



DRAFT

STATEMENT OF ACCOUNTS

2023/24



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Introduction

Local Authority accounts, like those of any organisation, are prepared to comply with a series of rules and conventions set by the accounting profession. However, for Local Authorities there are many types of transaction where the law, which takes precedence, requires a different treatment from the accounting rules. This effectively means that local authorities are trying to simultaneously fulfil two conflicting sets of rules when preparing their accounts.

This conflict is addressed by having authorities present a set of financial statements which comply with the accounting rules, followed by a reconciliation of those statements to the accounts as prepared under the legal rules. This reconciliation essentially takes the form of a list of adjustments for items which must be in the accounts per the accounting rules but are not allowed in them under law, and vice versa. It is the legal rules that must be used when calculating budget requirements, council tax and housing rents.

As a result, all the Council's internal reporting and decision-making is based purely on accounts prepared under the legal rules. The only time it prepares accounts that comply with the accounting rules is when it prepares this document. It is crucial to bear this in mind when reading the statements.

The Statement of Accounts brings together the major financial statements for the financial year 2023/24. The statements and the notes that accompany them give a full and clear picture of the financial position of Redditch Borough Council.

The sections are:

- **Narrative Report** – An overview of the Council's financial and operational performance, main objectives, Governance, key risks, and strategies for future service delivery
- **Statement of Responsibilities** – The responsibilities of the Council and its Chief Financial Officer in respect of the Statement of Accounts
- **Movement in Reserves Statement** – The movement in the year on the different reserves held by the Council
- **Comprehensive Income and Expenditure Statement** – This shows the accounting cost in the year of providing services. It is prepared in accordance with generally accepted accounting practices. This is different from the amount to be funded from taxation
- **Balance Sheet** – The value of the assets and liabilities recognised by the Council and the Group as at 31 March 2024
- **Cash Flow Statement** – Inflows and outflows of cash or cash equivalents. The flows are revenue and capital transactions with third parties
- **Statement of Accounting Policies** – Outlines the significant accounting policies adopted by the Council
- **Notes to the Financial Accounts** – The Statements are supported by technical notes
- **The Collection Fund and Notes** – Shows the transactions of the separate fund used for the collection of Council Tax and Non-Domestic Rates (NNDR) and its distribution to local government bodies and the government
- **Group Accounts** - Sets out the income and expenditure for the year and financial position at the balance sheet date of the Council and any companies or other organisations, which the Council either controls or significantly influences
- **Housing Revenue Account** - The housing revenue account is a ring-fenced account used to manage our (council owned) housing stock of some 5,600 properties. The costs of managing and maintaining the properties, collecting rents, and meeting the interest cost of monies borrowed to pay for investment in the housing stock are all charged to the housing revenue account
- **Governance Statement** - The Annual Governance Statement is a statutory document, which explains the processes and procedures in place to enable the council to conduct its functions effectively
- **Internal Auditors Report** – Local government audit provides transparency and accountability to both taxpayers and their local elected representatives. It provides authorities with accurate and reliable financial information with which to plan and manage their services, and finances, effectively. It also provides assurance to the wider public sector, supporting the audit of certain central government departments and the Whole of Government Accounts
- **Glossary**

NARRATIVE REPORT

These financial statements have been prepared in line with the Code of Practice on Local Authority in Accounting the United Kingdom 2023/24 (the Code). It is the purpose of this report to explain, in an easily understandable way, the financial facts and performance in relation to Redditch Borough Council.

Our District

Redditch Borough Council sits within the West Midlands. It has a population of 84,000 over an area of 21 square miles. It has 41,000 homes and businesses and 29 Councillors over 12 Wards (the present boundary review will reduce this to nine wards and 27 Councillors in May 2024).

The Borough has an above-average number of young families; is densely populated other than outlying areas such as Feckenham; has major employment in 'traditional' manufacturing; has areas of significant deprivation; and average median incomes.

Local Councillors are elected by the community to decide how the Council should carry out its various activities. Elections are held every year for three years, with up to 10 seats contested at a time with no election in fourth year. All out elections will be held in May 2024. The council has a 'leader and cabinet' form of governance, which means the Council delegates authority to decide some matters to a 'cabinet' called the executive committee, which is chaired by the Leader of the Council. The executive committee manages much of the ordinary business of the Council, with the full council having the final say on matters of strategic policy, budget, and council tax.

The Council, along with Bromsgrove District Council, were one of the first councils in the country to form a shared service in 2008. This means we have a single team serving both Councils. Bromsgrove also host services such as Worcestershire Regulatory Services which is pan Worcestershire.

The Council's vision is "To enrich the lives and aspirations of all our residents, businesses and visitors through the provision of efficiently-run, high quality services that ensure those most in need receive the appropriate help, support and opportunities."

Strategic Purpose

Redditch Borough Council is committed to providing residents with effective and efficient services that not only meet their needs but understand them too. We have listened to demand from our customers to understand what goes on in our communities and have considered how we collaborate with partners to support the issues within those communities.

Taking into account what really matters to our residents it produced a set of six strategic purposes; they are based on customer demands and data and evidence about the needs of and issues affecting the people of Redditch Borough Council.



National Position

The impact of both Covid-19 and Brexit are still amongst the most significant economic events which are currently facing the UK. The Council is now moving out of the Global Covid-19 Pandemic however this recovery period and the impact of funding the pandemic itself has had a significant impact on the Country's economy and Council services.

The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, has been major influences on both the Country and Council services.

The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level in September and then again in November

The UK formally left the European Union on 31 January 2020. It is still currently difficult to quantify what the full impact has been on the council, but the most obvious implications are to importing goods.

The uncertainties about future economic conditions make medium term financial planning even more challenging for the Council. The Council will continue to monitor the impact and provide updates.

Financial Performance

The following items have had an impact on the 2023/24 Financial Statements.

Organisational Performance

The Council implemented a new financial system on the 8 February 2021. This severely impacted the Council's ability to report financially during the 2021/22 financial year with the only reported financial monitoring being for Period 11. Because of this, and the impact this has had on the delivery of the 2020/21 accounts, in October 2022 the External Auditors issued a S24 Statement linked to the late delivery of the 2020/21 Accounts in November 2022 and the associated impact this had on the robustness of financial information.

This S24 Statement was updated in October 2023 to include delivery of the audited 2020/21, 2021/22 and 2022/23 accounts. Since April 2022 the Council, with Bromsgrove, have been operating a financial

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recovery plan to rectify this situation. This has included the correction of the underlying issue in the financial system in November 2022. This is reflected in the Governance Statement.

In September 2024, due to the number of Councils across England with unaudited accounts, the new Government implemented “backstop legislation”. This meant that Council Accounts up to the 2022/23 financial year had to be presented, and the 30-day public consultation period completed by the 13 December 2024. The Council hit this timescale for the 2020/21 and 2021/22 Accounts but only achieved this on the 22 January 2025 for the 2022/23 Accounts.

These 2023/24 Accounts also have a “backstop date” imposed by the Government of the 28 February 2025 to be presented and have completed the 30-day public consultation period.

The Council has “**Disclaimer Opinions**” for the 2020/21 through to 2022/23 Accounts. This Opinion, linked to the “Backstop Legislation,” has been issued to multiple Councils across the Country. It is not clear how these multiple “Disclaimer Opinions” for Councils will affect the sector and how they might impact how the Council’s new Auditors workplans for their 2023/24 External Audits Report and ongoing Audit Opinions for the Council.

For the whole of the 2023/24 financial year the Council have reported on joint finance and organisational performance through a quarterly finance and performance report to Cabinet.

Governance

Redditch Borough 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.

Governance is about how the Council ensures that it is doing the right things, in the right way.

- A Council Constitution which clearly sets out the roles and responsibilities for Councillors
- A transparent decision-making process through Council, Executive and Regulatory Committees
- Review and scrutiny of decisions through the Overview and Scrutiny Committee
- Behaving with integrity supported through a Code of Conduct
- Managing risk through the Corporate Management Team and Audit Governance & Standards Committee
- Clear strategic priorities linked to the needs of our communities and customers
- Regular performance management linked to strategic priorities and managed through a dashboard which is easily accessed and updated
- Having robust and regular financial management
- Having good communication with Councillors, employees, and the Community

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

Reserves, Financial Performance and Financial Position

Financial Outlook

The Medium-Term Financial Plan 2023/24 – 2025/26 was approved by Council on 27 February 2023 and provides the framework within which spending decisions can be made. The plan addresses how the Council will provide financial funding to the Strategic Priorities and ensure residents receive quality services to meet their needs in the future.

When reviewing the budget projections consideration is made of the impact of demand on service and the costs associated with this demand. This may result in additional costs, associated with maintaining current service delivery, or reductions in anticipated income revenue over the next three years. This has been exacerbated by the move back to “normal working” in 2023/24 as we move out of the Covid-19 pandemic and the significant impact that the war in Ukraine is having on the national and local economy.

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We have continued to see the significant drops of income seen in previous years as one-off Government Grant funding to support for the most vulnerable in our community, both individuals and businesses, due to the Covid-19 pandemic stopping. In addition, due to the upcoming General Election, the 2023/4 Local Government Financial Settlement was only a single year in length which makes medium term planning difficult to achieve.

There continues to be considerable pressure facing the Council over the next three years as a result of a number of issues including:

- A significant nationally negotiated Pay Award of circa 5% for which there is no central funding which impacts the Council by £928k a year.
- Reprofiting the fleet replacement, as there is still no final Environment Green Paper at a cost of £258k

However, to partially offset this two significant factors bring the Council back to an almost a break even ongoing budget position. These are:

- Implementation of the 2023/24 to 2025/26 triennial Pension revaluation, at an ongoing savings of £801k a year.
- The Conversion of 50% of the Utilities increase established in Tranche 1 of the 2023/24 budget as actual increases have not been of the magnitude of the additional budget established £570k.

The main source of income continues to be Council tax. The Chancellors' November 2023 update still allows Councils to increase Council Tax by 1.99% or £5 per annum without a referendum. The medium-term financial plan assumes a further 1.99% increase per annum in future years.

A summary of the approved Medium Term Financial Plan is provided below and shows that the Council has a deficit in 2023/24 of £311k which then reduces to a deficit of £67k in 2024/25 and a surplus of £63k in 2025/26.

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		2023/24 £000	2024/25 £000	2025/26 £000
Base Budget Position 22/23 MTFP				
	Expenditure	10,290	10,428	10,661
	Funding	-9,341	-9,595	-9,621
	Net	949	833	1,040
	Revised Gap	949	833	1,040
Pressures				
	50% Funding for Climate Change Officer	30	30	30
Savings Options				
	Environmental Services Partnership	0	-25	-50
	Service Reviews	-140	-330	-405
	Move to All Out Elections	0	0	-170
	Town Hall	0	0	-400
	Finance Vacancies	-100	-100	-100
	MRP	-100	-100	-100
	Pension Fund	-580	-580	-580
	Engage Capacity Grid (One Off)	-300	-300	0
	10% Increase in Fees and Charges	-339	-340	-342
	Council Tax Increase	0	-104	-104
	Total Savings	-1,529	-1,849	-2,221
	Revised Position	-580	-1,016	-1,181
Pressures				
	Pay Pressure Year 1	928	928	928
	Pay Pressure Future Years (1%)	0	0	117
	Transport Pressure	21	21	21
	Contracts Pressures	230	235	240
	Core Pressures	1,179	1,184	1,306
	Updated Position	599	168	125
	Utilities Inflation	1,140	1,140	1,140
	Tranche 1 Final Draft Position	1,739	1,308	1,265
Draft Local Government Financial Settlement				
	New Homes Bonus	-19		
	Services Grant	-86		
	Funding Guarantee	-493		
	C Tax Base Reduction	130		
	Business Rates/Investment Inc Rebaseline	-466	-250	-250
	Future Years Settlements - assumption		-450	-450
	Settlement Draft Amounts	-934	-700	-700
	1% more on Councils Tax	-69	-69	-69
	Conversion of 50% of Utilities to a Reserve	-570	-570	-570
	Correction of Salary £1,925 amount	-200	-200	-200
	Additional Pensions Savings	-221	-221	-221
	Revised Deficit	-255	-452	-495
New Pressures (Known/Ongoing)				
	Fleet Refurbishment	129	258	258
	Apprenticeship Scheme	50	50	50
	Data Analyst	25	25	25
	Planning Enforcement	25	25	25
	WRS Increase	47	61	74
	Under Recovery of 22/23 Council Tax	190		
	Increased pay award - so 2%	100	100	0
	Total	566	519	432
	Revised Draft Position	311	67	-63

Risks and Opportunities

The Council recognises that it has a responsibility to manage risks effectively in order to control its assets and liabilities, protect its employees and community against potential losses, minimise uncertainty in achieving its goals and objectives, and to maximise the opportunities to achieve its vision.

