
| -                                    | 9 Years  | 19                     |
| 21                                   | 10 Years | 195                    |
| <b>300</b>                           |          | <b>458</b>             |

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

## 20. Financial Instruments

### Categories of Financial Instruments

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

|                               | 31 March<br>2024    | 31 March<br>2025 | 31 March<br>2024 | 31 March<br>2025 | 31 March<br>2024    | 31 March<br>2025 | 31 March<br>2024 | 31 March<br>2025 | 31 March<br>2024 | 31 March<br>2025 |
|-------------------------------|---------------------|------------------|------------------|------------------|---------------------|------------------|------------------|------------------|------------------|------------------|
|                               | Non-current         |                  |                  |                  | Current             |                  |                  |                  | Total            | Total            |
| Financial Assets              | Investments<br>£000 | £000             | Debtors<br>£000  | £000             | Investments<br>£000 | £000             | Debtors<br>£000  | £000             | £000             | £000             |
| Amortised cost:               |                     |                  |                  |                  |                     |                  |                  |                  |                  |                  |
| Short Term Investments        |                     |                  |                  |                  | 28,855              | 13,600           |                  |                  | 28,855           | 13,600           |
| Cash & Cash Equivalents       |                     |                  |                  |                  | 26,023              | 44,031           |                  |                  | 26,023           | 44,031           |
| Long Term Debtors             |                     |                  | 51               | 51               |                     |                  |                  |                  | 51               | 51               |
| Trade Debtors                 |                     |                  |                  |                  |                     |                  | 2,119            | 3,875            | 2,119            | 3,875            |
| <b>Total financial assets</b> | -                   | -                | 51               | 51               | 54,878              | 57,631           | 2,119            | 3,875            | 57,048           | 61,557           |
| Non-financial assets          |                     |                  |                  |                  |                     |                  | 6,168            | 6,292            | 6,168            | 6,292            |
| <b>Total</b>                  | -                   | -                | 51               | 51               | 54,878              | 57,631           | 8,287            | 10,167           | 63,216           | 67,849           |

  

|   | 31 March<br>2024   | 31 March<br>2025 | 31 March<br>2024  | 31 March<br>2025 | 31 March<br>2024   | 31 March<br>2025 | 31 March<br>2024  | 31 March<br>2025 | 31 March<br>2024 | 31 March<br>2025 |
|---|--------------------|------------------|-------------------|------------------|--------------------|------------------|-------------------|------------------|------------------|------------------|
|   | Non-current        |                  |                   |                  | Current            |                  |                   |                  | Total            | Total            |
| Financial Liabilities                     | Borrowings<br>£000 | £000             | Creditors<br>£000 | £000             | Borrowings<br>£000 | £000             | Creditors<br>£000 | £000             | £000             | £000             |
| Amortised cost                            |                    |                  |                   |                  |                    |                  |                   |                  |                  |                  |
| Trade Creditors                           |                    |                  |                   |                  |                    |                  | 4,804             | 6,081            | 4,804            | 6,081            |
| Finance Lease                             |                    |                  |                   | 2,707            |                    |                  | -                 | 494              | -                | 3,201            |
| Long Term Creditors                       |                    |                  | 6                 | 2                |                    |                  |                   |                  | 6                | 2                |
| Short Term Borrowing and Accrued Interest |                    |                  |                   |                  | 1,726              | 3,298            |                   |                  | 1,726            | 3,298            |
| Long Term Borrowing                       | 80,205             | 77,205           |                   |                  |                    |                  |                   |                  | 80,205           | 77,205           |
| <b>Total financial liabilities</b>        | 80,205             | 77,205           | 6                 | 2,709            | 1,726              | 3,298            | 4,804             | 6,575            | 86,741           | 89,787           |
| Non-financial liabilities                 |                    |                  |                   |                  |                    |                  | 7,053             | 3,703            | 7,053            | 3,703            |
| <b>Total</b>                              | 80,205             | 77,205           | 6                 | 2,709            | 1,726              | 3,298            | 11,857            | 10,278           | 93,794           | 93,490           |

## Reclassifications

There were no reclassifications during 2024/25

## Financial Instruments Gains and Losses

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

### Income, Expense, Gains and Losses

|   | 2023/24  |   | 2024/25  |   |
|---|--|---|--|---|
|   | Surplus or Deficit on the<br>Provision of Services<br>£000 | Other Comprehensive<br>Income and Expenditure<br>£000 | Surplus or Deficit on the<br>Provision of Services<br>£000 | Other Comprehensive<br>Income and Expenditure<br>£000 |
| Interest Revenue:   |  |   |  |   |
| Financial assets measured at amortised cost   | (2,904)  | -   | (3,029)  | -   |
| <b>Total interest Revenue</b>   | <b>(2,904)</b>   | <b>-</b>  | <b>(3,029)</b>   | <b>-</b>  |
| <b>Interest Expense</b>   | <b>3,249</b>   | <b>-</b>  | <b>3,180</b>   | <b>-</b>  |
| <b>(Surplus) / deficit arising on revaluation of financial assets<br/>in Other comprehensive Income</b> | <b>-</b>   | <b>-</b>  | <b>-</b>   | <b>-</b>  |
| <b>Net (gain)/loss for the year</b>   | <b>345</b>   | <b>-</b>  | <b>151</b>   | <b>-</b>  |

### Changes in the Valuation Technique

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

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

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

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

## Mark to Model Valuation for Financial Instruments

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

The fair values calculated are as follows:

| 31 March 2024   |               |  | 31 March 2025   |               |
|-----------------|---------------|--|-----------------|---------------|
| Carrying Amount | Fair Value    | Financial Liabilities                        | Carrying Amount | Fair Value    |
| £000            | £000          |  | £000            | £000          |
| 81,931          | 66,940        | PWLB Debt                                    | 80,503          | 59,452        |
| 4,804           | 4,804         | Trade Payables                               | 6,081           | 6,081         |
| -               | -             | Short Term Creditor - Finance Lease          | 494             | 494           |
| 6               | 6             | Long Term Creditors                          | 2               | 2             |
| -               | -             | Other Long Term Liabilities - Finance Leases | 2,707           | 2,707         |
| <b>86,741</b>   | <b>71,750</b> | <b>Total Financial Liabilities</b>           | <b>89,787</b>   | <b>68,736</b> |

The fair value of liabilities is lower than the carrying amount because the Council's portfolio of loans includes a fixed rate loan where the interest payable is lower than the rates available for similar loans in the market place at 31 March 2025. This shows a notional gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below market rates.

The fair value of Public Works Loan Boards of £59.452m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the balance sheet date. The difference between the carrying amount and the fair value measures the reduced interest that the authority will pay over the remaining terms of the loan under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

| 31 March 2024   |               |                               | 31 March 2025   |               |
|-----------------|---------------|-------------------------------|-----------------|---------------|
| Carrying Amount | Fair Value    | Financial Assets              | Carrying Amount | Fair Value    |
| £000            | £000          |                               | £000            | £000          |
| 28,855          | 28,855        | Fixed Term Deposits           | 13,600          | 13,600        |
| 26,023          | 26,023        | Cash & Cash Equivalents       | 44,031          | 44,031        |
| 51              | 51            | Long Term Debtors             | 51              | 51            |
| 2,119           | 2,119         | Trade Receivables             | 3,875           | 3,875         |
| <b>57,048</b>   | <b>57,048</b> | <b>Total Financial Assets</b> | <b>61,557</b>   | <b>61,557</b> |

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

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

## 21. Inventories

The Council carries stock as consumable stores and maintenance materials and the balance carried is not material, therefore detailed disclosure notes of movements are not required. At 31 March 2025 the balance of stocks held was £149,000, an increase of £7,000 from the previous financial year.

## 22. Debtors

### Short Term Debtors

| 31 March<br>2024<br>£000 |                              | 31 March<br>2025<br>£000 |
|--------------------------|------------------------------|--------------------------|
| 1,676                    | Central Government           | 2,434                    |
| 2,119                    | Trade Debtors                | 3,875                    |
| 586                      | Pre Payments                 | 848                      |
| 3,001                    | Local taxation - Council Tax | 2,205                    |
| 467                      | Local taxation - NNDR        | 315                      |
| 438                      | Other Receivables            | 490                      |
| <b>8,287</b>             |                              | <b>10,167</b>            |

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

| 31 March<br>2024<br>£000 |                              | 31 March<br>2025<br>£000 |
|--------------------------|------------------------------|--------------------------|
| (730)                    | Trade receivables            | (722)                    |
| (1,000)                  | Local taxation - Council Tax | (1,041)                  |
| (682)                    | Local taxation - NNDR        | (541)                    |
| (2,322)                  | Other receivable amounts     | (2,065)                  |
| <b>(4,734)</b>           |                              | <b>(4,369)</b>           |

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

### Debtors for Local Taxation - Council Tax

| 31 March<br>2024<br>£000 |                        | 31 March<br>2025<br>£000 |
|--------------------------|------------------------|--------------------------|
| 91                       | Less than three months | 281                      |
| 371                      | Three to six months    | 101                      |
| 163                      | Six months to one year | 213                      |
| 781                      | More than one year     | 825                      |
| <b>1,406</b>             |                        | <b>1,420</b>             |

### Debtors for Local Taxation - NNDR

| 31 March<br>2024<br>£000 |                        | 31 March<br>2025<br>£000 |
|--------------------------|------------------------|--------------------------|
| 315                      | Less than three months | 186                      |
| 214                      | Three to six months    | 67                       |
| 179                      | Six months to one year | 118                      |
| 441                      | More than one year     | 485                      |
| <b>1,149</b>             |                        | <b>856</b>               |

## 23. Cash and Cash Equivalents

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

| 31 March<br>2024<br>£000 |  | 31 March<br>2025<br>£000 |
|--------------------------|--|--------------------------|
|                          | <b>Current Assets</b>                  |                          |
| 27,222                   | Cash equivalents held by the Council   | 44,019                   |
| (1,203)                  | Bank current accounts                  | 7                        |
| 4                        | Cash held by the Council               | 5                        |
| <b>26,023</b>            | <b>Total Cash and Cash Equivalents</b> | <b>44,031</b>            |

## 24. Assets Held For Sale

There were no Assets held for sale as at 31 March 2025 (31 March 2024 nil).