Risk management is managed through the Corporate Management Team and Audit Governance & Standards Committee. Its key corporate risks at the end of the 2023/24 financial year classified as highest priority, as reported to this Committee were:

- Non-adherence with Statutory Inspection Policies.
- Protection from Cyber Attack.
- Financial Position Rectification.
- Delivery of Levelling Up Initiative
- The New Customer Facing Interface
- The impact of the new Environment Bill.

Six other “Corporate Risks” were classified as Amber.

The most significant financial risk the Council faces is the correction of issues with its new financial system. As set out in “Organisation Performance” section above, with the implementation of “backstop legislation” for English Councils Accounts and the issuing of “Disclaimer Opinions” for significant numbers of Councils, including Bromsgrove, the impact of this decision locally and nationally is yet to be fully understood.

Internal Audit issued a report in June 2021 with the purpose of identifying what progress had been made against the Risk Management Strategies. At that time there was a lack of evidence that the actions within the Risk Management Strategies had been fully completed and embedded within the Councils and therefore no assurance could be given. The Council acknowledged that there was a risk management system in place, and there were areas of good practice. However, this was not uniform across the Council. The embedding of effective risk management needed to be driven and led by senior management and cascaded down throughout the Councils. Therefore, an action plan was put in place that:

- Set up a quarterly officer Risk Board, with representatives of each service area.
- That the 4Risk system (used for logging and mitigating risks) be fully updated and reviewed at these quarterly meetings.
- Ensured that the Corporate Management Team (CMT) and the Audit Committee, be updated by way of a quarterly report on progress and review the Council’s Corporate and Departmental Risks.

Risk is reported to this Committee on a quarterly basis.

Expenditure and Funding Analysis

The Expenditure and Funding Analysis is set out on page 19. This demonstrates to Council taxpayers and housing rent payers how the funding available to the Authority (i.e., Government grants, Council tax, rents, and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision-making purposes between the Council’s strategic purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. A summary of the net expenditure as reported through the management accounts compared with the budget for 2023/24 is shown below:

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	2023/24 Full Year Budget	2023/24 Outturn	2023/24 Outturn Variance
Regulatory Client	451,038	449,798	(1,240)
Business Transformation & Organisational Development	1,767,562	1,701,543	(66,019)
Corporate Budgets & Services	(1,558,136)	(2,802,363)	(1,244,227)
Community & Housing GF Services	1,576,893	1,827,032	250,139
Environmental Services	2,615,992	4,801,569	2,185,577
Financial & Customer Services	1,777,749	2,407,097	629,348
Legal, Democratic & Property Services	2,071,581	2,224,407	152,826
Planning, Regeneration & Leisure Services	1,282,538	1,533,062	250,524
RBC Rubicon Client	764,746	972,415	207,669
Starting Well	85,315	101,994	16,679
Overall Total	10,835,278	13,216,554	2,381,276

The actuals reported above are based on the management accounts for the Authority. The management accounts are prepared on controllable budgets and there is a difference to the definitions used in the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis. As an example, the management accounts would record and manage any direct revenue financing of capital expenditure within the strategic priority, but this would be recorded as other income and expenditure in the Expenditure and Funding Analysis.

The main variances to budget in each strategic area are as below. Greater detail is available in the year-end outturn report.

Business Transformation & Organisational Development – £66k underspend

Within Business Transformation & Organisational Development there are increased phone costs of £60k together with increased HR costs of £60k offset by savings within Corporate Staff costs due to vacancies within Training amounting to £110k and additional Name & Numbering income of £30k. There are a number of smaller unders/overs within the service.

The overall underspend for the service is after the absorption of £76k cross cutting efficiency savings targets based upon forecast underspends within Human Resources at quarter 1 due to vacancies within the service.

Corporate Services – £1,244k underspend

Within Corporate Services, there is a large underspend due to the necessary reallocation of corporate provisions on salaries, inflation and utilities. The Council is currently undergoing an establishment exercise which will ensure the correct allocation of these provisions across all services in future years.

Community and Housing General Fund Services – £250k overspend

Within the Community and Housing General Fund Services the overspend is due to a number of factors.

Most significantly these are: increased Bed & Breakfast (£74k) and Homelessness costs (£174k) arising from the national impact of increased demand for social housing (new legislation in respect of domestic abuse and private landlords ending tenancies/selling properties has impacted); income from Dial A Ride and Shopmobility being less than anticipated; and the requirement to undertake a stock condition survey report of the private rented sector.

Environmental Services – £2,186k overspend

Within Environmental Services there are two key areas that impact on budgets, fleet costs and salaries. As

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per the Corporate Services section, salaries overspends have been offset by allocation of the Corporate Salaries provision. Within fleet costs there is a £390k overspend due to maintenance, fuel and Insurance costs. The fleet used across the service area is generally beyond its life cycle, especially within the waste service. A revised fleet replacement programme is designed to ensure we have a more reliable fleet across the service which will result in lower maintenance costs and associated hire costs in order to deliver statutory responsibilities. There have also been additional costs relating to shared services costs on the waste service.

Within Bereavement Services there has been a reduction of £170k in anticipated burial and cremation fees. There has also been a £25k reduction in bulky waste income.

Within the service area as a whole and in particular the Tree Team there have been a number of insurance claims which have cost the Council £70k within the financial year.

There were a number of smaller underspends amounting to £90k within the service.

There are £1m of additional costs relating to stock costs for the depot at Crossgates. This relates to the period 2020/21 – 2023/24.

Financial & Customer Services - £629k overspend

Within Financial & Customer Services, there is an overspend of £629k within Finance due to agency staff covering vacant posts. This spend is required to close the backlog of Accounts work and comply with Recommendations in the External Auditors Annual Report.

Legal, Democratic and Property Services – £153k overspend

Within Legal, Democratic and Property Services there was an overspend on agency fees and an overspend on the Market and on Legal Services. These were offset by an increase in income for property rental income.

Planning, Regeneration and Leisure Services – £250k overspend

Within Planning, Regeneration and Leisure Services there is an overspend in the region of £250k. This is predominately due to an overspend within Economic Development and Development Management due to costs of temporary support and professional fees. Planning income has been lower than anticipated.

Rubicon Client – £208k overspend

The original base budget of £765k was exceeded due to high maintenance costs particularly on the Abbey Stadium, Forge Mill Museum and the Palace Theatre. Additional costs were incurred due to an increased management fee.

Reserves

The position has resulted in the Council's General Fund position decreasing from an opening position of £8.924m to a closing balance of £7.221m. There was an overspend of £2.381m and the balance relates to statutory adjustments.

Earmarked reserves have reduced from an opening position of £17.818m to a closing position of £17.186m.

Capital

The outturn report set out that expenditure was £3.2m against capital budgets of £10.9m approved for the year. This is an £7.7m underspend.

Housing Revenue Account (HRA)

The Housing Revenue Account for 2023/24 is showing break-even position.

The major variances as follows:

- Repairs & Maintenance – Overspend mainly on agency staff but offset by underspend in other areas (staffing vacancies).
- Supervision & Management – Variance is mainly due to vacancies, posts left vacant due to the ongoing review of the Housing Services function.

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- Rent, Rates, Taxes & Other Charges – Increase in insurance premiums, disrepair claims by tenants have increased.
- Provision for Bad Debts – Arrears did not increase year on year as anticipated. Minimal increase in total from 22-23.
- Depreciation & Impairment of Fixed Assets – Increase in the average price of key components of HRA dwellings.

Explanation of the Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2024. It comprises core and supplementary statements, together with supporting notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which in turn is underpinned by International Financial Reporting Standards. A glossary of key terms and abbreviations can be found at the end of this publication.

The Core Statements are:

The **Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area / directorate. The bottom half of the statement deals with corporate transactions and funding.

The **Movement in Reserves Statement** is a summary of the changes that have taken place in the bottom-half of the Balance Sheet over the financial year.

Reserves are divided into "usable", which can be invested in service improvements or capital investment or reduce local taxation, and "unusable" which must be set aside for specific purposes. This includes those that hold unrealised gains and losses (for example the revaluation reserve), where amounts become available to provide services if the assets are sold, and those that hold timing differences which are shown in the Movement in Reserves Statement Line 'Adjustments between accounting basis and funding basis under the regulations.

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 the amounts chargeable to council tax for the year. The net increase or decrease line shows the statutory general fund balance movements in the year following those adjustments.

The **Balance Sheet** is a 'snapshot' of the Council's assets, liabilities, cash balances and reserves as at the year-end, 31 March 2024.

The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment or financing activities (such as borrowing or other long-term liabilities).

The Supplementary Statements are:

The **Collection Fund** summarises the transactions relating to council tax and business rates collection, and the redistribution of that money. Business Rates is distributed to Central Government, Worcestershire County Council and Redditch Borough Council. Council Tax is distributed between Gloucestershire County Council, the Police & Crime Commissioner, Redditch Borough Council and the Town & Parish Councils within the Redditch district. The Annual Governance Statement which sets out the governance structures of the Council and its key internal controls.

The Housing Revenue Account

The **Annual Governance Statement** which sets out the governance structures of the Council and its key internal controls.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Statement of Responsibilities

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority. In this Authority, that officer is the Chief Finance Officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts

The Chief Finance Officer's responsibilities

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

In preparing this statement of accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

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

CERTIFICATE

I certify that the Statement of Accounts presented here gives a true and fair view of the financial position of the Authority at the accounting date and of its income and expenditure for the year ended 31st March 2024

.

..... **Date:**

Director of Finance and Resources (Chief Finance Officer)

In accordance with regulation 10(3) Accounts and Audit Regulations 2016, the statement of accounts is approved by the Chair of the Audit, Governance and Standards Committee.

..... **Date:**

Chair

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Comprehensive Income and Expenditure Statement for the year ended 31 March 2024

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

	Notes	2023/24			2022/23		
		£000	£000	£000	£000	£000	£000
		Expenditure	Income	Net	Expenditure	Income	Net
Business Transformation and Organisational Development		2,257	(426)	1,831	2,128	(454)	1,674
Community and Housing GF Services		6,026	(2,287)	3,739	5,153	(2,715)	2,438
Corporate Services		747	(5,153)	(4,407)	1,444	(5,078)	(3,634)
Environmental Services		7,407	(2,768)	4,639	6,809	(2,476)	4,332
Financial and Customer Services		20,148	(16,896)	3,252	18,566	(5,165)	13,401
Housing Revenue Account		24,469	(27,880)	(3,411)	21,939	(25,965)	(4,026)
Legal, Democratic and Property Services		4,655	(1,489)	3,165	3,945	(1,307)	2,638
Planning, Regeneration and Leisure Services		3,942	(1,355)	2,587	3,330	(1,288)	2,042
Regulatory Client		681	(231)	450	634	(253)	381
Rubicon Client		2,041	(0)	2,041	2,114	(5)	2,108
Starting Well		1,013	(720)	292	766	(842)	(76)
Cost of Services		73,385	(59,207)	14,178	66,827	(45,549)	21,278
Other Operating Expenditure	B4	40	(308)	(268)	18	(515)	(497)
Financing and Investment Income and Expenditure	B5	6,641	(7,184)	(543)	9,283	(4,607)	4,676
Taxation and Non-Specific Grant Income and Expenditure	B6	12,375	(24,293)	(11,918)	11,364	(33,180)	(21,816)
(Surplus) or Deficit on Provision of Services				1,449			3,640
(Surplus) or deficit on revaluation of Property, Plant and Equipment	D1			0			(25,065)
Remeasurement of the net defined benefit liability/(asset)	E1			(2,349)			(4,025)
Other Comprehensive Income and Expenditure				(2,349)			(29,090)
Total Comprehensive Income and Expenditure				(900)			(25,450)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2024

	Notes	2023/24			2022/23		
		£000	£000	£000	£000	£000	£000
		Expenditure	Income	Net	Expenditure	Income	Net
Business Transformation and Organisational Development		2,257	(426)	1,831	2,128	(454)	1,674
Community and Housing GF Services		6,026	(2,287)	3,739	5,153	(2,715)	2,438
Corporate Services		747	(5,153)	(4,407)	1,444	(5,078)	(3,634)
Environmental Services		7,407	(2,768)	4,639	6,809	(2,476)	4,332
Financial and Customer Services		20,148	(16,896)	3,252	18,566	(5,165)	13,401
Housing Revenue Account		24,469	(27,880)	(3,411)	21,939	(25,965)	(4,026)
Legal, Democratic and Property Services		4,655	(1,489)	3,165	3,945	(1,307)	2,638
Planning, Regeneration and Leisure Services		3,942	(1,355)	2,587	3,330	(1,288)	2,042
Regulatory Client		681	(231)	450	634	(253)	381
Rubicon Client		6,029	(3,532)	2,496	3,667	(2,692)	974
Starting Well		1,012	(719)	292	766	(842)	(76)
Cost of Services		77,371	(62,738)	14,634	68,380	(48,236)	20,144
Other Operating Expenditure	B4	40	(308)	(268)	18	(515)	(497)
Financing and Investment Income and Expenditure	B5	6,641	(7,184)	(543)	9,283	(4,607)	4,676
Taxation and Non-Specific Grant Income and Expenditure	B6	12,375	(24,263)	(11,888)	11,364	(33,180)	(21,816)
(Surplus) or Deficit on Provision of Services				1,935			2,507
(Surplus) or deficit on revaluation of Property, Plant and Equipment	D1			0			(25,065)
Remeasurement of the net defined benefit liability/(asset)	E1			(2,349)			(4,025)
Other Comprehensive Income and Expenditure				(2,349)			(29,090)
Total Comprehensive Income and Expenditure				(414)			(26,583)

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement for Council and Group for the year ended 31 March 2024

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase / (Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or (from) earmarked reserves undertaken by the Council.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	HRA Balance £000	Earmarked HRA Reserves £000	Total HRA Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000	Rubicon Leisure Limited £000	Total Group Reserves £000
Balance as at 31 March 2022	11,526	17,769	29,294	2,057	12,557	14,614	12,150	13,394	2,779	72,230	136,070	210,101	1,108	211,209
Movement in reserves during the year														
Total Comprehensive Income and Expenditure	3,321	0	3,321	319	0	319	0	0	0	3,640	29,090	32,730	978	33,708
Adjustments between accounting basis & funding basis under regulations	(5,873)	0	(5,873)	(1,186)	0	(1,186)	1,888	(153)	375	(4,949)	58,671	68,085	0	68,085
Net Increase/Decrease before Transfers to Earmarked Reserves	(2,552)	0	(2,552)	(867)	0	(867)	1,888	(153)	375	(1,310)	87,761	86,452	978	87,430
Transfers to or from earmarked reserves	(49)	49	0	785	(785)	0	0	0	0	0	0	0	0	0
(Increase)/Decrease in Year	(2,601)	49	(2,552)	(82)	(785)	(867)	1,888	(153)	375	(1,310)	87,761	86,452	978	87,430
Balance as at 31 March 2023	8,924	17,818	26,743	1,976	11,771	13,747	14,038	13,241	3,154	70,922	223,831	294,754	2,086	296,839
Movement in reserves during the year														
Total Comprehensive Income and Expenditure	823	0	823	626	0	626	0	0	0	1,449	(2,349)	(900)	486	(414)
Adjustments between accounting basis & funding basis under regulations	(1,550)	0	(1,550)	(2,387)	0	(2,387)	177	(2,767)	(3,154)	(9,681)	24,945	15,263	(3,600)	11,664
Net Increase/Decrease before Transfers to Earmarked Reserves	(727)	0	(727)	(1,761)	0	(1,761)	177	(2,767)	(3,154)	(8,232)	22,596	14,363	(3,114)	11,250
Transfers to or from earmarked reserves	(976)	(632)	(1,608)	870	(870)	0	0	0	0	(1,608)	0	0	1,608	0
(Increase)/Decrease in Year	(1,703)	(632)	(2,335)	(891)	(870)	(1,761)	177	(2,767)	(3,154)	(9,840)	22,596	14,363	(1,506)	11,250
Balance as at 31 March 2024	7,221	17,186	24,408	1,085	10,901	11,986	14,215	10,474	0	61,082	246,427	309,117	580	308,089

BALANCE SHEET

Balance Sheet as at 31 March 2024

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide service. This category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

	Notes	31st March 2024 £000	31st March 2023 £000
Property, Plant & Equipment	D1	397,140	382,004
Investment Property	D2	899	899
Intangible Assets	D3	1,243	1,046
Long Term Debtors	E2	906	906
Long Term Assets		400,188	384,855
Short Term Investments	F1	10,912	41,850
Inventories	D9	1,575	2,374
Short Term Debtors	D4	23,318	13,265
Cash and Cash Equivalents	F1	16,707	15,620
Current Assets		52,512	73,108
Other Short Term Liabilities	E2	(9,000)	(9,000)
Short Term Creditors	D5	(8,555)	(39,004)
Provisions	D6	(1,242)	(1,798)
Revenue Grants received in advance		(16,172)	(3,759)
Current Liabilities		(34,969)	(53,561)
Long Term Borrowing	F5	(104,063)	(104,064)
Other Long Term Liabilities	E2	(5,311)	(2,791)
Capital Grants received in advance		(848)	(2,793)
Long Term Liabilities		(110,222)	(109,648)
Net Assets		307,509	294,754
Usable reserves	C3	61,082	70,922
Unusable Reserves	C4	246,427	223,832
Total Reserves		307,509	294,754

BALANCE SHEET

Group Balance Sheet as at 31 March 2024

	Notes	31st March 2024 £000	31st March 2023 £000
Property, Plant & Equipment	D1	397,386	382,250
Investment Property	D2	899	899
Intangible Assets	D3	1,243	1,046
Long Term Debtors	E2	906	906
Long Term Assets		400,434	385,101
Short Term Investments	F1	10,912	41,850
Inventories	D9	1,594	2,393
Short Term Debtors	D4	23,594	13,318
Cash and Cash Equivalents	F1	15,658	18,602
Current Assets		51,757	76,163
Short Term Creditors	E2	(9,073)	(9,000)
Other Short Term Liabilities	D5	(9,000)	(40,220)
Provisions	D6	(1,242)	(1,798)
Revenue Grants received in advance		(16,172)	(3,759)
Current Liabilities		(35,487)	(54,778)
Other Long Term Liabilities	E2	(3,703)	(2,791)
Capital Grants Received in advance		(848)	(2,793)
Long Term Borrowing	E2	(104,063)	(104,064)
Long Term Liabilities		(108,614)	(109,648)
Net Assets		308,089	296,838
Usable reserves	C3	61,662	73,006
Unusable Reserves	C4	246,427	223,832
Total Reserves		308,089	296,838

CASH FLOW STATEMENT

Cash Flow Statement at 31 March 2024

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

	Notes	2023/24 £000	2022/23 £000
Net surplus or (deficit) on the provision of services		(1,449)	(3,640)
Adjustment to surplus or deficit on the provision of services for non-cash movements	F2	12,440	44,610
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	F3	0	(5,654)
Net cash flows from Operating Activities		10,991	35,316
Investing Activities	F4	(17,369)	(59,022)
Financing Activities	F5	7,465	12,617
Net increase or (decrease) in cash and cash equivalents		1,087	(11,089)
Cash and cash equivalents at the beginning of the reporting period		15,620	26,709
Cash Balance at End of Period		16,707	15,620

CASH FLOW STATEMENT

Group Cash Flow Statement as at 31 March 2024

	Notes	2023/24 £000	2022/23 £000
Net surplus or (deficit) on the provision of services		(1,935)	(20,433)
Adjustment to surplus or deficit on the provision of services for non-cash movements	F2	8,865	63,442
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	F3	0	(5,654)
Net cash flows from Operating Activities		6,930	37,355
Investing Activities	F4	(17,369)	(59,022)
Financing Activities	F5	7,465	12,617
Net increase or (decrease) in cash and cash equivalents		(2,974)	(9,050)
Cash and cash equivalents at the beginning of the reporting period		18,602	27,652
Cash Balance at End of Period		15,628	18,602

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B1. Expenditure and Funding Analysis

2023/24			Strategic Purpose	2022/23		
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
2,022	191	1,831	Business Transformation and Organisational Development	1,513	(162)	1,674
4,433	694	3,739	Community and Housing GF Services	1,779	(658)	2,438
(4,286)	120	(4,407)	Corporate Services	(3,760)	(127)	(3,634)
5,429	790	4,639	Environmental Services	3,507	(825)	4,332
4,259	1,007	3,252	Financial and Customer Services	12,397	(1,004)	13,401
4,673	8,084	(3,411)	Housing Revenue Account	(11,686)	(7,659)	(4,026)
4,198	1,033	3,165	Legal, Democratic and Property Services	1,603	(1,034)	2,638
3,210	623	2,587	Planning, Regeneration and Leisure Services	1,438	(604)	2,042
450	0	450	Regulatory Client	381	0	381
3,109	1,068	2,041	Rubicon Client	917	(1,191)	2,108
579	287	292	Starting Well	(344)	(268)	(76)
28,076	13,898	14,178	Net Cost of Services	7,745	(13,533)	21,278
(29,779)	(17,050)	(12,729)	Other Income and Expenditure	4,522	22,159	(17,638)
(1,703)	(3,152)	1,449	Surplus or Deficit	12,267	8,626	3,640

8,924	Opening General Fund Balance	(3,343)
(1,703)	Less/Plus Surplus or (Deficit) on General Fund Balance in Year	12,267
7,221	Closing General Fund Balance at 31 March	8,924

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B2. Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Statutory Adjustments	Other Differences	Total
	£000	£000	£000	£000	£000
Business Transformation and Organisational Development	43	147	0	0	191
Community and Housing GF Services	41	653	0	0	694
Corporate Services	0	120	0	0	120
Environmental Services	756	34	0	0	790
Financial and Customer Services	0	1,007	0	0	1,007
Housing Revenue Account	6,775	1,309	0	0	8,084
Legal, Democratic and Property Services	729	304	0	0	1,033
Planning, Regeneration and Leisure Services	406	218	0	0	623
Regulatory Client	0	0	0	0	0
Rubicon Client	1,068	0	0	0	1,068
Starting Well	78	209	0	0	287
Net Cost of Services	9,895	4,003	0	0	13,898
Other Income and Expenditure from the Expenditure and Funding Analysis	0	0	0	0	0
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	9,895	4,003	0	0	13,898

B3. Expenditure and Income Analysed by Nature

Revenue from contracts with Service Recipients

The policy on fees and charges is that all services should be charged where it is appropriate to do so unless there are conflicting policies for legal reasons not to do so. The charge should (subject to market conditions) aim to maximise income from fees and charges by ensuring that the full cost of provision and enforcement is recovered, unless there are contrary policies, legal or contractual reasons.

Where the Council continues to subsidise the cost of services provided to customers, the level of subsidy should be clearly understood by the service. Charges must be linked to both service and strategic objectives and be clearly understood.

The direct implications of charging for residents, and the indirect implications for public, private and voluntary sector partners should be clearly understood. Any concessionary scheme should be based on ability to pay and be applied in a consistent and transparent approach across all Council services. Where appropriate, annual inflationary uplifts will be applied by the Council and approved through the budget setting process.