## 25. Short Term Creditors

| 31 March<br>2024<br>£000 |                              | 31 March<br>2025<br>£000 |
|--------------------------|------------------------------|--------------------------|
| 4,997                    | Central Government           | 1,813                    |
| 192                      | Local taxation - Council Tax | 214                      |
| 1,147                    | Local taxation - NNDR        | 750                      |
| 4,804                    | Trade payables               | 6,575                    |
| 717                      | Other payables               | 926                      |
| <b>11,857</b>            |                              | <b>10,278</b>            |

## 26. Provisions

### (i) Current Liabilities

The were no short term provisions as at 31st March 2025 (2023/24 £144,000).

### (ii) Long Term Liabilities

|                                 | Insurance<br>£000 | Business Rates<br>Appeals<br>£000 | Total<br>£000 |
|---------------------------------|-------------------|-----------------------------------|---------------|
| Balance at 1 April 2024         | 223               | 2,076                             | 2,299         |
| Additional provisions           | 50                | -                                 | 50            |
| Amounts used in 2024/25         | (42)              | (781)                             | (823)         |
| Unused amounts reversed         | -                 | (26)                              | (26)          |
| <b>Balance at 31 March 2025</b> | <b>231</b>        | <b>1,269</b>                      | <b>1,500</b>  |

The balance at 31 March 2025 of £1,269,000 reflects the Council's share of the provision for business rates appeals. The business rates provision is an estimate as detailed in note 4 to the accounts. It is included within long term liabilities as there is uncertainty on timing and amount.

## 27. Usable Reserves

| 31 March<br>2024<br>£000   |   | 31 March<br>2025<br>£000 |
|----------------------------|---|--------------------------|
| (1,612)                    | General Fund Balance                            | (2,410)                  |
| (2,572)                    | HRA Balance                                     | (2,671)                  |
| <b>Earmarked Reserves:</b> |   |                          |
| (19,932)                   | General Fund                                    | (21,941)                 |
| (13,964)                   | Housing Revenue Account                         | (16,322)                 |
| (12,826)                   | Capital Receipts Reserve                        | (12,495)                 |
| (2,862)                    | Capital Grants Unapplied                        | (7,759)                  |
| (6,602)                    | Housing Revenue Account - Major Repairs Reserve | (3,523)                  |
| <b>(60,370)</b>            | <b>Total Usable Reserves</b>                    | <b>(67,121)</b>          |

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 11 and 12.

## 28. Unusable Reserves

| 31 March<br>2024<br>£000 |                                    | 31 March<br>2025<br>£000 |
|--------------------------|------------------------------------|--------------------------|
| (164,797)                | Revaluation Reserve                | (188,449)                |
| (65,003)                 | Capital Adjustment Account         | (69,677)                 |
| 37,230                   | Pensions Reserve                   | 32,443                   |
| (51)                     | Deferred Capital Receipts Reserve  | (51)                     |
| (774)                    | Collection Fund Adjustment Account | (350)                    |
| 184                      | Accumulated Absences Account       | 191                      |
| <b><u>(193,211)</u></b>  | <b>Total Unusable Reserves</b>     | <b><u>(225,893)</u></b>  |

### Revaluation Reserve

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

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

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

| 2023/24<br>£000         |  | 2024/25<br>£000         |
|-------------------------|--|-------------------------|
| <b>(159,564)</b>        | <b>Balance at 1 April</b>  | <b>(164,797)</b>        |
| (10,539)                | Upward revaluation of assets   | (31,045)                |
| 717                     | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services             | 3,545                   |
| <b>(9,822)</b>          | <b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b> | <b>(27,500)</b>         |
| 4,577                   | Difference between fair value depreciation and historical cost depreciation  | 3,609                   |
| 12                      | Accumulated gains on assets sold or scrapped   | 239                     |
| 4,589                   | Amount written off to the Capital Adjustment Account   | 3,848                   |
| <b><u>(164,797)</u></b> | <b>Balance at 31 March</b>   | <b><u>(188,449)</u></b> |



## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 11 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

| <b>2023/24</b>  |   | <b>2024/25</b>  |
|-----------------|---|-----------------|
| <b>£000</b>     |   | <b>£000</b>     |
| <b>(66,680)</b> | <b>Balance at 1 April</b>   | <b>(65,003)</b> |
|                 | Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement                               |                 |
| 14,338          | Charges for depreciation and impairment of non-current assets   | 12,314          |
| 35              | Amortisation of Intangible Assets   | 37              |
| 1,978           | Revenue Expenditure Funded from Capital Under Statute   | 1,700           |
| 867             | Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement | 1,991           |
| -               | Fair Value of Investment Property   | (37)            |
| 17,218          |   | 16,005          |
| (4,589)         | Adjusting amounts written out of the Revaluation Reserve  | (3,848)         |
| (54,051)        | Net written out amount of the cost of non-current assets consumed in the year   | (52,846)        |
|                 | Capital financing applied in the year:  |                 |
| (293)           | Use of the Capital Receipts Reserve to finance new capital expenditure  | (1,702)         |
| (7,062)         | Use of the Major Repairs Reserve to finance new capital expenditure   | (7,053)         |
| (2,186)         | Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing               | (6,100)         |
| (975)           | Application of grants to capital financing from the Capital Grants Unapplied Account  | (389)           |
| (267)           | Statutory provision for the financing of capital investment charged against the General Fund and HRA balances   | (265)           |
| (169)           | Capital expenditure charged against the General Fund and HRA balances   | (1,322)         |
| (10,952)        |   | (16,831)        |
| <b>(65,003)</b> | <b>Balance at 31 March</b>  | <b>(69,677)</b> |

## Pensions Reserve

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

| 2023/24<br>£000  | 2024/25<br>£000      |
|--|----------------------|
| <b>7,244 Balance at 1 April</b>  | <b>37,230</b>        |
| (13,989) Remeasurements of the net defined benefit liability/(asset)   | (20,539)             |
| 2,893 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 | 4,309                |
| (4,852) Employers pensions contributions and direct payments to pensioners payable in the year   | (5,674)              |
| 45,934 Asset ceiling adjustment  | 17,117               |
| <b><u>37,230</u> Balance at 31 March</b>   | <b><u>32,443</u></b> |

## Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

| 2023/24<br>£000  | 2024/25<br>£000    |
|--|--------------------|
| <b>(51) Balance at 1 April</b>   | <b>(51)</b>        |
| - Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | -                  |
| - Transfer to the Capital Receipts Reserve upon receipt of cash  | -                  |
| <b><u>(51) Balance at 31 March</u></b>   | <b><u>(51)</u></b> |

## Collection Fund Adjustment Account

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

| 2023/24<br>£000  | 2024/25<br>£000     |
|--|---------------------|
| <b>644 Balance at 1 April</b>  | <b>(774)</b>        |
| (25) 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                  | (63)                |
| (1,393) 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 | 487                 |
| <b><u>(774) Balance at 31 March</u></b>  | <b><u>(350)</u></b> |

## Accumulated Absences Account

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

| 2023/24<br>£000 |  | 2024/25<br>£000 |
|-----------------|--|-----------------|
| 169             | Balance at 1 April   | 184             |
| (169)           | Settlement or cancellation of accrual made at the end of the preceding year  | (184)           |
| 184             | Amounts accrued at the end of the current year   | 191             |
|                 | 15 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 | 7               |
| <b>184</b>      | <b>Balance at 31 March</b>   | <b>191</b>      |

## 29. Cash flow Statement - Operating Activities

The cash flows for operating activities include the following items:

| 2023/24<br>£000 |                   | 2024/25<br>£000 |
|-----------------|-------------------|-----------------|
| (3,317)         | Interest received | (3,529)         |
| 3,698           | Interest paid     | 3,202           |

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

| 2023/24<br>£000 |  | 2024/25<br>£000 |
|-----------------|--|-----------------|
|                 | <b>Adjust Net Surplus or Deficit on the Provision of Services for Non-Cash Movements</b> |                 |
| (7,529)         | Depreciation   | (6,399)         |
| (6,809)         | Impairment and downward valuations   | (5,915)         |
| (35)            | Amortisation   | (37)            |
| (146)           | Increase / (decrease) in impairments for bad debts                                       | (365)           |
| (1,320)         | Increase / (decrease) in Creditors   | (697)           |
| (714)           | Increase / (decrease) in Debtors   | 1,434           |
| (20)            | Increase / (decrease) in Stock   | 7               |
| 6,908           | Movement in pension liability  | (1,076)         |
| (867)           | Carrying amount of non-current assets sold or derecognised                               | (1,992)         |
| 536             | Other non-cash items charged to the net surplus or deficit on the provision of services  | 1,289           |
| <b>(9,996)</b>  |  | <b>(13,751)</b> |

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

| 2023/24<br>£000 |   | 2024/25<br>£000 |
|-----------------|---|-----------------|
|                 | <b>Adjust for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities</b> |                 |
| 2,417           | Capital grants credited to Surplus / Deficit on the Comprehensive Income and Expenditure Statement                                      | 11,386          |
| 1,463           | Proceeds from the sales of Plant, Property and Equipment, Investment Property and Intangible Assets                                     | 1,371           |
| <b>3,880</b>    |   | <b>12,757</b>   |

### 30. Cash flow Statement - Investing Activities

| 2023/24<br>£000 |  | 2024/25<br>£000 |
|-----------------|--|-----------------|
| 8,335           | Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets               | 14,994          |
| 25,000          | Purchase of short-term and long-term investments   | 26,000          |
| (1,463)         | Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets | (1,371)         |
| (4,000)         | Proceeds from short-term and long-term investments   | (41,000)        |
| (2,091)         | Capital grants and income from discounts   | (10,647)        |
| -               | - Other payments for investing activities  | (236)           |
| <b>25,781</b>   | <b>Net cash flows from investing activities</b>  | <b>(12,260)</b> |

### 31. Cash flow Statement - Financing Activities

| 2023/24<br>£000 |   | 2024/25<br>£000 |
|-----------------|---|-----------------|
| -               | Cash payments for the reduction of the outstanding liabilities relating to finance leases | 9               |
| -               | Repayment of short and long term borrowing  | 1,400           |
| 2,534           | Billing authority - Council Tax and NNDR adjustments                                      | 2,348           |
| <b>2,534</b>    | <b>Net cash flows from financing activities</b>   | <b>3,757</b>    |