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Expenditure:	2023/24 £000	2022/23 £000
Employee Benefits Expenses	18,467	13,623
Other Expenditure	58,554	59,230
Depreciation, Amortisation, Impairment	9,895	9,459
Interest Payments	6,649	6,426
Precepts and Levies	1,356	18

Income:	2023/24 £000	2022/23 £000
Fees, Charges and other service Income	(36,966)	(41,516)
Interest and Investment Income	(7,184)	(2,787)
Income for Council tax, non-domestic rates, district rate income	(20,649)	(14,660)
Government grants and Contributions	(23,516)	(26,153)
Gain on Disposal of Assets	(308)	0
Internal Recharges	(4,850)	0
(Surplus) or Deficit on the Provision of Services	1,449	3,640

B4. Other Operating Income and Expenditure

	2023/24 £000	2022/23 £000
Parish council precepts	40	18
(Gains)/losses on the disposal of non-current assets	(308)	0
Other	0	(515)
Total	(268)	(497)

B5. Financing and Investment Income and Expenditure

	2023/24 £000	2022/23 £000
Interest payable and similar charges	6,641	9,283
Interest receivable and similar income	(7,184)	(4,607)
Total	(543)	4,676

B6. Taxation and Non-Specific Grant Income and Expenditure

	2023/24 £000	2022/23 £000
Income		
Council Tax Income	(6,929)	(6,724)
Non Domestic Rates Income and Expenditure	(1,345)	3,406
Non-ring-fenced government grants	(3,644)	(17,170)
Capital Grants and Contributions	0	(1,328)
Total	(11,918)	(21,816)

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B7. Members Allowances

	2023/24 £000	2022/23 £000
Basic Allowances	136	135
Special Allowances	99	98
Expenses Inc. Car Allowances	5	1
Total	240	234

B8. External Audit Costs

The Council has incurred the following costs relating to the annual audit of the statement of accounts, certification of grant claims and other services provided by the Council's external auditors.

	2023/24 £000	2022/23 £000
Fee Variations agreed for External Audit	31	55
Housing Benefit Audit (relates to previous years)	0	1
Housing Benefit Audit	36	33
Fees payable with regard to external audit services carried out by the appointed auditor for the year	171	54
Total	238	143

B9. Grant Income

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

	2023/24 £000	2022/23 £000
Credited to Taxation and Non-Specific Grant Income		
Revenue Support Grant	0	446
New Homes Bonus	(335)	(330)
Section 31	(627)	10,587
Capital Grants	0	(1,751)
Non ring-fenced Grant	(4,625)	(1,541)
Total	(5,587)	7,411

	2023/24 £000	2022/23 £000
Credited to Services		
MHCLG Local Council Tax Support Admin Subsidy	0	(97)
MHCLG New Burdens	0	(113)
MHCLG NNDR Cost of Collection	(105)	(40)
MHCLG Homelessness Grants	0	373
DWP Admin Grant	(376)	(231)
DWP Discretionary Housing	(77)	(402)
DWP Housing Benefit Subsidy	(13,535)	(13,408)
Total	(14,093)	(13,918)

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

B10. Officer Remuneration

Since 2010/11, the Management Team has been shared between Redditch Borough Council and Bromsgrove District Council, with each Authority being charged 50% of the cost of each post.

		Salary, Fees and Allowances £	Pension Contribution £	Total £	50% share to Redditch £	Revised Total
Officers Remuneration Redditch Borough Council (50% recharged to Bromsgrove District Council):						
Chief Executive - Kevin Dicks to 01/10/2023	2022/23	162,497	25,463	187,960	93,980	93,980
	2023/24	83,720	13,991	97,711	48,856	48,856
Executive Director of Finance & Resources up to 6th July 2022	2022/23	31,488	4,942	36,430	18,215	18,215
	2023/24	0	0	0	0	0
Director of Finance & Resources from 7th July 2022 and Deputy Chief Exec from 1st October 2023	2022/23	116,958	0	116,958	58,479	58,479
	2023/24	162,685	0	162,685	81,343	81,343
Head Of Legal & Democratic Services	2022/23	99,785	15,716	115,501	57,751	57,751
	2023/24	102,738	17,271	120,009	60,005	60,005
Total	2022/23	410,728	46,121	456,849	228,425	228,425
	2023/24	349,143	31,262	380,405	190,203	190,203
Officers Remuneration Redditch Borough Council (50% recharged to Bromsgrove District Council):						
		Salary, Fees and Allowances £	Pension Contribution £	Total £	50% share to Bromsgrove £	Total
Deputy Chief Executive and Executive Director of Leisure, Environmental & Community to 30/08/2023 and acting Chief Executive from 01/09/2023	2022/23	130,171	21,357	151,529	75,764	75,764
	2023/24	122,756	21,323	144,079	72,040	72,040
Executive Director of Leisure Environmental & Community from 01/09/2023	2022/23	0	0	0	0	0
	2023/24	66,380	11,559	77,939	38,969	38,969
Total	2022/23	130,171	21,357	151,529	75,764	75,764
	2023/24	189,136	32,882	222,018	111,009	111,009

NOTES TO THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Senior Employees Remuneration

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	2023/24	2022/23
£50,001 to £55,000	4	2
£55,001 to £60,000	6	5
£60,001 to £65,000	10	10
£65,001 to £70,000	2	0
£70,001 to £75,000	0	0
£75,001 to £80,000	1	0
£80,001 to £85,000	0	0
£85,001 to £90,000	2	5
£90,001 to £95,000	2	0
£95,001 to £100,000	1	1
£100,001 to £105,000	1	0
£105,001 to £110,000	1	1
£110,001 to £115,000	0	0
£115,001 to £120,000	0	0
£120,001 to £125,000	0	0
£125,001 to £130,000	0	0
£130,001 to £135,000	0	0
£135,001 to £140,000	0	1
Total	30	25

B11. Termination Benefits

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£0-£20,000	0	0	2	3	2	3	33,708	17,576
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
Total cost included in bandings							33,708	17,576
Cost to Redditch Borough Council							33,708	17,576
Exit Packages undertaken by Redditch Borough Council with a shared cost to Bromsgrove District Council							0	0
Total cost included in the CIES							33,708	17,576

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

C1. Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. 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 Authority 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 upon 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. For housing authorities, however, the balance is not available to be applied to funding HRA services.

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for Local Authority Council housing provision in accordance with Part IV 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.

Usable Reserves						
Balance Sheet as at 31 March 2024	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
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.						
Pension cost (transferred to (or from) the Pensions Reserve)	2,349	0	0	0	0	(2,349)
Council tax and NDR (transfers to or from the Collection Fund)	(2,381)	0	0	0	0	2,381
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)	4,950	0	0	0	0	(4,950)
Total Adjustments to Revenue Resources	4,918	0	0	0	0	(4,918)
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(191)	0	191	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(6,277)	(2,387)	0	0	0	5,766
Total Adjustments to Revenue Resources	(6,468)	(2,387)	191	0	0	5,766
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(14)	0	0	14
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	(2,767)	0	2,767
Application of capital grants to finance capital expenditure	0	0	0	0	(3,154)	3,154
Total Adjustments to Capital Resources	0	0	(14)	(2,767)	(3,154)	5,935
Total Adjustments	(1,550)	(2,387)	177	(2,767)	(3,154)	6,783

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

C2. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2022/23 and 2023/24.

	Balance	Transfers In	Transfers Out	Balance	Transfers In	Transfers Out	Balance
	01-Apr-22	2022/23	2022/23	31-Mar-23	2023/24	2023/24	31-Mar-24
	£000	£000	£000	£000	£000	£000	£000
General Fund:							
Business Rates Retention Scheme	4,560	0	0	4,560	0	0	4,560
Community Development	74	0	0	74	0	0	74
Community Safety	860	0	(649)	211	0	0	211
Corporate Services	4,652	0	0	4,652	0	(2,058)	2,594
Customer Services	93	90	0	183	0	0	183
Economic Growth	538	180	0	718	0	0	718
Electoral Services	49	14	0	63	0	0	63
Environmental Vehicles	29	0	0	29	0	0	29
Equipment replacement	25	0	0	25	0	0	25
Financial Services	149	0	0	149	0	0	149
General Risk reserve	45	0	0	45	0	0	45
Housing Benefit Implementation	270	0	0	270	0	0	270
Housing Support	1,535	0	0	1,535	0	0	1,535
Land Charges	9	0	0	9	0	0	9
Land Drainage	129	0	0	129	0	0	129
Parks & Open spaces	8	0	0	8	0	0	8
Planning Services	512	180	0	692	0	0	692
Sports Development	77	0	(95)	(18)	0	0	(18)
Town Centre	7	0	0	7	0	0	7
Warmer Homes	16	0	0	16	0	0	16
Transformational Growth	123	0	0	123	0	0	123
Pensions	201	0	0	201	0	0	201
Regeneration Income	273	329	0	602	0	0	602
Restart Grants	0	2,900	0	2,900	0	0	2,900
Covid-19 (General)	580	0	0	580	1,426	0	2,006
Covid-19 (Collection Fund)	2,955	0	(2,900)	55	0	0	55
TOTALS	17,769	3,693	(3,644)	17,818	1,426	(2,058)	17,186
HRA							
Housing Capital	12,555	0	(784)	11,771	0	(870)	10,901
Total HRA	12,555	0	(786)	11,771	0	(870)	10,901
Total Earmarked Reserves	30,324	613	(1,529)	29,589	1,426	(2,928)	28,087

C3. Usable Reserves

	31st March 2024	31st March 2023
	£000	£000
Capital Receipts Reserve	14,215	14,038
Capital Grants Unapplied	0	3,154
Major Repairs Reserve	10,474	13,241
HRA Balances	1,085	1,976
HRA Earmarked Reserves	10,901	11,771
General Fund Balances	7,221	8,924
Earmarked Reserves	17,186	17,818
Total Usable Reserves	61,082	70,922

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Capital Receipts Reserve

These are receipts from the sale of Council assets (all relating to the Housing Revenue Account), which have not yet been used to finance capital expenditure.

	31st March 2024 £000	31st March 2023 £000
Balance 1 April	14,038	12,150
Capital Receipts in year	177	3,124
Sub-Total	14,215	15,274
Less:		
Capital Receipts used for financing	0	(1,236)
Balance 31 March	14,215	14,038

Since 1 April 2016, Local Authorities have had more flexibility in the use of capital receipts. There is greater scope to use the capital receipts to fund upfront costs that will generate ongoing savings and/or transform service delivery. All of the balance is available to be used either for financing capital investments or funding projects qualifying for the flexible use.

Capital Grants Unapplied

	31st March 2024 £000	31st March 2023 £000
Balance on 1 April	3,154	2,779
Unapplied Capital Grants received in year	0	375
Unapplied Capital Grants transferred to CAA in year on application	(3,154)	0
Balance 31 March	0	3,154

Major Repairs Reserve

The major repairs reserve receives the depreciation relating to housing revenue account assets which totalled £6.417m in year. The reserve was used to finance £xm of the Housing Investment Programme, decreasing the balance held in reserves from £13.241m to £10.215m.

	31st March 2024 £000	31st March 2023 £000
Balance at 1 April	13,241	13,394
Depreciation	6,417	5,847
Capital expenditure on HRA Land, Houses and Other Property	(9,184)	(6,000)
Balance 31 March	10,474	13,241

C4. Unusable Reserves

	31st March 2024 £000	31st March 2023 £000
Revaluation Reserve	(106,232)	(92,486)
Capital Adjustment Account	(146,168)	(144,794)
Pensions Reserve	3,703	8,617
Collection Fund Adjustment Account	2,142	4,575
Accumulated Absences Account	128	256
Total Unusable Reserves	(246,427)	(223,832)

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases 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 before that date are consolidated into the balance on the Capital Adjustment Account.

	31st March 2024	31st March 2023
	£000	£000
Balance at 1 April	(92,486)	(67,232)
Upward revaluation of assets	(13,746)	(25,254)
Balance at 31 March	(106,232)	(92,486)

Capital Adjustment Reserve

	31st March 2024	31st March 2023
	£000	£000
Balance at 1 April	(144,794)	(148,230)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non current assets	9,895	9,495
Amortisation of Intangible Assets	53	0
Revenue expenditure funded from capital under statute	0	852
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,008)	2,422
	7,940	12,769
Adjusting amounts written out of the Revaluation Reserve	0	1,083
Net written out amount of the cost of non current assets consumed in the year	7,940	13,852
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(14)	(1,520)
Use of the Major Repairs Reserve to finance new capital expenditure	(2,767)	(6,501)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,154)	(1,543)
Capital expenditure charged against the General Fund	(3,379)	(852)
	(9,314)	(10,416)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	0	0
Balance at 31 March	(146,168)	(144,794)

NOTES TO THE MOVEMENT IN RESERVES STATEMENT

Pension Reserve

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

	31st March 2024 £000	31st March 2023 £000
Balance at 1 April	8,617	78,488
Remeasurements of the net defined benefit liability/(asset)	0	3,304
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	(4,914)	(69,871)
Employers pensions contributions and direct payments to pensioners payable in the year	0	(3,304)
Balance at 31 March	3,703	8,617

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 and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	31st March 2024 £000	31st March 2023 £000
Balance at 1 April	4,575	775
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(2,433)	3,800
Balance at 31 March	2,142	4,575

Accumulated Absences Account

The Accumulated Absences Adjustment 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 entitlements 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.

	31st March 2024 £000	31st March 2023 £000
Balance at 1 April	256	128
Settlement or cancellation of accrual made at the end of the preceding year	(128)	(128)
Amounts accrued at the end of the current year	0	256
Balance at 31 March	128	256

NOTES TO THE BALANCE SHEET

D1. Property, Plant and Equipment Current Year

	Council Dwellings £000	Operational Land £000	Operational Building £000	Vehicles, Plant and Equipment £000	Infrastructure £000	Community assets £000	Assets under construction £000	Surplus Asset £000	Total PP&E £000
Cost or Valuation									
Balance as at 1 April 2023	320,783	10,251	45,275	13,929	5,154	1,625	11,425	1,775	410,217
Adjustments re prior years	0	0	0	0	0	0	0	0	0
Adjusted opening balance	320,783	10,251	45,275	13,929	5,154	1,625	11,425	1,775	410,217
Additions	0	0	2,568	95	519	2	23,724	105	27,013
Revaluation increases/decreases to Revaluation Reserve	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	(9,644)	0	0	0	0	0	0	0	(9,644)
Other movements	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2024	311,139	10,251	47,843	14,024	5,673	1,627	35,149	1,880	427,586
Depreciation and Impairment									
Balance as at 1 April 2023	(5,725)	0	(9,214)	(11,828)	(1,445)	0	0	0	(28,212)
Adjustments re prior years	0	0	0	1,781	0	0	0	0	1,781
Adjusted opening balance	(5,725)	0	(9,214)	(10,047)	(1,445)	0	0	0	(26,431)
Depreciation Charge	(2,517)	0	(383)	(1,006)	(148)	40	0	0	(4,014)
Depreciation written out on Revaluation Reserve	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2024	(8,242)	0	(9,597)	(11,053)	(1,593)	40	0	0	(30,445)
Net Book Value									
Balance as at 31 March 2024	302,897	10,251	38,246	2,971	4,080	1,667	35,149	1,880	397,140
Balance as at 31 March 2023	315,058	10,251	36,061	2,101	3,709	1,625	11,425	1,775	382,004

NOTES TO THE BALANCE SHEET

D1. Property, Plant and Equipment

Comparative Year

	Council Dwellings	Operational Land	Operational Building	Vehicles, Plant and Equipment	Infrastructure	Community assets	Assets under construction	Surplus Asset	Total PP&E
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
Balance as at 1 April 2022	323,205	10,251	33,538	13,881	5,076	1,378	3,588	1,775	392,692
Additions	0	0	11,737	48	78	247	7,837	0	19,947
Revaluation increases/decreases to Revaluation Reserve	0	0	0	0	0	0	0	0	0
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	-2,422	0	0	0	0	0	0	0	-2,422
Reclassifications & Transfers	0	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0	0
Balance as at 31 March 2023	320,783	10,251	45,275	13,929	5,154	1,625	11,425	1,775	410,217
Depreciation and Impairment									
Balance as at 1 April 2022	-5,603	0	-3,469	-11,068	-1,306	0	0	0	-21,446
Depreciation Charge	-122	0	-2,353	-760	-139	0	0	0	-3,374
Depreciation written out on Revaluation Reserve	0	0	-1,138	0	0	0	0	0	-1,138
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Impairment losses/reversals to Surplus or Deficit on the Provision of Services	0	0	-2,254	0	0	0	0	0	-2,254
Balance as at 31 March 2023	-5,725	0	-9,214	-11,828	-1,445	0	0	0	-28,212
Net Book Value									
Balance as at 31 March 2023	315,058	10,251	36,061	2,101	3,709	1,625	11,425	1,775	382,004
Balance as at 31 March 2022	317,602	10,251	30,069	2,813	3,770	1,378	3,588	1,775	371,297

NOTES TO THE BALANCE SHEET

Depreciation

All assets have been depreciated using a reducing balance method. For the housing revenue account, the depreciation calculation is based on the replacement cost and useful life of major components – bathroom, kitchen, roof, rewire, central heating boiler, central heating system, windows and the structure.

The Council's valuers and surveyors have determined the useful economic life of the assets. Buildings have a useful life of between 15 to 100 years. Vehicles, plant and equipment and software licences have a useful life of between 5 to 10 years.

Valuation of Property, Plant and Equipment

The basis for valuation of individual classes of asset owned by the Council is explained in the Accounting Policies. The net book value as at 31 March represents the value of the assets belonging to the Council. The Council conducts a rolling programme that ensures that all Property, Plant and Equipment is measured at current value at least every five years. Bruton Knowles have been instructed to act as the Council's valuers for 2023/24.

Valuations of land and buildings are conducted in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcester Fire and Refuse Authority and Central Government. The Council share of business rate assets and liabilities in 2023/24 was 40% in accordance with the Worcestershire Business Rate Pilot Pool that operated for that year. This was in line with 2022/23.

Transfers between levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to determine Level 2 and 3 Fair Values for Surplus Assets Significant observable inputs (Level 2)

The fair value for the assets has been based on the market value approach using current market conditions and recent sales prices and other relevant information for similar assets in the Local Authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Highest and best use of surplus assets

In estimating the fair value of the Authority's surplus assets, the highest and best use of the assets is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for surplus assets.

Valuation Process for Surplus Assets

The fair value of the Authority's surplus assets is measured at £1.775m. Valuations have been conducted by Bruton Knowles, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

NOTES TO THE BALANCE SHEET

D2. INVESTMENT PROPERTIES

	2023/24 £000	2022/23 £000
Balance at start of the year	899	897
Additions:		
- Purchases	0	2
Disposals	0	0
Transfers:		
- to/from Property, Plant and Equipment	0	0
Other changes	0	0
Balance at end of the year	899	899

D3. INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licences and internally generated software.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £0.053m (£0.342m in 2022/23) charged to revenue in the current year was charged to revenue cost centres who use the software which was mainly Revenues and Benefits, Cashiers and the IT service.

All software is assigned a useful life of seven years.

The movement in intangible assets for the year is as follows:

	£000
Cost or Valuation	
Balance as at 1 April 2023	3,100
Additions	250
Derecognition - Disposals	0
Other movements	0
Balance as at 31 March 2024	3,350
Depreciation and Impairment	
Balance as at 1 April 2023	(2,054)
Depreciation Charge	(53)
Depreciation written out on Revaluation Reserve	0
Balance as at 31 March 2024	(2,107)
Net Book Value	
Balance as at 31 March 2024	1,243
Balance as at 31 March 2023	1,046

D4. Debtors

	Long term debtors		Short term debtors	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Central Government Bodies	0	0	9,810	9,103
Other entities and individuals	906	906	4,827	0
Housing Rents	0	0	11,026	7,530
Less bad debt provision	0	0	(2,345)	(3,368)
Total	906	906	23,318	13,265

NOTES TO THE BALANCE SHEET

D5. Creditors

	Short term creditors	
	2023/24 £000	2022/23 £000
Central Government bodies	(87)	1,081
Other local authorities	(242)	4,136
Housing Rents Prepaid	(73)	(13,870)
Other Entities and Individuals	(8,153)	(30,351)
Total	(8,555)	(39,004)

D6. Provisions 2023/24

	Balance as at 1 April 2023 £000	Change in provision during year £000	Utilised during year £000	Balance as at 31 March 2024 £000
Insurance	(472)	0	1	(471)
NNDR Appeals	(1,198)	(2,865)	3,420	(643)
Employee Benefit	(128)	0	0	(128)
Total	(1,798)	(2,865)	3,421	(1,242)

2022/23

	Balance as at 1 April 2022 £000	Change in provision during year £000	Utilised during year £000	Balance as at 31 March 2023 £000
Insurance	(384)	(88)	0	(472)
NNDR Appeals	(475)	(723)	0	(1,198)
Employee Benefit	(128)	0	0	(128)
Total	(987)	(811)	0	(1,798)

Business Rates Appeals Provision

Within the Collection Fund, the Council has set aside provision for any potential liabilities because of business rates appeals against rateable value. A provision has been made for all outstanding appeals relating to the rate revaluation undertaken in 2010 and 2017 and set aside a provision for General Practitioner and Automated Teller Machines (ATMs) where there was a legal challenge in place against unsuccessful rating appeals. The challenge was upheld in May 2020 and payments have been made during the financial year.

There is no allocation of the business rates appeals to the Council because of the arrangements in place whereby Worcestershire County Council have taken the lead of a Pilot Business Rates Pool covering all of Worcestershire, securing 75% of the business rate resources to the area. The Council has continued to receive a share of the business rate resources in the General Fund based on a no detriment basis.

Insurance Provision

The Council also holds a provision for potential insurance claims. This is currently £0.471m. The Council self-insures up to the value of £0.028m per claim and this provision is calculated with regard to the level of outstanding claims.

NOTES TO THE BALANCE SHEET

D7. Capital Expenditure and 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 and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increased in the Capital Financing Requirement (CFR) which is a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The movement in the CFR is analysed in the second part of this note.

Capital Expenditure and Capital Financing	2023/24 £000	2022/23 £000
Opening Capital Financing Requirement	149,086	148,006
Capital Investment		
Property, Plant and Equipment	23,724	10,033
Intangible Assets	250	664
Revenue Expenditure Funded from Capital under Statute	0	0
Total	23,974	10,697
Sources of finance		
Capital receipts	(177)	(1,236)
Government grants and other contributions	(9,846)	(1,596)
Major Repairs Allowance	(9,443)	(6,000)
Sums set aside from revenue:		
Direct revenue contributions:		
General Fund	0	0
HRA	(870)	(785)
Minimum Revenue Provision (MRP)	0	0
	(20,336)	(9,617)
Closing Capital Finance Requirement	152,724	149,086
Explanation of movements in year		
Increase in underlying need to borrowing (unsupported by government financial assistance)	3,638	1,080
Increase/(decrease) in Capital Financing Requirement	3,638	1,080

NOTES TO THE BALANCE SHEET

D8. Assets Held for Sale

There were no assets held for sale as at 31 March 2024. To be an asset held for sale, it requires the Council to be committed to plan to sell the asset which is available for immediate sale, being actively marketed and a sale is highly probable within twelve months.

D9. Inventories

Details of the Authority's surplus assets and information about the fair value hierarchy as at 31 March 2024 and 2023 are as follows:

	Consumable Stores	
	2023/24	2022/23
	£000	£000
Balance outstanding at start of year	2,374	731
Purchases	1,126	1,694
Recognised as an expense in year	(1,925)	(51)
Balance outstanding at year end	1,575	2,374

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E1. Defined Benefit Pension Scheme

Retirement Benefits

Discretionary post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no planned assets built up to meet these pension liabilities.

Transactions relating to post-employment Benefits.

The Authority recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority 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 and Housing Revenue Account 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.