#### Reconciliation of Liabilities Arising from Financing Activities

|  | 1 April<br>2024<br>£000 | Financing<br>cash flows<br>£000 | Non-cash changes<br>Acquisition<br>£000 | Other non<br>cash<br>changes<br>£000 | 31 March<br>2025<br>£000 |
|--|-------------------------|---------------------------------|---|--------------------------------------|--------------------------|
| Long term borrowings                               | 80,205                  | -                               | -                                       | (3,000)                              | 77,205                   |
| Short term borrowings*                             | 1,400                   | (1,400)                         | -                                       | 3,000                                | 3,000                    |
| Other liabilities (including finance leases)       | 6                       | (4)                             | -                                       | 2,707                                | 2,709                    |
| <b>Total liabilities from financing activities</b> | <b>81,611</b>           | <b>(1,404)</b>                  | <b>-</b>                                | <b>2,707</b>                         | <b>82,914</b>            |

|  | 1 April<br>2023<br>£000 | Financing<br>cash flows<br>£000 | Non-cash changes<br>Acquisition<br>£000 | Other non<br>cash<br>changes<br>£000 | 31 March<br>2024<br>£000 |
|--|-------------------------|---------------------------------|---|--------------------------------------|--------------------------|
| Long term borrowings                               | 81,605                  | -                               | -                                       | (1,400)                              | 80,205                   |
| Short term borrowings*                             | -                       | -                               | -                                       | 1,400                                | 1,400                    |
| Other liabilities                                  | 10                      | (4)                             | -                                       | -                                    | 6                        |
| <b>Total liabilities from financing activities</b> | <b>81,615</b>           | <b>(4)</b>                      | <b>-</b>                                | <b>-</b>                             | <b>81,611</b>            |

\* Excludes accrued interest on borrowings

### 32. Acquired and Discontinued Operations

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

### 33. Agency Services

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

### 34. Members Allowances

Members allowances paid during 2024/25 totalled £328,611 (2023/24 £355,786). Further details are available on the Council's website. These figures include the associated cost of employers national insurance, which is excluded from those figures published on the website.

### 35. Officers Remuneration

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

**Senior Officers emoluments 2024/25 - salary is between £50,000 and £150,000 per year**

| Post Title                              | Salary, Fees and Allowances<br>£ | Benefits in Kind<br>£ | Pension Contribution<br>£ | Total<br>£     |
|---|----------------------------------|-----------------------|---------------------------|----------------|
| S151 Officer and Deputy Chief Executive | 111,801                          | -                     | 25,043                    | 136,844        |
| Head of Housing, HRA & Corporate Assets | 90,505                           | 54                    | 20,273                    | 110,832        |
| Head of Wellbeing                       | 85,566                           | -                     | 18,683                    | 104,249        |
| Head of Regulatory Services             | 85,868                           | -                     | 19,234                    | 105,102        |
|   |                                  |                       |                           | -              |
|   | <b>373,740</b>                   | <b>54</b>             | <b>83,233</b>             | <b>457,027</b> |

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

| Post  | Lead Authority                 | Recipient Authority      |
|---|--------------------------------|--------------------------|
| S151 Officer & Deputy Chief Executive (Resources) | Cannock Chase District Council | Stafford Borough Council |
| Head of Wellbeing                                 | Cannock Chase District Council | Stafford Borough Council |
| Head of Housing, HRA & Corporate Assets           | Cannock Chase District Council | Stafford Borough Council |
| Head of Regulatory Services                       | Cannock Chase District Council | Stafford Borough Council |

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

| Post                                    | Lead Authority           | Recipient Authority            |
|---|--------------------------|--------------------------------|
| Joint Chief Executive                   | Stafford Borough Council | Cannock Chase District Council |
| Deputy Chief Executive - Place          | Stafford Borough Council | Cannock Chase District Council |
| Head of Operations                      | Stafford Borough Council | Cannock Chase District Council |
| Head of Economic Development & Planning | Stafford Borough Council | Cannock Chase District Council |
| Head of Law & Governance                | Stafford Borough Council | Cannock Chase District Council |
| Head of Transformation & Assurance      | Stafford Borough Council | Cannock Chase District Council |

**Senior Officers emoluments 2023/24 - salary is between £50,000 and £150,000 per year**

| Post Title                              | Salary, Fees and Allowances<br>£ | Benefits in Kind<br>£ | Pension Contribution<br>£ | Total<br>£     |
|---|----------------------------------|-----------------------|---------------------------|----------------|
| S151 Officer and Deputy Chief Executive | 104,967                          |                       | 23,513                    | 128,480        |
| Head of Housing, HRA & Corporate Assets | 84,835                           |                       | 19,003                    | 103,838        |
| Head of Wellbeing                       | 71,418                           |                       | 15,998                    | 87,416         |
| Head of Regulatory Services (i)         | 15,749                           |                       | 3,528                     | 19,277         |
|   | <b>276,969</b>                   | <b>-</b>              | <b>62,042</b>             | <b>339,011</b> |

(i) The Head of Regulatory Services commenced employment on the 22/1/24.

The number of other employees within the Council receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are:

| 2023/24<br>Number of employees | Remuneration band          | 2024/25<br>Number of employees |
|--------------------------------|----------------------------|--------------------------------|
| 12                             | £50,000 - £54,999          | 4                              |
| 2                              | £55,000 - £59,999          | 5                              |
| -                              | £60,000 - £64,999          | 2                              |
| -                              | £65,000 - £69,999          | 1                              |
| 1                              | £70,000 - £74,999          | -                              |
| -                              | £75,000 - £79,999          | -                              |
| -                              | £80,000 - £84,999          | -                              |
| -                              | £85,000 - £89,999 (Note 1) | 1                              |
| -                              | £90,000 - £94,999 (Note 2) | 1                              |

Note 1 - This related to a position that has been terminated and includes one-off exit costs.

Note 2 - This relates to an temporary position that has now ended.

The table below sets out the number and value of agreed exit packages during the year:

| Exit package cost band<br>(including special payments) | Number of compulsory redundancies |          | Number of other departures agreed |          | Total number of exit packages by cost band |          | Total cost of exit packages in each band |                 |
|--|-----------------------------------|----------|-----------------------------------|----------|--|----------|--|-----------------|
|  | 2023/24                           | 2024/25  | 2023/24                           | 2024/25  | 2023/24                                    | 2024/25  | 2023/24<br>£000                          | 2024/25<br>£000 |
| £0 - £20,000   | 1                                 | -        | -                                 | -        | 1  | -        | 6  | -               |
| £20,001 - £40,000                                      | -                                 | -        | -                                 | -        | -  | -        | -  | -               |
| £40,001 - £60,000                                      | 1                                 | -        | -                                 | -        | 1  | -        | 60                                       | -               |
| £60,001 - £80,000                                      | -                                 | -        | -                                 | -        | -  | -        | -  | -               |
| £80,001 - £100,000                                     | -                                 | -        | -                                 | -        | -  | -        | -  | -               |
| £100,001 - £150,000                                    | -                                 | 1        | -                                 | -        | -  | 1        | -  | 100             |
| £150,001+  | -                                 | 1        | -                                 | -        | -  | 1        | -  | 207             |
| <b>TOTAL</b>   | <b>2</b>                          | <b>2</b> | <b>-</b>                          | <b>-</b> | <b>2</b>                                   | <b>2</b> | <b>66</b>                                | <b>307</b>      |

There were two exit packages totalling £307,681 during 2024/25 relating to staff directly employed by the Council. Under the shared services arrangement £142,309 of these costs were charged to Stafford Borough Council.

### 36. External Audit Costs

The auditors for 2024/25 financial year were appointed by the PSAA (Public Sector Audit Appointments). The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and non-audit services provided by the Council's external auditors:

| 2023/24<br>£000 |  | 2024/25<br>£000 |
|-----------------|--|-----------------|
| 151             | Fees payable with regard to external audit services carried out by the appointed auditor | 41 (i)          |
| 72              | Fees payable for the certification of grant claims and returns for the year              | 59 (ii)         |
| <b>223</b>      | <b>Total</b>   | <b>100</b>      |

(i) For 2024/25 this includes a scale fee of £165,780 in relation to 2024/25, which is offset by forecast rebates and fee variations relating to 2021/22 to 2023/24 amounting to a net rebate of £124,685.

(ii) This includes additional grant fees in respect of the certification of the housing benefits claim.

### 37. Grant Income & Precepts on the Collection Fund

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

| 2023/24<br>£000 |   | 2024/25<br>£000 |
|-----------------|---|-----------------|
|                 | <b>Credited to Taxation and Non Specific Grant Income</b> |                 |
| 7,796           | Precepts On The Collection Fund                           | 8,222           |
| 7,522           | NNDR  | 8,284           |
| 123             | Revenue Support Grant                                     | 131             |
| 619             | New Homes Bonus   | 201             |
| 33              | Other general grants                                      | 34              |
| 2,417           | Capital Grants-General Fund                               | 10,737          |
| -               | Capital Grants-HRA  | 650             |
| 123             | Services Grant  | 21              |
| 830             | Funding Guarantee   | 1,542           |
| <b>19,463</b>   | <b>Total</b>  | <b>29,822</b>   |
|                 | <b>Credited to Services</b>                               |                 |
| 7,910           | Rent Allowances   | 8,874           |
| 7,434           | Housing Benefit Subsidy                                   | 7,430           |
| -               | Homelessness Prevention                                   | 353             |
| 224             | Housing Benefit Admin Grant                               | 222             |
|                 | Food Waste  | 202             |
| 138             | Cost Of Collection Allowance                              | 138             |
| 204             | Local Council Tax Support Fund                            | -               |
| -               | Decarbonisation Project                                   | 95              |
| 85              | Discretionary Housing Payments                            | 86              |
| -               | Planning - Green Belt Review                              | 70              |
| 17              | Rough Sleeper Grant                                       | 39              |
| 88              | Local Taxation (Grant Fund)                               | 51              |
| 418             | UK Shared Prosperity Fund                                 | 1,728           |
| 325             | Health Equalities   | -               |
| 244             | Asylum Support  | 46              |
| 139             | Other grants  | 249             |
| <b>17,226</b>   | <b>Total</b>  | <b>19,583</b>   |

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

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

(i) **Current Liabilities**

| <b>31 March<br/>2024<br/>£000</b> |  | <b>31 March<br/>2025<br/>£000</b> |
|-----------------------------------|--|-----------------------------------|
|                                   | <b>Revenue Grants Receipts in Advance</b>    |                                   |
| 390                               | Section 106 Developers Revenue Contributions | 177                               |
| <b>390</b>                        | <b>Total</b>                                 | <b>177</b>                        |
|                                   | <b>Capital Grants Receipts in Advance</b>    |                                   |
| 1,685                             | Section 106 Developers Capital Contributions | 1,967                             |
| <b>1,685</b>                      | <b>Total</b>                                 | <b>1,967</b>                      |

The Council does not hold a donated assets account.