		Local Government Pension Scheme		Discretionary Benefits	
		2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Comprehensive Income and Expenditure Statement					
<i>Cost of services:</i>					
<i>Service cost comprising:</i>					
Current service cost		1,939	4,025	0	0
Past service cost		12	0	0	0
(Gain)/loss from settlements		0	0	0	0
Financing and Investment Income and Expenditure:					
Net Interest expense		398	1,919	0	0
Total post-employment benefits charged to the Surplus of Deficit on the Provision of Services		2,349	5,944	0	0

Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement				
<u>Remeasurement of the net defined benefit liability comprising:</u>				
Return on plan assets (excluding the amount included in the net interest expense)	(9,387)	(3,807)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	(2,265)	(3,085)	0	0
Actuarial gains and losses arising on changes in financial assumptions	48	(73,532)	0	0
Actuarial gains and losses arising on changes in Experience	1,697	16,403	0	0
Other	(265)	39	269	0
Total post employment benefits charged to the Comprehensive Income and Expenditure Statement	(7,823)	(58,038)	269	0

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Movement in Reserves Statement					
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code		(2,349)	(5,944)	0	0
Actual amount charged against the general fund balance for pensions in the year:					
Employers' contributions payable to scheme		2,682	3,786	0	0
Retirement benefits payable to pensioners		0	0	269	0

Pension Assets and Liabilities recognised in the Balance Sheet

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

	Local Government Pension Scheme		Discretionary Benefits	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Present value of the defined obligation	(138,209)	(137,222)	0	(3,351)
Fair value of plan assets	136,727	126,996	0	0
Net liability arising from the defined benefit obligation	(1,482)	(10,226)	0	(3,351)

The present value of the defined obligations includes as an estimated cost following the decision of the Sargeant/McCloud cases (generally referred to as McCloud), which rules that the transitional protections offered to older members of the Public Service Pension Schemes were amended, constituted unlawful age discrimination. The Government has accepted that remedies relating to the McCloud judgement will need to be made in relation to all public service pension schemes including the Local Government Pension Scheme. However, whilst it is highly unlikely that the exact form of the remedy will be known in the immediate future, and therefore any cost at this stage can only be an estimate.

Net Liability and Pension Strain	Local Government Pension Scheme	
	2023/24 £000	2022/23 £000
Local Government Pension Scheme	(1,482)	(10,226)
Discretionary Benefits	0	(3,294)
Pension Strain Liability		0
Sub-total	(1,482)	(13,520)
Advance Payment of Pension Contributions	4,185	0
Net liability arising from the defined benefit obligation	2,703	(13,520)

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Reconciliation of the present value of the scheme liabilities

	Local Government Pension Scheme		Discretionary Benefits	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Opening balance at 1 April	(135,612)	(192,948)	0	(3,294)
Current service cost	(1,939)	(4,025)	0	0
Interest cost	(6,281)	(5,290)	0	(74)
Contributions from scheme participants	(689)	(631)	0	0
Remeasurement (gains) and losses:				
Experience (gains/losses)	(1,697)	(16,403)	0	75
Financial Assumptions (gains/losses)	(48)	73,532	0	(327)
Demographic Assumptions (gains/losses)	2,265	3,085	0	0
Past service cost	(12)	0	0	0
Benefits/transfers paid	5,804	5,458	0	269
Balance as at 31 March	(138,209)	(137,222)	0	(3,351)

Local government pension scheme assets comprised:

All scheme assets have quoted prices in active markets.

	Fair value of scheme assets	
	31st March 2024	31st March 2023
Cash and cash equivalents	2,328	0
Equities:		
UK quoted	80,901	131
Overseas quoted	0	28,378
PIV - UK managed	0	15,971
PIV - UK managed (overseas)	0	48,239
PIV - Overseas managed	0	964
Securities	14,428	0
Private	62	0
Sub-total equity	95,392	93,683
Bonds:		
UK Corporate	2,700	0
Overseas Corporate	0	1,704
UK Government Fixed	0	1,958
Sub-total bonds	2,700	3,662
Property:		
UK Property Debt	0	841
Overseas Property Debt	3,605	561
UK Property Funds	7,321	5,329
Sub-total property	10,926	6,731
Alternatives		
UK Infrastructure	23,889	5,696
European Infrastructure	1,493	3,797
US Infrastructure	0	3,164
UK Stock Options	0	506

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Overseas Stock Options	0	(253)
Corporate Private Debt	0	1,899
Sub-total alternative funds	25,382	14,809

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Limited, an independent firm of actuaries, estimates for the County Council Pension Fund being based on the latest full valuation of the scheme as at 1 April 2023.

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

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Mercer Limited, an independent firm of actuaries, estimates for the County Council Pension Fund being based on the latest full valuation of the scheme as at 1 April 2016.

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2023/24	2022/23	2023/24	2022/23
Mortality assumptions:				
<i>Longevity at 65 current pensioners:</i>				
Men	21.3	22.7	21.3	22.7
Women	23.6	25.1	23.6	25.1
<i>Longevity at 65 for future pensioners:</i>				
Men	22.6	24.4	22.6	24.4
Women	25.5	27.1	25.5	27.1
Financial assumptions:				
Rate of inflation	2.8%	2.7%	2.8%	2.7%
Rate of increase in salaries	4.3%	4.2%	4.3%	4.2%

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

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Impact on the Authority's cashflows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis.

The scheme takes account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales 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.

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in assumption £000	Decrease in assumption £000
Longevity (increase or decrease in one year)	6,007	(6,007)
Rate of inflation (increase or decrease by 0.1%)	3,143	(3,143)
Rate of increase in salaries (increase or decrease by 0.1%)	231	(231)
Rate for discounting liabilities (increase or decrease by 0.1%)	(3,095)	3,095

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E2. Financial Instruments

	Current						Non-Current					
	Investments		Debtors		Total		Investments		Debtors		Total	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<u>Financial Assets</u>												
Cash not falling into the following categories	0	0	0	0	0	0	0	0	0	0	0	0
Fair Value through profit and loss	0	0	0	0	0	0	0	0	0	0	0	0
Amortised cost	10,912	41,850	23,318	13,265	34,230	55,115	0	0	906	906	906	906
Total Financial Assets	10,912	41,850	23,318	13,265	34,230	55,115	0	0	906	906	906	906
Non-Financial Assets	0	0	0	0	0	0	0	0	0	0	0	0
Total	10,912	41,850	23,318	13,265	34,230	55,115	0	0	906	906	906	906

	Current						Non-Current					
	Borrowing		Creditors		Total		Borrowing		Creditors		Total	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<u>Financial Liabilities</u>												
Fair Value through profit and loss	0	0	0	0	0	0	0	0	0	0	0	0
Amortised Cost	(9,000)	(9,000)	(8,555)	(39,004)	(17,555)	(48,004)	(104,064)	(104,064)	(5,311)	(2,791)	(109,375)	(154,859)
Total Financial Liabilities	(9,000)	(9,000)	(8,555)	(39,004)	(17,555)	(48,004)	(104,064)	(104,064)	(5,311)	(2,791)	(109,375)	(154,859)
Non-Financial Liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Total	(9,000)	(9,000)	(8,555)	(39,004)	(17,555)	(48,004)	(104,064)	(104,064)	(5,311)	(2,791)	(109,375)	(154,859)

The new advances are lifetime loans granted to owner occupiers which will be repaid on the sale of the property. The reclassification relates to lifetime loans granted to owner occupiers and loans to owners of homes of multiple occupation in previous years, which will be repaid on the sale of the property. In all cases, no interest is charged on the loans and a fair value adjustment has been made assuming the loan is repaid after 10 years.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E3. 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 because of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council within 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, as laid down by Fitch Ratings Services.

Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used (for example the rating assigned to a secured investment), otherwise the counterparty credit rating is used. Credit ratings are obtained and monitored by the Council's Treasury Advisors, who will notify changes in the ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- No new investment will be made,
- Any existing investments that can be recalled or sold at no cost will be, and
- Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

The Council defines 'high credit quality' organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For Money Market Funds and other pooled funds 'high credit quality' is defined as those having a credit rating of A- or higher.

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

	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£2.5m 5 years	£2.5m 20 years	£2.5m 50 years	£2.5m 20 years	£1m 20 years
	£2.5m	£2.5m	£2.5m	£2.5m	£1m

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

AA+	5 years	10 years	25 years	10 years	10 years
AA	£2.5m	£2.5m	£2.5m	£2.5m	£1m
	4 years	5 years	15 years	5 years	10 years
AA-	£2.5m	£2.5m	£2.5m	£2.5m	£1m
	3 years	4 years	10 years	4 years	10 years
A+	£2.5m	£2.5m	£2.5m	£2.5m	£1m
	2 years	3 years	5 years	3 years	5 years
A	£2.5m	£2.5m	£2.5m	£2.5m	£1m
	13 months	2 years	5 years	2 years	5 years
A-	£2.5m	£2.5m	£2.5m	£2.5m	£1m
	6 months	13 months	5 years	13 months	5 years
None	£1m	n/a	£3m	£1m	£500k
	6 months		25 years	5 years	5 years
Pooled funds	£2.5m per fund or trust				

Banks Unsecured: call and notice accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies. These investments are subject to the risk of credit loss via a bail-in should the banking regulator determine that the bank/building society is failing or likely to fail.

Banks Secured: covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are exempt from bail-in and are secured on the financial institution's assets, which limits the potential losses in the unlikely event of insolvency.

Government: Investments with local authorities or guaranteed by national governments, investments with multilateral development banks. These are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years. Investments with the Debt Management Account Deposit Facility (DMADF) are guaranteed by HM Treasury. Following advice from the Council's treasury advisors, no upper limit was imposed on investments with the DMADF.

Corporates: Loans, bonds, and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent.

Pooled Funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and extremely low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

meet its commitments under financial instruments.

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 charges to the Surplus / Deficit on the Provision of Services will rise
- Borrowings at fixed rates – the fair value of the borrowings will fall
- Investments at variable rates – the interest income credited to the Surplus / Deficit on the Provision of Services will rise
- Investments at fixed rates – the fair value of the asset will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus / 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 / Deficit on the Provision of Services and affect the General Fund Balance.

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments. It has a number of strategies for managing interest rate risk and these are addressed in the Treasury Management Strategy. In 2023/24, the Council had no variable long-term investments or borrowings.

Price Risk

The Council, excluding its exposure to the Pension Fund, does not invest in equity shares.

E4. Leases

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

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

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

The Authority as Lessee – Finance Leases

Property, plant and equipment held under finance leases is 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 recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the period 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 held under finance leases is 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

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied in 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 Authority at the end of the lease period).

The Authority is not required to raise Council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairments 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.

The Council has no finance leases.

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 or equipment. Charges are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Rubicon Centre is leased with a remaining lease period to 31 July 2023. This is a business centre sublet to small businesses.

The Council leases multifunctional devices (MFDs) through a lease that commenced in 2018/19 for an initial period until 31 July 2023. The future minimum payments under non-cancellable operating leases in future years are set out below:

	2023/24 £000	2022/23 £000
Minimum lease rentals payable:		
No later than 1 year	14	38
Later than 1 year and no later than 5 years	0	0
Later than 5 years	0	0
Total	14	38

The Authority as a Lessor – Finance Leases

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

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

debtor) asset in the Balance Sheet.

Lease rentals receivable is 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 the 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 (England and Wales).

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

The Council has no finance leases.

Operating Leases

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

The Authority, in accordance with its statutory and discretionary responsibilities, leases out property and equipment under operating leases for the following purposes:

- For the provision of community services, such as sports and community facilities
- For the economic development purposes to provide suitable affordable accommodation for small local businesses
- Any other purpose

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

	2023/24 £000	2022/23 £000
Minimum lease rentals payable:		
No later than 1 year	363	363
Later than 1 year and no later than 5 years	1,263	1,263
Later than 5 years	942	1,318
Total	2,568	2,944

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

E5. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The statements are prepared on a general principle of a going concern and that the functions and services provided by the Council will continue to operate for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by the International Financial Reporting Standards (IFRS).