### 38. Related Parties

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

#### Central Government

Central government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 37 Grant Income and Precepts on the Collection Fund.

#### Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2024/25 is shown in Note 34. Details of Members' interests are recorded in the Register of Members' Interest maintained by the Council. During 2024/25 there were no significant works and services commissioned from companies in which members had an interest.

#### Officers

During 2024/25 there were no significant works or services commissioned from companies in which senior officers had an interest.

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

There are no transactions with other public bodies in 2024/25 that are required to be disclosed.

#### Entities Controlled or Significantly Influenced by the Council

As part of the shared services with Stafford Borough Council, Cannock Chase District Council paid £1.415 million for Stafford Borough Council hosted services and received £3.277 million for services hosted at Cannock.



### 39. Capital Expenditure and Capital Financing

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

| 2023/24<br>£000  | 2024/25<br>£000 |
|--|-----------------|
| <b>90,574 Opening Capital Financing Requirement</b>  | <b>90,308</b>   |
| <b>Capital Investment</b>  |                 |
| 8,687 Property, Plant and Equipment  | 17,879          |
| 21 Intangible Assets   | 195             |
| 1,978 Revenue Expenditure Funded from Capital under Statute  | 1,701           |
| <b>Sources of finance</b>  |                 |
| (293) Capital receipts   | (1,702)         |
| (3,161) Government grants and other contributions  | (6,489)         |
| (7,062) Major Repairs Reserve  | (7,053)         |
| Sums set aside from revenue:   |                 |
| (169) Direct revenue contributions   | (1,322)         |
| (267) Minimum Revenue Provision (MRP)  | (256)           |
| - Finance Lease Payment  | (9)             |
| <b>90,308 Closing Capital Financing Requirement</b>  | <b>93,252</b>   |
| <b>Explanation of movements in year</b>  |                 |
| Increase / (Decrease) in underlying need to borrowing (unsupported by government financial assistance) |                 |
| - HRA  |                 |
| (267) General Fund   | 2,944           |
| <b>(267) Increase/(decrease) in Capital Financing Requirement</b>                                      | <b>2,944</b>    |

### 40. Leases

#### Council as Lessee

#### Financing Lease of Vehicles

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

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

| 31 March<br>2024<br>£000                | 31 March<br>2025<br>£000 |
|---|--------------------------|
| - Current Finance Lease Liabilities     | 494                      |
| - Non Current                           | 2,707                    |
| - Finance costs payable in future years | 1,274                    |
| <b>- Minimum Lease Payments</b>         | <b>4,475</b>             |

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

|   | Minimum lease |              | Finance Lease Liabilities |              |
|---|---------------|--------------|---------------------------|--------------|
|   | 2023/24       | 2024/25      | 2023/24                   | 2024/25      |
|   | £000          | £000         | £000                      | £000         |
| Not later than one year                       | -             | 498          | -                         | 494          |
| Later than one year not later than five years | -             | 1,993        | -                         | 1,115        |
| Later than five years                         | -             | 1,984        | -                         | 1,592        |
| <b>Minimum Lease Payments</b>                 | <b>-</b>      | <b>4,475</b> | <b>-</b>                  | <b>3,201</b> |

### Operating Lease of Property

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

The future minimum lease payments under non cancellable leases are:

| 2023/24       |   | 2024/25       |
|---------------|---|---------------|
| £000          |   | £000          |
| 234           | Not later then one year                           | 234           |
| 936           | Later than one year and not later than five years | 928           |
| 10,610        | Later than five years                             | 10,376        |
| <b>11,780</b> |   | <b>11,538</b> |

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

| 2023/24    |                        | 2024/25    |
|------------|------------------------|------------|
| £000       |                        | £000       |
| 234        | Minimum Lease Payments | 234        |
| <b>234</b> |                        | <b>234</b> |

### Finance Lease of Property

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

### Council as Lessor

#### Finance Leases

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

#### Operating Leases

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

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

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

| 31 March      |   | 31 March      |
|---------------|---|---------------|
| 2024          |   | 2025          |
| £000          |   | £000          |
| 560           | Not later than one year                           | 636           |
| 1,600         | Later than one year and not later than five years | 1,639         |
| 33,503        | Later than five years                             | 30,478        |
| <b>35,663</b> |   | <b>32,753</b> |

#### 41. Impairment Losses

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

As a result of this review there were no impairment losses during 2024/25 (2023/24 £nil)

#### 42. Termination Benefits

The Council terminated the contracts of 2 employees directly employed by the Council in 2024/25 incurring liabilities of £307,681 (£66,106.28 in 2023/24). Of the £307,681 incurred in 2024/25 £142,309 was recharged to Stafford Borough Council as part of the Shared Service arrangements.

See Note 35 for the number of exit packages and total cost per band.

#### 43. Defined Benefit Pension Schemes

##### Participation in Pension Schemes

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

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

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

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

##### Transactions Relating to Post-employment Benefits

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

| 2023/24<br>£000 |  | 2024/25<br>£000 |
|-----------------|--|-----------------|
|                 | <b>Comprehensive Income and Expenditure Statement</b>    |                 |
|                 | <b>Service Cost</b>                                      |                 |
| 2,674           | Current service cost                                     | 2,547           |
| 41              | Past service cost (including curtailments)               | 223             |
| <u>2,715</u>    | <b>Total Service Cost</b>                                | <u>2,770</u>    |
|                 | <b>Financing and Investment Income and Expenditure</b>   |                 |
| (6,850)         | Interest income on scheme assets                         | (7,798)         |
| 7,028           | Interest cost on defined benefit obligation              | 7,132           |
| -               | Interest on the effect of the asset ceiling              | 2,205           |
| <u>178</u>      | <b>Total Net Interest</b>                                | <u>1,539</u>    |
| <u>2,893</u>    | <b>Total Post Employment Benefit Charged to the</b>      | <u>4,309</u>    |
|                 | <b>(Surplus) or Deficit on the Provision of Services</b> |                 |

|  |  |                |
|--|--|----------------|
| <b>Remeasurements of the Net Defined Liability Comprising:</b> |  |                |
| 11,284   | Return on plan assets excluding amounts included in net interest   | 2,589          |
| 895  | actuarial (gains) / losses arising from changes in demographic assumptions                               | (262)          |
| 6,384  | actuarial (gains) / losses arising on changes in financial assumptions                                   | (21,298)       |
| (4,574)  | Actuarial gains / losses arising on other experience   | (1,568)        |
| (45,934)   | Asset ceiling adjustment   | 17,117         |
| <b>(31,945)</b>  | <b>Total remeasurements recognised in other comprehensive income</b>                                     | <b>(3,422)</b> |
| <b>(29,052)</b>  | <b>Total Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b> | <b>887</b>     |
| <b>Movement in Reserves Statement</b>                          |  |                |
| (2,893)  | reversal of net charges made to the (surplus) or deficit on the provision of Services                    | (4,309)        |
| 4,582  | <b>Employers Contributions Payable to the Scheme</b>   | 5,674          |

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

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

|                 |  |                 |
|-----------------|--|-----------------|
| <b>31 March</b> |  | <b>31 March</b> |
| <b>2024</b>     |  | <b>2025</b>     |
| <b>£000</b>     |  | <b>£000</b>     |
| (164,147)       | Fair value of employer assets                                    | (166,182)       |
| 146,771         | Present value of funded liabilities                              | 127,593         |
| 45,934          | Asset Ceiling Adjustment   | 65,256          |
| 3,723           | Present value of unfunded liabilities                            | 3,268           |
| <b>32,281</b>   | <b>Net Liability arising from the Defined Benefit Obligation</b> | <b>29,935</b>   |

#### Reconciliation of the Movements in the Fair Value of Scheme Assets

|                |  |                |
|----------------|--|----------------|
| <b>2023/24</b> |  | <b>2024/25</b> |
| <b>£000</b>    |  | <b>£000</b>    |
| <b>142,450</b> | <b>Opening fair value of scheme assets</b>                           | <b>164,147</b> |
| 6,850          | Interest income  | 7,798          |
|                | <b>Remeasurement gain/(loss)</b>                                     |                |
| 11,284         | Return on plan assets excluding the amounts included in net interest | (2,589)        |
| 9,801          | Contributions from employer  | 3,233          |
| 739            | Contributions from employees into the scheme                         | 764            |
| (6,977)        | Benefits paid  | (7,171)        |
| <b>164,147</b> | <b>Closing Fair Value of Scheme Assets</b>                           | <b>166,182</b> |

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

|                |  |                |
|----------------|--|----------------|
| <b>2023/24</b> |  | <b>2024/25</b> |
| <b>£000</b>    |  | <b>£000</b>    |
| <b>149,694</b> | <b>Opening fair value of scheme liabilities</b>                          | <b>150,494</b> |
| 2,674          | Current service cost   | 2,547          |
| 7,028          | Interest cost  | 7,132          |
| 739            | Contributions from scheme participants                                   | 764            |
|                | <b>Remeasurement (gains)/losses:</b>                                     |                |
| (895)          | Actuarial (gains)/losses arising from changes in demographic assumptions | (262)          |
| (6,384)        | Actuarial (gains)/losses arising from changes in financial assumptions   | (21,298)       |
| 4,574          | Actuarial (gains)/losses from other experience                           | (1,568)        |
| 41             | Past service cost  | 223            |
| (6,977)        | Benefits paid  | (7,171)        |
| <b>150,494</b> | <b>Closing Fair Value of Scheme Liabilities</b>                          | <b>130,861</b> |

**Local Government Pension Scheme Assets comprised:**

|   | Period Ended 31 March 2024                    |   |                |                                      | Period Ended 31 March 2025                    |   |                |                                      |
|---|---|---|----------------|--------------------------------------|---|---|----------------|--------------------------------------|
|   | Quoted Prices<br>in Active<br>Markets<br>£000 | Quoted Prices<br>not in Active<br>Markets<br>£000 | Total<br>£000  | Percentage<br>Total of Asset<br>£000 | Quoted Prices<br>in Active<br>Markets<br>£000 | Quoted Prices<br>not in Active<br>Markets<br>£000 | Total<br>£000  | Percentage<br>Total of Asset<br>£000 |
| <b>Equity Securities</b>                    |   |   |                |                                      |   |   |                |                                      |
| Consumer                                    | 4,445   |   | 4,445          | 3%                                   | 2,394   |   | 2,394          | 2%                                   |
| Manufacturing                               | 2,215   |   | 2,215          | 1%                                   | -   |   | -              | 0%                                   |
| Energy and utilities                        | 1,011   |   | 1,011          | 1%                                   | -   |   | -              | 0%                                   |
| Financial Institutions                      | 6,031   |   | 6,031          | 4%                                   | 2,304   |   | 2,304          | 1%                                   |
| Health and Care                             | 4,545   |   | 4,545          | 3%                                   | 1,387   |   | 1,387          | 1%                                   |
| Information Technology                      | 7,259   |   | 7,259          | 4%                                   | 1,412   |   | 1,412          | 1%                                   |
| Other                                       | -   |   | -              | 0%                                   |   |   | -              | 0%                                   |
| <b>Debt Securities</b>                      |   |   |                |                                      |   |   |                |                                      |
| Corporate Bonds                             |   |   |                |                                      |   |   |                |                                      |
| investment grade                            | 12,219  |   | 12,219         | 8%                                   | 12,538  |   | 12,538         | 8%                                   |
| <b>Private Equity</b>                       |   |   |                |                                      |   |   |                |                                      |
| All   |   | 8,639   | 8,639          | 5%                                   |   | 8,680   | 8,680          | 5%                                   |
| <b>Real Estate</b>                          |   |   |                |                                      |   |   |                |                                      |
| UK Property                                 |   | 12,117  | 12,117         | 7%                                   |   | 13,887  | 13,887         | 8%                                   |
| <b>Investment Funds and<br/>Unit Trusts</b> |   |   |                |                                      |   |   |                |                                      |
| Equities                                    | 74,382  |   | 74,382         | 45%                                  | 81,801  |   | 81,801         | 49%                                  |
| Bonds                                       | 12,882  |   | 12,882         | 8%                                   | 12,684  |   | 12,684         | 8%                                   |
| Hedge Funds                                 |   |   | -              | 0%                                   |   |   | -              | 0%                                   |
| Infrastructure                              |   | 7,134   | 7,134          | 4%                                   |   | 9,902   | 9,902          | 6%                                   |
| Other                                       |   | 8,599   | 8,599          | 5%                                   | 8,308   | 7,102   | 15,410         | 9%                                   |
| <b>Cash and Cash Equivalents</b>            |   |   |                |                                      |   |   |                |                                      |
| All   | 2,669   |   | 2,669          | 2%                                   | 3,783   |   | 3,783          | 2%                                   |
| <b>Total Assets</b>                         | <b>127,658</b>                                | <b>36,489</b>                                     | <b>164,147</b> | <b>100%</b>                          | <b>126,611</b>                                | <b>39,571</b>                                     | <b>166,182</b> | <b>100%</b>                          |

**Basis for Estimating Assets and Liabilities**

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

The significant assumptions used by the actuary have been:

| 2023/24                                 |  | 2024/25 |
|---|--|---------|
| <b>Mortality assumptions</b>            |  |         |
| Longevity at 65 for current pensioners: |  |         |
| 20.8                                    | Men  | 20.7    |
| 23.8                                    | Women  | 23.8    |
| Longevity at 65 for future pensioners:  |  |         |
| 21.6                                    | Men  | 21.5    |
| 25.6                                    | Women  | 25.5    |
| <b>Rate of Inflation</b>                |  |         |
| 3.30%                                   | <b>Rate of increase in salaries</b>            | 3.30%   |
| 2.80%                                   | <b>Rate of increase in pensions</b>            | 2.80%   |
| 4.80%                                   | <b>Rate for discounting scheme liabilities</b> | 5.80%   |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below have not changed from 2023/24.

| Change in Assumptions at 31 March 2025     | Approximate<br>% Increase to<br>Employee<br>Liability<br>% | Approximate<br>Monetary<br>Value<br>£000 |
|--|--|--|
| 0.1% decrease in real discount rate        | 2%   | 2,025                                    |
| 1 year increase in member life expectancy  | 4%   | 5,234                                    |
| 0.1% increase in the salary increase rate  | 0%   | 103                                      |
| 0.1% increase in the pension increase rate | 2%   | 1,977                                    |

### Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. SCC has agreed a strategy with the scheme's actuary to recoup the past deficit over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed in 2025/26 financial year.

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

The Authority anticipates to pay £2,704,000 expected contributions to the scheme in 2025/26

The weighted average duration of the defined benefit obligation for the funding scheme members is 16 years in 2024/25. (2023/24 16 years).

#### **44. Contingent Liabilities**

##### **Municipal Mutual Insurance**

Under the Municipal Mutual Insurance Limited Scheme of Arrangement, the Council has a potential claw-back should there be a deficit in the winding up of the company. An initial payment was made in 2013/14 for £63,000 based on a 15% levy notice, in 2015/16 a further creditor provision of £44,897 has been made to increase to a 25% levy. As there is no certainty on the remaining liability this has been left as a contingent liability. It is the view of the Board at the 31 March 2025 that a solvent run off of the Company's business cannot be guaranteed.

#### **45. Contingent Assets**

There are no contingent assets at 31 March 2025.

#### **46. Nature and Extent of Risks Arising from Financial Instruments**

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

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

##### **Overall procedures for managing risks**

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

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

##### **Credit Risk**

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

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

The Annual Investment Strategy for 2024/25 was approved by Full Council on 21st February 2024 and is available on the Council's website.

## **Credit Risk Management Practices**

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

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

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

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

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

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

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

### **Long Term Debtors**

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

### **Investments**

This category includes Money Market Funds, Fixed Term deposits and Cash held at bank. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. To date there has been no default or write off in relation to this category of financial asset.

### **Short Term Debtors**

The short term debtors are split into two elements being non financial assets and financial assets. The non financial assets relate to transactions with the Government, Local authorities and statutory debt. For transactions with government and local authorities no loss allowance is calculated on these elements. For statutory debt loss allowance is calculated based on historic experience which has remained unchanged.

The financial assets primarily relate to sundry debtors and capital payments due. The criteria in relation to these assets are set out below:

- The Council's definition of default is that the counterparty has failed to make the payment and all enforcement action has been unsuccessful
- Debts are written off by the Council where the debt is greater than 6 years old, or where all enforcement has been unsuccessful. Debts below £10,000 are authorised by the S151 Officer and above that value by Council.
- In determining the expected credit losses this is based on experience of default and uncollectability over the last five years based on a lifetime expected credit loss model. There has been no material impact of adopting a forward looking model or changes in the estimation technique.



## Amounts Arising from Expected Credit Losses

The Council's investments have been assessed and concluded that the expected credit loss is not material therefore no allowances have been made.

A summary of the credit quality of the Council's investments at 31 March 2025 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and uncollectability.

|   | Lowest<br>Long<br>Term<br>Rating | Principal<br>Balance at<br>31 March<br>2025<br>£000 | Historical<br>Experience<br>of Default<br>£000 | Estimated<br>maximum<br>exposure<br>to default<br>and<br>uncollect-<br>ability at<br>31 March<br>2025<br>£000 |
|---|----------------------------------|---|--|---|
| <b>Deposits with Banks and Financial Institutions</b> |                                  |   |  |   |
| Aberdeen Standard Liquidity Fund Sterling Fund*       | AAA                              | 9,000,000   | 0.000%   | -   |
| DWS Deutsche Managed Sterling Fund*                   | AAA                              | 9,000,000   | 0.000%   | -   |
| Federated Hermes Short-Term Sterling Prime Fund*      | AAA                              | 9,000,000   | 0.000%   | -   |
| Invesco Sterling Liquidity Portfolio*                 | AAA                              | 6,850,000   | 0.000%   | -   |
| Morgan Stanley Sterling Liquidity Fund*               | AAA                              | 9,000,000   | 0.000%   | -   |
| National Bank of Kuwait                               | A                                | 2,000,000   |  | 0.274   |
| Al Rayan Bank Plc                                     | A+                               | 4,000,000   |  | 0.823   |
| National Bank of Kuwait                               | A                                | 4,000,000   |  | 0.548   |
| Santander (180 days)                                  | A                                | 3,500,000   |  | 0.478   |
| Svenska Handelsbanken                                 | AA-                              | 1,000,000   |  | 0.134   |
| <b>Total</b>  |                                  | <b>57,350,000</b>                                   |  | <b>2.257</b>  |
| * Money Market Fund                                   |                                  |   |  |   |

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 86% to adjust for current and forecast economic conditions.

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

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

Trade debtors are based on lifetime expected credit losses. The trade debtors (excludes housing benefits) expected credit losses have been calculated based on debt type and recovery stage of debt. The expected credit loss is approximately £186,770. (2023/24 £200,635).

## Collateral and Other Credit Enhancements

During the period the Council held no collateral as security.

## Liquidity Risk

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

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

All sums owing £57.4m are due to be paid in less than one year.

## Refinancing and Maturity Risk

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

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

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

The maturity of financial liabilities (including long term borrowing and long term lease liabilities) is as follows:

| <b>31 March<br/>2024<br/>£000</b> |                            | <b>31 March<br/>2025<br/>£000</b> |
|-----------------------------------|----------------------------|-----------------------------------|
| 3,000                             | Between one and two years  | -                                 |
| -                                 | Between two and five years | 1,115                             |
| 77,205                            | More than five years       | 78,797                            |
| <b>80,205</b>                     |                            | <b>79,912</b>                     |

All debtors and other payables are due to be paid in less than one year.