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

Summary of Significant Accounting Policies

i) Revenue and Expenditure Recognition

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

- Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer and is measured at the amount of the transaction price allocated to that performance obligation. Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred.
- Income from the sale of non-current assets is recognised only when all material conditions of sale have been met and is measured as the sums due under the sale 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 and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cashflows 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.
- The Council has set a de minimis level for accruals of creditors and debtors that are calculated manually to avoid addition time and cost in estimating and recording accruals.

This level is reviewed annually and is currently set at £5,000. If a payment or receipt is split across different cost centres, the limit is for the whole payment or receipt.

Exceptions to this de minimis rule where accruals are made in full are:

- Qualifying expenditure upon which income from government grant or other third parties is dependent and associated grant income, where the grant funding would be lost if the accrual is not made.
- Invoices for the same supply or service that are chargeable to the same service area are aggregated where their total is over £500.
- Accruals posted based on orders that have been goods receipted on the Tech One system.
- For capital projects work in progress schedules will be obtained and accruals will be processed on this basis.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

ii) 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 high liquid 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 Cashflow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iii) Prior period adjustments and changes in Accounting Policies and Estimates and Errors

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

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

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

iv) Charges to Revenue for Non-Current Assets

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

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

The Authority is not required to raise Council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. This is the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP 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 for the two.

v) Council Tax and Non-Domestic Rates (England)

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

Accounting for Council Tax and NDR

The Council tax and NDR income included in the Comprehensive Income and Expenditure Statement 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

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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.

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 for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holidays entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement at the either of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement of Reserves Statement, appropriations are required to and from the Pension 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 Authority are members of the Local Government Pension Scheme, administered by Worcestershire County Council known as the Worcestershire Pension Fund (WPF). The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme.

The liabilities of the WPF attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to 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 a discount rate of 2.5% (based on the indicative rate of return on a basket of high-quality corporate bonds, government gilts and other factors).

The assets of WPF attributable to the Authority are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate

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- Unitised securities – current bid price
- Property – market value

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

- Service cost comprising:
 - Current service cost – the increase in liabilities because 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 because of a scheme amendment or curtailment whose effects relates to years of service earned in earlier years and debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of non-distributed costs.
 - Net interest on the net defined benefit liability, i.e. net interest expenses for the Authority – the change during the period on the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, considering any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - The return on plan assets – excluding amounts included in the net interest on the net defined benefit liability – 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 WPF – cash paid as employer's contributions to the pension fund in settlement of liabilities – not accounted for as an expense.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise because of an award to any member of staff (including teachers) 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 are 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 are 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.

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viii) Fair Value Measurement

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

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

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

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

ix) Financial Instruments

Financial Liabilities

Financial liabilities are recognised when the Council becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been extinguished – that is, the obligation has been discharged or cancelled or has expired.

Financial liabilities are initially measured at fair value and carried at their amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the amortised cost of the financial liability. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount (balance carried forward) of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount included in the Balance Sheet is the outstanding interest repayable, and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement. Accounting for debt re-structuring or early settlement will be in accordance with the Code and relevant statute.

Financial assets are classified into the following categories:

- Financial assets at amortised cost,
- Financial assets at fair value through other comprehensive income, and
- Financial assets at fair value through profit and loss.

The classification is determined by the cashflow and business model characteristics of the financial assets, as set out in the Code, and is determined at the time of initial recognition.

Financial Assets at Amortised Cost

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets to collect contractual cashflows and where the cashflows are solely payments of principal and interest. This includes most trade receivables, loans receivable and other simple debt instruments.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the

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financial asset.

For most of the loans that the Council has made, this means that the amount included in the Balance Sheet is the outstanding principal receivable, and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

The Council has made interest free loans to homeowners (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at an effective rate of interest rather than interest free, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets at Fair Value through Other Comprehensive Income or Profit and Loss Account

The Council does not hold any financial assets that require fair value adjustment through either other comprehensive income (FVOCI) or through profit and loss (FVPL) and therefore, does not hold accounting policies for these issues.

Impairment

For all financial assets measured at amortised cost or at fair value through other comprehensive income (except equity instruments designated at fair value through other comprehensive income), lease receivables and contract assets, the Council recognises a loss allowance representing expected credit losses on the financial instrument.

The Code requires that Local Authorities shall not recognise a loss allowance for expected credit losses on a financial asset where the counterparty for a financial asset is central government or Local Authority for which relevant statutory provision prevent default.

The Council adopts the simplified approach to impairment, in accordance with the Code, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition, and otherwise at an amount equal to twelve month expected credit losses.

For financial assets that have become credit impaired since initial recognition, expected credit losses at the reporting date are measured as the difference between the net present value of all the contractual cashflows that are due to the Council in accordance with the contract for the instrument and the net present value of all the cashflows that the Council expects to receive, discounted at the original effective interest rate. Any adjustment is recognised in the Surplus or Deficit on the Provision of Service as an impairment gain or loss.

x) Government Grants and Contributions

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

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Account 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 returned to the transferor.

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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-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

xi) Heritage Assets

Tangible and Intangible Heritage Assets (described in this summary as Heritage Assets)

Heritage assets are those with cultural, environmental or historical significance that make their preservation for future generations important.

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. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment.

xii) Intangible Assets

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

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(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 any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiii) Interests in Companies and Other Entities

An assessment of the Council's interests has been carried out in accordance with the CIPFA Code of Practice to determine a group relationship exists. Inclusion in the group is dependent upon the extent of

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the Council's control and significant influence over the entity demonstrated through ownership, such as a shareholding in the entity or representation on an entity's board of directors, and materiality. Accounts are prepared on a single entity basis with the Statement of Group Accounts representing the position for the Council and its subsidiary. Interests in other entities are recorded as financial assets at cost, less any provision for losses, or at valuation as appropriate.

xiv) Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

Long-term contracts are accounted for based on 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.

xv) Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangements have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

xvi) Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would influence the reader of the accounts. Notes are only included where items are material by value or nature.

xvii) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administration 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, if it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to 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.

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

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

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- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the Council’s housing properties, where there is no market for office accommodation and that are measured at depreciated replacement cost (instant build) as an estimate of current value.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – 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 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 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 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 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 against 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 – the depreciation charge to the Housing Revenue Account is based on component depreciation with the charge being calculated based on the useful life of the major components

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- within the dwellings (kitchen, bathroom, boiler, heating system, electric, roof, windows and structure)
- Vehicles, plant and equipment – straight-line over the useful life, as advised by a suitably qualified officer.
- Infrastructure – straight-line allocation 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.

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 an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (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. A proportion of capital receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the Capital Financing Requirement). 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 non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xviii) Provisions, Contingent Liabilities and Contingent Asset Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority 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, considering 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 the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not

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within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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

Contingent Assets

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

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

xix) Reserves

The Authority 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 Authority – 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 Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund 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) Shared Services

Redditch Borough Council provides the hosting for a number of shared service arrangements with Bromsgrove District and Wyre Forest District Council. A number of other shared services are hosted by Bromsgrove District (including Worcestershire Regulatory Services which is a Jointly Controlled Operation), Worcester City Council and Wyre Forest District Council.

Each arrangement is accounted for within the records of the host Council with a monitoring report prepared for the partner Authority monthly for consideration of the operational costs together with an annual statement of assets and liabilities extracted from the accounts of the host Council. There is a responsibility for each partner Council to account for their share of the arrangement within the Statement of Accounts.

When entering into share services, all capital assets that are purchased are financed by each Authority separately and accounted for on their own Balance Sheet. Any assets purchased prior to the start of the shared service are not included in the shared service; the costs associated with this remain on the accounts of the Authority that purchased the asset only.

The Management Team is shared across both Authorities, as well as other services. Cross-charging occurs where the other Authority uses a resource where there is not a formal shared service in place.

Each Authority pays a fair share of services which are shared, in line with business case; all direct

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expenditure is shared on this basis, with income staying with the home Authority. Where a cost is only in relation to one Authority, this falls outside the business case and the Authority that gains the benefit is fully charged.

xxii) Value Added Tax (VAT)

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

E6. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in **Note E5**, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are outlined below.

There is a high degree of uncertainty about future levels of funding for Local Government. However, the Authority has determined that this uncertainty is not yet sufficient to prove an indication that the assets of the Authority might be impaired because of a need to close facilities and reduce levels of service provision. The Council holds earmarked General Fund balance of £7.221m and a General Fund reserves of £17.186m.

The Council participates in a number of Shared Services under contractual arrangements with other Councils and is a partner in the Worcestershire Regulatory Services Board. These arrangements are accounted for as Jointly Controlled Operations. A Jointly Controlled operation uses the assets and resources of the partner authorities without the establishment of a separate entity. Under these arrangements, each participant in the arrangement accounts separately for its own transactions including the use of assets, liabilities, income, expenditure and cashflows.

The Council has determined that a Group Accounting relationship exists with Rubicon Leisure Limited which was formed in December 2018. Rubicon Leisure Limited is a company limited by guarantee and is 100% controlled by the Council. Where material, the Group position is disclosed on the face of the applicable Core Statements. All other notes relate to the Council rather than the Group.

The Council has made a 100% provision against the potential cost of business rates appeals arising from the 2010 and 2017 rating list based on indicative information from Analyse Local informed by data from the Valuation Office. In addition, the Council has provided for the cost of the successful appeal to the Supreme Court concluded on 20 May 2020, which ruled that Automated Teller Machines (ATMs) should not be rated separately to the building and the cost of a challenge relating to the business rates of purpose-built General Practice (GP) Surgeries, where there have been reductions in the rateable value from the 2017 rating list. Both the ATM and GP Surgeries outcome was concluded after 31 March 2020 but full provision was made in the provision for business rate appeals. The level of the 2017 rating list provision for appeals has contributed £2.865m and utilised £3.420m in 2023/24. Previously the Council held 4.7% of rating income as a potential provision linked to the level of appeals against the 2010 rating list. Further information on these appeals is provided in **Note D6**.

The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcestershire Fire and Rescue Authority and Central Government. The Council share of the business rate assets and liabilities was 40%.

The Council has determined that it does not hold any assets solely for income or capital appreciation and therefore, does not hold any investment properties,

E7. Accounting Standards not yet adopted.

The Code requires that the Council 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.

There is an amendment to IFRS 16 Leases. This standard was due to be implemented on 1 April 2020, but this has now been delayed until 1 April 2024.

IFRS 16 Leases – the amendment requires Local Authorities who are lessees to recognise leases on the Balance Sheet as right of use assets with a corresponding lease liability. As yet, the Council has not done

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sufficient detailed work to accurately ascertain the impact of IFRS 16 leases on the accounts due to the extension in the implementation deadline.

E8. Assumptions made about the future and other major sources of estimation uncertainty.

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

E9. Related Parties

The Authority 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 Authority. The Council have considered the materiality of the transactions from both the Council's and the related parties perspective.

Central Government

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council tax bills, housing benefits). Grants received from government departments are set out in **Note B9**.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2023/24 is shown in **Note B7**.

Many Redditch Borough Councillors are also County Councillors and / or elected members of the Parish Council.

In 2023/24, all members have completed a register of members' disclosable pecuniary interest.

Officers

There were no disclosures made by officers in 2023/24,

Entities Controlled or Significantly Influenced by the Authority

The Council has a wholly owned leisure company called Rubicon Leisure to run its leisure services for it.

As part of the shared services with Bromsgrove District Council, Redditch paid £7.457m (£6.915m in 2022/23) for Bromsgrove hosted services and received £4.065m (£3.717m in 2021/22) for services hosted at Redditch.

The Councils has been involved in shared service arrangements for Economic Development, Land Drainage and Shared Emergency Planning with Wyre Forest District Council. The Council has paid £0.381m to Wyre Forest District Council for services hosted by them.

A shared service arrangement has also been set up between the Council, Bromsgrove District and Wyre Forest for the provision of Building Control. Redditch paid £0.115m to Bromsgrove (this figure is included in the shared services figure above).

For the provision of Car Park services, the Council paid £0.072m to Wychavon District Council.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

Under the Internal Audit Shared Service, the Council paid £0.122m to Worcester City Council.

The Council paid Bromsgrove District Council £0.633m for Worcestershire Regulatory Shared Service for hosting Environmental Health and Licencing.