## Market Risk

### Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates - the fair value of the borrowings will fall (no impact on revenue balances)
- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances)

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

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its planned treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The finance department monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

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

|   | £000         |
|---|--------------|
| Increase in interest payable on variable rate borrowings  | -            |
| Increase in interest receivable on variable rate investments  | 614          |
| <b>Impact on Surplus or Deficit on the Provision of Services</b>  | <b>614</b>   |
| Decrease in fair value of fixed rate investment assets  | -            |
| <b>Impact on Other Comprehensive Income and Expenditure</b>   | <b>-</b>     |
| <b>Decrease in fair value of fixed rate borrowings liabilities<br/>(no impact on the Surplus or Deficit on the Provision of Services<br/>or Other Comprehensive Income and Expenditure)</b> | <b>7,270</b> |

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

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

#### **Price Risk**

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

#### **Foreign Exchange Risk**

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

### **47. Heritage Assets Five Year Summary of Transactions**

There have been no acquisitions or disposals of the Council's heritage assets in the five year period ended 31 March 2025.

### **48. Heritage Assets - Further Information on the Collections**

#### **Museum**

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

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

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

#### **Civic Regalia**

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

## 49. Trust Funds

The Council as at 31 March 2025 administers two Trust Funds on behalf of third parties which do not form part of the Council's Consolidated Balance Sheet.

The funds are:

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

|                | Income         | Expenditure | Assets         | Liabilities |
|----------------|----------------|-------------|----------------|-------------|
|                | £000           | £000        | £000           | £000        |
| <b>2024/25</b> |                |             |                |             |
| Benton's Trust | (0.195)        | -           | (4.172)        | -           |
| <b>Total</b>   | <b>(0.195)</b> | <b>-</b>    | <b>(4.172)</b> | <b>-</b>    |

|                | Income         | Expenditure | Assets         | Liabilities |
|----------------|----------------|-------------|----------------|-------------|
|                | £000           | £000        | £000           | £000        |
| <b>2023/24</b> |                |             |                |             |
| Benton's Trust | (0.191)        | -           | (3.977)        | -           |
| <b>Total</b>   | <b>(0.191)</b> | <b>-</b>    | <b>(3.977)</b> | <b>-</b>    |

## 50. Long Term Borrowing

| Balance<br>31 March<br>2024<br>£000           |                                      | Ranges<br>Of Interest<br>Rates Payable<br>% | Balance<br>31 March<br>2025<br>£000           |
|---|--------------------------------------|---|---|
|   | <b>Source Of Loan</b>                |   |   |
| 60,745  | Public Works Loan Board              | 3.48 - 3.92                                 | 60,745  |
| 14,100  | Public Works Loan Board              | 4.05 - 4.97                                 | 11,100  |
| -   | Public Works Loan Board              | 6   | -   |
| 5,360   | Public Works Loan Board              | 7.375 - 8                                   | 5,360   |
| <b>80,205</b>                                 |                                      |   | <b>77,205</b>                                 |
|   |                                      |   |   |
| <b>Balance<br/>31 March<br/>2024<br/>£000</b> | <b>Analysis of Loans by Maturity</b> |   | <b>Balance<br/>31 March<br/>2025<br/>£000</b> |
| 3,000   | 1 to 2 years                         |   | -   |
| -   | 2 to 5 years                         |   | -   |
| 3,000   | 5 to 10 years                        |   | 5,400   |
| 74,205  | over 10 years                        |   | 71,805  |
| <b>80,205</b>                                 |                                      |   | <b>77,205</b>                                 |

## 51. Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by the Deputy Chief Executive (Resources) on 12/12/25. 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 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

# HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT

| 2023/24<br>£000 |   | Notes | 2024/25<br>£000 |
|-----------------|---|-------|-----------------|
|                 | <b>Income</b>   |       |                 |
| 21,773          | Dwelling rents (gross)  |       | 23,809          |
| 360             | Non-dwelling rents (gross)  |       | 379             |
| 175             | Charges for Service & Facilities  |       | 206             |
| 306             | Contributions towards Expenditure   |       | 303             |
| <b>22,614</b>   |   |       | <b>24,697</b>   |
|                 | <b>Expenditure</b>  |       |                 |
| 7,004           | Repairs and Maintenance   |       | 7,847           |
| 3,554           | Supervision and Management-General  |       | 4,188           |
| 1,122           | Supervision and Management-Specific   |       | 1,327           |
| 32              | Rents, rates, taxes and other charges   |       | 89              |
| 11,748          | Depreciation and Impairment of non current assets   | 4     | 8,767           |
| <b>23,460</b>   | <b>Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement.</b>                      |       | <b>22,218</b>   |
| 903             | HRA share of Corporate and Democratic Core  |       | 949             |
| <b>1,749</b>    | <b>Net Cost of HRA Services</b>   |       | <b>(1,530)</b>  |
|                 | <b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b> |       |                 |
| (210)           | (Gain) / Loss on sale of HRA non current assets   |       | (428)           |
| -               | - Pooling of Capital Receipts   |       | -               |
| (447)           | Interest receivable   |       | (452)           |
| 3,249           | Interest payable and similar charges  |       | 3,180           |
| (53)            | Expected Credit Loss Allowance  |       | (5)             |
| -               | - Capital Grants and Contributions Receivable   |       | (650)           |
| <b>4,288</b>    | <b>(Surplus) / Deficit for the year on HRA Services</b>   |       | <b>115</b>      |

# STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

| 2023/24<br>£000 |   | 2024/25<br>£000 |
|-----------------|---|-----------------|
| <b>4,288</b>    | <b>HRA Income and Expenditure (Surplus) / Deficit</b>   | <b>115</b>      |
| 210             | Gain / (Loss) on sale of HRA Non current assets         | 428             |
| 773             | Transfer to Reserves                                    | 2,358           |
| (11,748)        | Reversal of Depreciation / Impairment Charge            | (8,767)         |
| -               | - Reversal of Grants and Contributions Receivable       | 650             |
| 5,102           | Transfer to / from Major Repairs Reserve                | 3,974           |
| -               | - HRA Principal   | -               |
| 685             | Pension Adjustment                                      | 786             |
| (39)            | Holiday Pay Adjustment                                  | 50              |
| -               | - Capital Charged to HRA                                | 180             |
| 140             | General Fund Recharges                                  | 127             |
| <b>(589)</b>    | <b>(Surplus) / Deficit for the year on HRA Services</b> | <b>(99)</b>     |
| <b>1,983</b>    | <b>Balance Brought Forward</b>                          | <b>2,572</b>    |
| <b>2,572</b>    | <b>Balance Carried Forward</b>                          | <b>2,671</b>    |

## NOTES TO THE HOUSING FINANCIAL STATEMENTS

### 1. HRA Account

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

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

### 2. Housing Stock

#### (i) Council Dwellings Analysis

As at 31 March 2025 the Council was responsible for 5,015 Council dwellings analysed as follows:

| Dwelling Type                 | Stock as at<br>1 April<br>2024 | Increase/<br>Decrease | Stock as at<br>31 March<br>2025 |
|-------------------------------|--------------------------------|-----------------------|---------------------------------|
| <b>Flats</b>                  |                                |                       |                                 |
| 1 Bedroom                     | 807                            | (2)                   | 805                             |
| 2 Bedroom                     | 237                            | (2)                   | 235                             |
| 3 Bedroom                     | 10                             |                       | 10                              |
| 4 Bedroom                     | 1                              |                       | 1                               |
| <b>Total</b>                  | <b>1,055</b>                   | <b>(4)</b>            | <b>1,051</b>                    |
| <b>Houses &amp; Bungalows</b> |                                |                       |                                 |
| 1 Bedroom                     | 1,276                          | (3)                   | 1,273                           |
| 2 Bedroom                     | 1,193                          | (8)                   | 1,185                           |
| 3 Bedroom                     | 1,451                          | (5)                   | 1,446                           |
| 4+ Bedroom                    | 59                             | 1                     | 60                              |
| <b>Total</b>                  | <b>3,979</b>                   | <b>(15)</b>           | <b>3,964</b>                    |
| <b>Total HRA Dwellings</b>    | <b>5,034</b>                   | <b>(19)</b>           | <b>5,015</b>                    |

#### (ii) Valuation of Housing Property, Plant & Equipment

| Net Book Value<br>31 March 2024<br>£000 | Net Book Value<br>31 March 2025<br>£000 |
|---|---|
| 244,378 Council Dwellings               | 266,593                                 |
| 10,072 Other Land & Buildings           | 10,514                                  |
| 146 Vehicles, Plant & Equipment         | 116                                     |
| 1,933 Assets under construction         | 3,302                                   |
| Intangibles                             | -                                       |
| <b>256,529</b>                          | <b>280,525</b>                          |

The vacant possession value of dwellings within the Housing Revenue Account as at 1 April 2024 was £606,315,000 and as at 31 March 2025 was £656,918,000. The vacant possession value and balance sheet value of dwellings within the Housing Revenue Account show the economic cost to Government of providing council housing at less than open market rents.

### 3. Rent Arrears

Arrears at 31 March 2025 were £0.665 million (31 March 2024 £0.668 million).

| 31 March<br>2024<br>£000 |                           | 31 March<br>2025<br>£000 |
|--------------------------|---------------------------|--------------------------|
| 199                      | Tenants Arrears - Current | 174                      |
| 469                      | Tenants Arrears - Former  | 491                      |
| <b>668</b>               | <b>Total Arrears</b>      | <b>665</b>               |

The provision for bad debts as at 31 March 2025 is £0.535 million (31 March 2024 £0.529m).

### 4. Depreciation and Impairment Charges

#### (i) Depreciation

| 2023/24<br>£000 |                          | 2024/25<br>£000 |
|-----------------|--------------------------|-----------------|
| 3,516           | Dwellings                | 3,359           |
| 1,490           | Other Operational Assets | 526             |
| 63              | Plant and Equipment      | 88              |
| -               | Intangible Assets        |                 |
| <b>5,069</b>    |                          | <b>3,973</b>    |

#### (ii) Impairment Charges

| 2023/24<br>£000 |            | 2024/25<br>£000 |
|-----------------|------------|-----------------|
| * 6,679         | Impairment | 4,793 *         |
| <b>6,679</b>    |            | <b>4,793</b>    |

\* This figure is included within the Revaluation increase/(decrease) figure of (£6,063k) shown in note 16 (£6,835k for 2023/24).

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

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



## 5. Capital

### (i) Summary of Capital Expenditure

| 2023/24<br>£000 |   | 2024/25<br>£000 |
|-----------------|---|-----------------|
|                 | <b>Expenditure</b>                        |                 |
| 7,171           | On Housing Properties                     | 8,630           |
| 11              | On Housing Equipment                      | 58              |
| -               | On Housing Vehicles                       | -               |
| <b>7,182</b>    |   | <b>8,688</b>    |
|                 | <b>Financing</b>                          |                 |
| 120             | Usable Capital Receipts                   | 1,455           |
| 7,062           | Major Repairs Reserve                     | 7,053           |
| -               | Revenue Contribution to Capital           | 180             |
| <b>7,182</b>    |   | <b>8,688</b>    |
|                 | <b>- Increase in underlying borrowing</b> | <b>-</b>        |

### (ii) Major Repairs Reserve

As part of the introduction of resource accounting to the Housing Revenue Account the Government introduced a new funding mechanism called the Major Repairs Allowance. Local authorities have the flexibility to spend the resource outside the financial year in which they are allocated, enabling more efficient planning of works.

|                                   | £000         |
|-----------------------------------|--------------|
| <b>Balance at 1 April 2024</b>    | 6,602        |
| Transfer to Major Repairs Reserve | 3,974        |
| Financing of Capital spend        | (7,053)      |
| <b>Balance at 31 March 2025</b>   | <b>3,523</b> |

## COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

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

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and National Non Domestic Rates. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund (surpluses) / deficits for Council Tax declared by the billing authority (15 January in each year) are apportioned to the relevant precepting authorities in the subsequent financial year. The major precepting authorities are Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire, Staffordshire Commissioner Fire & Rescue Service, (formerly Stoke-on-Trent and Staffordshire Fire and Rescue Authority).

In 2013/2014 the local government finance regime was revised with the introduction of the Business Rates Retention (50%) Scheme. Business Rates now forms part of the funding of local authorities whereby the income is shared between the Government/County Council/Fire Authority and the District Council. Stafford Borough are set a predetermined overall level of Business Rates income and retain 40% of that figure; any growth above that level is then subject to a 50% levy that is paid to the Staffordshire and Stoke-on-Trent Business Rates Pool.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure Account is included in the Council's accounts. The Collection Fund Balance Sheet is incorporated into the Council's consolidated Balance Sheet.

| 2023/24                                     |  | 2024/25                |                     |                |
|---|--|------------------------|---------------------|----------------|
|   |  | Business Rates<br>£000 | Council Tax<br>£000 | Total<br>£000  |
| <b>Total</b>                                |  |                        |                     |                |
| <b>£000</b>                                 |  |                        |                     |                |
| <b>Income</b>                               |  |                        |                     |                |
| 62,438                                      | Council Tax Receivable   | -                      | 66,282              | 66,282         |
| 34,874                                      | Business Rates Receivable  | 36,549                 | -                   | 36,549         |
| 2,358                                       | Transitional Protection Payments Receivable                        | 686                    | -                   | 686            |
| <b>99,670</b>                               | <b>Total Income</b>  | <b>37,235</b>          | <b>66,282</b>       | <b>103,517</b> |
| <b>Expenditure</b>                          |  |                        |                     |                |
| <b>Precepts and Demands</b>                 |  |                        |                     |                |
| 47,147                                      | Staffordshire County Council                                       | 3,423                  | 46,362              | 49,785         |
| 21,422                                      | Cannock Chase District Council                                     | 15,212                 | 7,323               | 22,535         |
| 849   | Parishes   | -                      | 874                 | 874            |
| 2,874                                       | Staffordshire Commissioner Fire & Rescue Service                   | 380                    | 2,605               | 2,985          |
| 7,778                                       | Office of the Police and Crime Commissioner Staffordshire          | -                      | 8,211               | 8,211          |
| 17,936                                      | Payments to Central Government                                     | 19,014                 | -                   | 19,014         |
| <b>98,006</b>                               |  | <b>38,029</b>          | <b>65,375</b>       | <b>103,404</b> |
| <b>Charges to Collection Fund</b>           |  |                        |                     |                |
| 1,638                                       | Increase / (reduction) in bad debts provision                      | 165                    | 691                 | 856            |
| -   | Interest chargeable to Collection Fund                             | 117                    | -                   | 117            |
| (231)                                       | Increase / (reduction) in provision for appeals                    | (2,017)                | -                   | (2,017)        |
| 138   | Costs of Collection  | 138                    | -                   | 138            |
| (3,507)                                     | Distribution of previous years Collection Fund Surplus / (Deficit) | 2,022                  | (297)               | 1,725          |
| <b>96,044</b>                               | <b>Total Expenditure</b>   | <b>38,454</b>          | <b>65,769</b>       | <b>104,223</b> |
| <b>(3,626)</b>                              | <b>(Surplus)/Deficit for Year</b>                                  | <b>1,219</b>           | <b>(513)</b>        | <b>706</b>     |
| <b>Movement of Collection Fund Balances</b> |  |                        |                     |                |
| 2,554                                       | Balance brought Forward  | (2,329)                | 1,257               | (1,072)        |
| (3,626)                                     | Add (Surplus)/Deficit for the Year                                 | 1,219                  | (513)               | 706            |
| <b>(1,072)</b>                              | <b>Balance Carried Forward</b>                                     | <b>(1,110)</b>         | <b>744</b>          | <b>(366)</b>   |

## NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

### 1. Council Tax Base and Council Tax Levels

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

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

#### Council Tax Base 2024/25

| Band |                                 | Number of<br>Properties<br>(adj for discounts) | Ratio | Band D<br>Equivalent           |
|------|---------------------------------|--|-------|--------------------------------|
| A    | Disabled                        | 67.00  | 5/9   | 37.22                          |
| A    |                                 | 12,209.20                                      | 6/9   | 8,139.47                       |
| B    |                                 | 12,974.00                                      | 7/9   | 10,090.89                      |
| C    |                                 | 8,075.75                                       | 8/9   | 7,178.44                       |
| D    |                                 | 5,296.50                                       | 1     | 5,296.50                       |
| E    |                                 | 1,856.00                                       | 11/9  | 2,268.44                       |
| F    |                                 | 620.75   | 13/9  | 896.64                         |
| G    |                                 | 254.75   | 15/9  | 424.58                         |
| H    |                                 | 12.25  | 2     | 24.50                          |
|      |                                 | <u>41,366.20</u>                               |       | <u>34,356.69</u>               |
|      | Other Adjustments and Discounts |  |       | (4,341.93)                     |
|      |                                 |  |       | <u><u><b>30,014.76</b></u></u> |

The actual tax base for 2024/25 was 30,113.84 a small increase of 99.08 (0.3%)

### 2. Council Tax Chargeable for a Band D Property

| 2023/24                |   | 2024/25              |                        |
|------------------------|---|----------------------|------------------------|
| Council                |   | Precept              | Council                |
| Tax                    |   | £000                 | Tax                    |
| £                      |   |                      | £                      |
| 1,471.23               | Staffordshire County Council                                | 46,362               | 1,544.64               |
| 236.92                 | Cannock Chase District Council                              | 7,323                | 244.00                 |
| 28.45                  | Parish Council (Average)                                    | 874                  | 29.10                  |
| 260.57                 | Office of the Police and Crime Commissioner - Staffordshire | 2,605                | 273.57                 |
| 84.25                  | Staffordshire Commissioner Fire & Rescue Service            | 8,211                | 86.77                  |
| <u><b>2,081.42</b></u> | <b>Total</b>  | <u><b>65,375</b></u> | <u><b>2,178.08</b></u> |

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

### 3. Non-Domestic Rates (NDR)

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

The rates payable, subject to reliefs and reductions, are calculated on the basis of Rateable Value of individual properties (provided by the Valuation Office Agency) multiplied by a specified rate as determined by Central Government. The specified rate for 2024/25 was 54.6p (2023/24 51.2p).

The total non-domestic rateable value at 31 March 2025 was £93.989M (£96.407M at 31 March 2024).

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the VOA and hence business rates outstanding as at 31 March 2025. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares.

#### 4. The Fund Balance

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

| <b>Fund<br/>Balance<br/>31 March<br/>2024<br/>£000</b> |   | <b>(Surplus)/<br/>Deficit in<br/>year (Net<br/>Position)<br/>£000</b> | <b>Fund<br/>Balance<br/>31 March<br/>2025<br/>£000</b> |
|--|---|---|--|
| 159  | Cannock Chase District Council                              | (65)  | 94   |
| 890  | Staffordshire County Council                                | (363)   | 527  |
| 158  | Office of the Police and Crime Commissioner - Staffordshire | (65)  | 93   |
| 50   | Staffordshire Commissioner Fire & Rescue Service            | (20)  | 30   |
| <b>1,257</b>   |   | <b>(513)</b>  | <b>744</b>   |

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

| <b>Fund<br/>Balance<br/>31 March<br/>2024<br/>£000</b> |  | <b>(Surplus)/<br/>Deficit in<br/>year (Net<br/>Position)<br/>£000</b> | <b>Fund<br/>Balance<br/>31 March<br/>2025<br/>£000</b> |
|--|--|---|--|
| (931)  | Cannock Chase District Council                   | 487   | (444)  |
| (208)  | Staffordshire County Council                     | 109   | (99)   |
| (1,167)  | Central Government                               | 611   | (556)  |
| (23)   | Staffordshire Commissioner Fire & Rescue Service | 12  | (11)   |
| <b>(2,329)</b>   |  | <b>1,219</b>  | <b>(1,110)</b>   |

The surplus for the year includes a distribution of the estimated deficit of £2.022 million as at 15 January 2024 position.

#### 5. Precepts and Demands on the Collection Fund

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

| <b>2023/24<br/>Precept/<br/>Demand<br/>for year<br/>plus<br/>share of<br/>surplus<br/>£000</b> |   | <b>2024/25<br/>Precept/<br/>Demand<br/>for Year<br/>£000</b> | <b>Less Share<br/>of Deficit<br/>£000</b> | <b>Total Paid<br/>in year<br/>£000</b> |
|--|---|--|---|--|
| 6,922  | Cannock Chase District Council                              | 7,323  | (38)                                      | 7,285                                  |
| 849  | Parishes  | 874  | -   | 874                                    |
| 43,104   | Staffordshire County Council                                | 46,362   | (210)                                     | 46,152                                 |
| 7,634  | Office of the Police and Crime Commissioner - Staffordshire | 8,211  | (37)                                      | 8,174                                  |
| 2,468  | Staffordshire Commissioner Fire & Rescue Service            | 2,605  | (12)                                      | 2,593                                  |
| <b>60,977</b>  |   | <b>65,375</b>  | <b>(297)</b>                              | <b>65,078</b>                          |

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

| <b>2023/24<br/>Precept/<br/>Demand<br/>for Year</b> | <b>Business Rates</b>                                 | <b>2024/25<br/>Precept/<br/>Demand<br/>for Year</b> |
|---|---|---|
| <b>£000</b>   |   | <b>£000</b>   |
| 14,349  | Cannock Chase District Council (40%)                  | 16,021  |
| 3,229   | Staffordshire County Council (9%)                     | 3,605   |
| 17,936  | Central Government (50%)                              | 20,025  |
| 359   | Staffordshire Commissioner Fire & Rescue Service (1%) | 400   |
| <b><u>35,873</u></b>                                |   | <b><u>40,051</u></b>                                |

The precept demand for the year includes the distribution of the deficit recorded in NNDR1 of £2.022 million in accordance with statutory requirements.

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

## **6. Provision for Appeals**

As at 31 March 2025 the estimated value of appeals provision against Rateable Value amounts to £3.173 million (£5.190 million as at 31 March 2024). The provision is split into two periods covering 1 April 2017 to 31 March 2023 £1.367 million for the 2017 List, and a period covering 1 April 2023 onwards £1.806 million for the 2023 List.

## **GLOSSARY OF FINANCIAL TERMS**

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

### **Accounting Concepts**

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

### **Accounting Policies**

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

### **Accruals**

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

### **Agent**

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

### **Balance Sheet**

This shows a summary of the overall financial position of the Council at the end of the financial year.

### **Balances**

The total level of funds an authority has accumulated over the years available to support the revenue expenditure within the year.

### **Business Rates**

The level of business rates income eligible for pooling under the business rates retention funding regime.

### **Capital Adjustment Account**

This reflects the difference between the cost of property, plant and equipment consumed and the capital financing set aside to pay for them.

### **Capital Charges**

Charges to service revenue accounts to reflect the cost of property, plant and equipment used in the provision of services.

### **Capital Expenditure**

Expenditure on the acquisition of assets or expenditure, which adds to and does not merely maintain existing assets.

### **Capital Receipts Reserve**

Income received from the sale of capital assets a specified proportion of which may be used to finance new capital expenditure. The balance is set aside in the form of a provision to meet credit liabilities.

### **Carrying Amount**

This is the amount at which an asset is recognised on the balance sheet after deducting any accumulated depreciation and impairment.

## **Cash Equivalents**

Short term highly liquid investments that are convertible into cash within 24 hours and are subject to insignificant risk of changes in value. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## **CIPFA**

The Chartered Institute of Public Finance and Accountancy (CIPFA) is one of the leading accountancy bodies in the United Kingdom and specialises in public services.

## **Code of Practice**

This is the Statement of Recommended Practice which was the framework for published accounts to 31 March 2024.

## **Collection Fund**

A fund accounting for Council Tax and Non-Domestic Rates received by the Council and the payments which are made from the fund including precepts to other authorities, the Council's own demand and payments to the NNDR pool.

## **Collection Fund Adjustment Account**

This account represents the Council's share of deficit on the Collection Fund and absorbs timing differences in distribution of surplus / deficits between statutory requirements and full accruals accounting.

## **Community Assets**

Assets which the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

## **Commuted Sums**

Monies which are given to the Council as part of the section 106 agreements for planning towards the maintenance of the are for a number of years.

## **Consistency**

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

## **Corporate and Democratic Core**

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would have been incurred by a series of independent, single purpose, nominated bodies managing the same services.

## **Current Service Cost**

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

## **Curtailement**

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- termination of employees' services earlier than expected
- termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

**Creditors**

Amounts owed by the Council for goods and services, where payments have not been made at the end of the financial year.

**Debtors**

Amounts owed to the Council for goods and services, where the income has not been received at the end of the financial year.

**Deferred Credits**

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

**Defined Benefit Pension Scheme**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

**Depreciable Replacement Cost (DRC)**

This is a method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence.

**Depreciation**

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

**Discontinued Operations**

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. An operation should be classified as discontinued if all of the following conditions are met:

- the termination of the operation is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- the activities related to the operation have ceased permanently;
- the termination of the operation has a material effect on the nature and focus of the local authority's operations and represents a material reduction in its provision of local services resulting either from its withdrawal from a particular activity (whether a service or division of service or its provision in a specific geographical area) or from a material reduction in net expenditure in the local authority's continuing operations;
- the assets, liabilities, income and expenditure of operations and activities are clearly distinguishable physically, operationally and for financial reporting purposes. Operations not satisfying these conditions are classified as continuing.
- activities are discontinued where they cease completely and are not simply transferred to another part of the public sector.

**Emoluments**

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

**Expected Rate of Return on Pension Assets**

For a funded defined benefit pension scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.



**Fair Value**

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Fees and Charges**

Income arising from the provision of services.

**Finance Lease**

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee from the lessor. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

**Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term includes trade receivables and payables, borrowings, financial guarantees, bank deposits, investments, swaps, forwards and options, debt instruments with embedded swaps or embedded options.

**Financial Reporting Standards (FRS)**

Statements prepared by the Accounting Standards Committee. Many of the Financial Reporting Standards (FRS) and the earlier Statements of Standard Accounting Practice (SSAP) apply to local authorities and any departure from these must be disclosed in the published accounts.

**Financial Year**

Period of time to which a Statement of Accounts relates. The financial year of the Council runs from 1st April to 31st March.

**GAAP**

GAAP (Generally Accepted Accounting Principles), is the standard framework of guidelines for financial accounting. It includes standards, conventions and rules accountants follow in recording and summarising transactions, and in the preparation of financial statements.

**General Fund**

The total services of the Council except for the Housing Revenue Account and the Collection Fund, the net cost of which is met by Council Tax, Government Grants and NNDR.

**Government Grants**

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfer of assets to a local authority in return for past or future compliance with certain conditions relating to the activities of the local authority.

**Heritage assets**

These are assets held by the Council principally for their contribution to knowledge and culture, it does not relate to assets used in the delivery of services.

**Housing Revenue Account (HRA)**

A separate account that details the expenditure and income arising from the provision of council housing.

**HRA Subsidy**

Grant paid by Central Government to support the provision of rented housing.

## **Impairment**

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

## **Income and Expenditure Account**

The Income and Expenditure account combines the income and expenditure relating to all the Council's functions including the General Fund and the Collection Fund. It is structured on the basis of the private sector and thereby excludes calculations done due to statutory and non statutory practices e.g. gains and losses on the sale of losses on the sale of property, plant and equipment and statutory provision for the repayment of debt.

## **Infrastructure Assets**

These are non-transferable assets, expenditure on which is recoverable only by continued use of the asset created. Examples of such assets are bus stations and car parks.

## **Intangible Assets**

Intangible assets are those assets whereby access to the future economic benefits that it represents is controlled by the reporting entity, either through custody or legal protection. Examples include development expenditure and goodwill.

## **Infrastructure Assets**

Property, plant and equipment that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure are highways and footpaths.

## **Interest Cost**

For a defined benefit pension scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

## **Investment Properties**

Interest in land and/or buildings:

- in respect of which construction work and development have been completed and
- is held for its investment potential, any rental income being negotiated at arms length

## **Investments**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments which do not meet the above criteria should be qualified as current assets.

## **Leasing**

Method of financing the provision of various capital assets, usually in the form of an operating lease, which do not provide for the title to the asset to pass to the Council.

## **Liabilities**

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

## **Liquid Resources**

Current investments that are readily disposable by the Council without disrupting its business and are readily convertible to cash.

## **Materiality**

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

**Major Repairs Allowance**

This is part of the Housing Subsidy calculation which provides a capital grant for Housing Revenue Account properties. It is used to match the depreciation charge on Housing Revenue Account dwellings.

**Minimum Revenue Provision (MRP)**

The minimum amount which must be charged to the Council's revenue accounts each year and set aside as a provision to meet the Council's credit liabilities.

**National Non-Domestic Rate (NNDR)**

Amounts payable to local authorities from non-domestic properties. The rate poundage is set nationally and amounts collected by local authorities are subject to arrangements as determined under the business rates retention scheme.

**Net Book Value**

Amount at which property, plant and equipment is included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**Net Current Replacement Cost**

Cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

**Net Debt**

The Council's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

**Net Realisable Value**

Open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

**Non Distributed Costs**

These are overheads that are not apportioned to services to accord with CIPFA's Best Value Accounting Code of Practice.

**Non-Operational Assets**

Property, plant and equipment held by a local authority but not directly occupied, used or consumed in the delivery of service. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

**Operating Leases**

A lease other than a finance lease.

**Operational Assets**

Property, plant and equipment held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

**Past Service Cost**

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

**Post Balance Sheet Events**

Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

**Precept**

Demands made upon the collection fund by other authorities (Staffordshire County, Police and Fire Authorities) for the services that they provide.

**Principal**

This is when the council is providing a service as part of its own core business.

**Prior Year Adjustments**

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

**Property, plant and equipment**

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

**Provisions**

Amounts set aside to meet liabilities or losses which are likely to be incurred but where the amount remains uncertain.

**Prudence**

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

**Public Works Loan Board (PWLB)**

Central Government Agency which lends money to local authorities usually at interest rates which are more favourable than those found elsewhere.

**RCCO (Revenue Contribution to Capital Outlay)**

This is where funding is provided from the revenue account to support capital expenditure.

**Related Party**

Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.

**Reserves**

Sums set aside to meet future expenditure for specific purposes.

**Revaluation Reserve**

This is used to record the net gain from revaluations made after 1 April 2007.

**Revenue Expenditure**

Expenditure on the day-to-day running of the Council, including employee costs, running expenses and capital financing costs.

**Revenue Expenditure Funded from Capital Under Statute (Formerly Deferred Charges)**

Expenditure that is not capital in accordance with generally accepted accounting principles but which statute allows to be funded from capital resources.

**Revenue Support Grant (RSG)**

Grant paid to local authorities by Central Government to help finance its general expenditure. It is determined under the SSA system.

**Section 106**

Planning agreement between the Council and a Developer which requires them to provide specific funding as a result of development in the area (i.e. new homes).

**Scheme Liabilities**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

**Settlement**

An irrevocable action that relieves the employer (or the defined benefit pension scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
- the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

**Stocks**

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

**Termination Benefits**

These are employee benefits payable as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits.

**Useful Life**

Period over which the local authority will derive benefits from the use of property, plant and equipment.