In total, the Council received £0.604m in 2023/24 (£0.578m 2022/23) from Worcestershire County Council for running the Early Help services.

E10. Events after the Balance Sheet date

The Council manages the Collection Fund and accounts for business rates on behalf of itself, Worcestershire County Council, Hereford and Worcester Fire and Rescue Authority and Central Government. The Council share of the business rates assets and liabilities in 2023/24 was £1,394,298.

The Council changed its actuaries from Mercer Limited to Hymans in the 2023/24 financial year. The pension assets were valued by Mercers as at 31 March 2023 at a lower value by £16.689m.

E11. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the Council's control.

There are no contingent assets as at 31 March 2024.

E12. Contingent Liabilities

A contingent liability is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the Council's control.

There are no contingent liabilities as at 31 March 2024.

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

F1. Cash and Cash Equivalents

Cash and cash equivalents at the end of the reporting period can be reconciled to the related items in the Balance Sheet as follows:

	2023/24 £000	2022/23 £000
Cash and Bank balances	16,707	15,620
Short Term Investments	10,912	41,850
Total	27,619	57,470

F2. Adjustments to the net surplus / (deficit) on the provision of services for non-cash movements

	2023/24 £000	2022/23 £000
Depreciation	4,014	9,548
Impairment & downward valuations	0	3,289
Amortisation	53	240
(Increase)/Decrease in Debtors	10,053	32,195
Increase/(Decrease) in Creditors	(30,449)	(8,181)
Increase in Inventories	(799)	(1,643)
Movement in pension liability	7,424	4,489
Carrying amount of non-current assets, and non-current assets held for sale, sold or de-recognised	9,644	2,872
Other items charged to the net surplus or deficit on provision of services	12,500	1,801
Total	12,440	44,610

F3. Adjustments for items included in the net surplus / (deficit) on the provision of services that are investing for financing activities.

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	0	(4,058)
Any other items	0	(1,596)
Total	0	(5,654)

F4. Investing Activities

	2023/24 £000	2022/23 £000
Purchase of PP&E, investment property and intangible assets	(27,013)	(10,697)
Purchase of Short Term Investments (not considered to be cash equivalents)	0	(52,383)
Purchase of Long Term Investments	0	0
Proceeds from the sale of PP&E, investment property and intangible assets	9,644	4,058
Proceeds from Short Term Investments (not considered to be cash equivalents)	0	0
Proceeds from Long Term Investments	0	0
Net Cash flows from Investing Activities	(17,369)	(59,022)

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

F5. Financing Activities

	2023/24 £000	2022/23 £000
Cash Receipts from Short and Long Term Borrowing	45,465	12,617
Other Receipts from Financing Activities	0	0
Repayment of Short and Long Term Borrowing	(38,000)	0
Other payments for Financing Activities	0	0
Net Cash flows from Financing Activities	7,465	12,617

ADDITIONAL DISCLOSURES – TECHNICAL NOTES

G1. Group Accounts

Rubicon Leisure Limited

Rubicon Leisure Limited was created in 2018/19 and commenced trading on 1 December 2018 through a management agreement with the Council. Rubicon Leisure Limited is a company limited by guarantee and the Guarantor and 100% owner is Redditch Borough Council.

The Council continues to own the buildings and Rubicon operate services at the following sites:

- Abbey Stadium
- Palace Theatre
- Pitcheroak Golf Course
- Pitcheroak Golf Course Café
- Forge Mill Museum
- Batchley, Oakenshaw, Windmill and Winvates Green Meeting Rooms
- Arrow Valley Visitor Centre

The company activity is included in the Group Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and Balance Sheet. The Group Balance Sheet nets off transactions between the Council and Rubicon which impacts on debtors and creditors. This is to avoid a double count. In addition, the Company inventory, cash and reserves are reflected in the Group Balance Sheet.

There is no goodwill as the group did not arise through a purchase.

The Group CIES reflects expenditure of £3,988k and income of £3,532k for Rubicon, reflecting a net position of £456k. There is also £30k reflected on the Taxation and Non-Specific Grant Income and Expenditure line for a grant relating to Forge Mill.

The Group Balance Sheet reflects Rubicon usable reserves at £580k. This is made up of £19k on inventories, £276k on short term debtors, short term creditors at (£518k), PPE at £244k, other long term liabilities £1,608k and cash and cash equivalents of (£1,049k).

HOUSING REVENUE ACCOUNT

The Housing Revenue Account included is a ring-fenced account within the council's budget used to record income and expenditure related to the housing services provided to council tenants.

H1. Overview

	2023/24 £000	2022/23 £000
Expenditure		
Repairs & Maintenance	(7,243)	(5,973)
Supervision & Management	(7,613)	(7,250)
Rents, Rates, Taxes and other charges	(399)	(432)
Depreciation, impairments and revaluation losses of non-current assets	(6,417)	(5,846)
Debt Management Costs	(8)	(9)
Movement in the allowance for bad debts	(228)	(965)
Total Expenditure	(21,909)	(20,476)
Income		
Dwelling rents	25,753	24,089
Non-dwelling rents	522	502
Charges for services and facilities	630	609
Capitalisation of System Implementation Team	45	49
Contributions towards Supported Housing	130	40
Other	34	25
Total Income	27,115	25,314
Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	5,207	4,839
HRA Services Share of Corporate & Democratic Core	(723)	(693)
Net Expenditure of HRA Services	4,483	4,146
Gains/(loss) on sale of HRA Fixed Assets	191	400
Interest Payable and Similar Charges	(4,174)	(4,410)
HRA Interest and Investment Income	125	183
Net interest on the defined benefit liability (asset)	0	0
Capital Grants and Contributions	0	0
Surplus or (Deficit for Year) on HRA Services	626	319

HOUSING REVENUE ACCOUNT

H2. Movement on the HRA Statement

	2023/24 £000	2022/23 £000
Balance on the HRA at the end of the previous year	1,976	2,057
Surplus or (Deficit) on the HRA Income and Expenditure Statement	626	319
Adjustments between accounting basis and funding basis under statute	(1,061)	(1,185)
Net Increase or (Decrease) before transfers to or from reserves	(436)	(866)
Transfers (to)/from Reserves	870	785
Increase or (decrease) on the HRA for the year	435	(81)
Balance on the HRA at the end of the current year	2,410	1,976

	2023/24 £000	2022/23 £000
Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	6,417	0
Transfers to/from the Capital Adjustment Account	(191)	5,846
Gain or loss on sale of HRA non current assets	0	(400)
Transfers to/(from) Major Repairs Reserve	(6,417)	(5,846)
Capital expenditure funded by the HRA	(870)	(785)
Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	(1,061)	(1,185)

	2023/24 £000	2022/23 £000
Transfers (to)/from earmarked reserves	0	0
Transfers (to)/from Capital Grants Unapplied	0	0
Total Transfers	0	0

HOUSING REVENUE ACCOUNT

H3. Property, Plant and Equipment

Property, Plant & Equipment (PP&E)							
	Council Dwellings	Buildings	Vehicles, Plant & Equipment	Surplus Assets	Total PP&E	Intangible Assets	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
Balance as at 1 April 2023	352,786	4,106	534	1,520	358,946	1,378	360,324
Adjustments re prior years	(32,003)	0	0	0	(32,003)	0	(32,003)
Adjusted opening balance	320,783	4,106	534	1,520	326,943	1,378	328,321
Additions	0	0	0	0	0	0	0
Revaluation increases to Revaluation Reserve	0	0	0	0	0	0	0
Derecognition - Disposals	(9,644)	0	0	0	(9,644)	0	(9,644)
Balance as at 31 March 2024	311,139	4,106	534	1,520	317,299	1,378	318,677
Depreciation and Impairment							
Balance as at 1 April 2023	(12)	0	(714)	0	(725)	(87)	(812)
Adjustments re prior years	(8,230)	0	714	0	(7,516)	0	(7,516)
Adjusted opening balance	(8,242)	0	0	0	(8,241)	(87)	(8,328)
Depreciation Charge	(6,171)	(199)	(30)	0	(6,400)	(17)	(6,417)
Depreciation written out on Revaluation Reserve	6,171	199	30	0	6,400	17	6,417
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	0	0	0	0	0	0	0
Balance as at 31 March 2024	(8,242)	0	0	0	(8,241)	(87)	(8,328)
Net Book Value							
Balance as at 31 March 2024	302,897	4,106	534	1,520	309,058	1,291	310,349
Balance as at 31 March 2023	352,774	4,106	(180)	1,520	358,221	1,291	359,512

HOUSING REVENUE ACCOUNT

Prior year

	Council Dwellings	Operational Building	Vehicles, Plant and Equipment	Surplus Asset	Assets under construction	Intangible	Total PP&E
		£000	£000	£000	£000	£000	£000
Cost or Valuation							
Balance as at 1st April 2022	337,590	4,204	534	1,520	6,461	713	326,822
Adjustments re prior years	(6,750)	(114)	0	0	(6,461)	377	(12,948)
Adjusted opening balance	330,840	4,090	534	1,520	0	1,090	338,074
Additions	7,460	0	0	0	0	350	7,810
Revaluation increases/decreases to Revaluation Reserve	16,908	16	0	0	0	0	16,924
Derecognition - Disposals	(2,422)	0	0	0	0	0	(2,422)
Other movements	0	0	0	0	0	0	
Balance as at 31st March 2023	352,786	4,106	534	1,520	0	1,440	360,386
Depreciation and Impairment							
Balance as at 1 April 2022	(12)	(15)	(609)	0	0	(17)	(637)
Adjustments re prior years	0	(15)	0	0	0	(52)	(67)
Adjusted opening balance	(12)	0	(609)	0	0	(69)	(690)
Depreciation Charge	(5,536)	(189)	(104)	0	0	(17)	(5,846)
Depreciation written out on Revaluation Reserve	5,536	189	0	0	0	0	5,725
Balance as at 31st March 2023	(12)	0	(713)	0	0	(86)	(811)
Net Book Value							
Balance as at 31st March 2023	352,774	4,106	(179)	1,520	0	1,354	359,575
Balance as at 31st March 2022	337,578	4,189	(75)	1,520	6,461	696	349,673

Dwellings within the Housing Revenue Account are valued in accordance with the RICS Appraisal and Valuation Manual, as published by the Royal Institution of Chartered Surveyors, and DCLG guidance. Accordingly, the Existing Use Value for Social Housing (EUV-SH) has been used as the basis of valuation. The beacon approach to valuation of the housing stock has been adopted as recommended by the DCLG, including the regional adjustment to be adopted within the EUV-SH valuation. Valuations of dwellings are carried out annually, valued at 1 April each year.

HOUSING REVENUE ACCOUNT

H4. Housing Stock

The number of dwellings in the Authority's housing stock as at 31 March 2024 totalled 5,554 properties. The types of properties are analysed below:

	2023/24	2022/23
	Number	Number
Property Type		
Flats and Maisonettes		
(Blocks up to and incl. 2 Storey)		
1 Bed	1,521	1,528
2 Bed	531	532
3 Bed	28	28
Sub-Total	2,080	2,088
Non Permanent	41	41
Sub-Total	41	41
Houses / Bungalows		
1 Bed	652	653
2 Bed	847	843
3 Bed	1,774	1,777
4 or More	160	163
Sub-Total	3,433	3,436
Total Dwellings 31 March	5,554	5,565

H5. Housing Revenue Account Capital Expenditure

	2023/24	2022/23
	£000	£000
Capital investment		
Operational assets	11,570	7,460
Intangible Assets	336	350
Totals	11,906	7,810
Sources of funding		
Capital Receipts	1,495	1,025
Major Repairs Reserve	9,223	6,000
Government grants and other contributions	318	0
Direct Revenue Financing	870	785
Totals	11,906	7,810

H6. Rent Arrears

During 2023/24, total rent arrears remained broadly the same. A summary of rent arrears and prepayments are shown in the following table:

	2023/24	2022/23
	£000	£000
Current Tenant Arrears	1,438	1,570
Former Tenant Arrears	690	479
Total Rent Arrears	2,128	2,049
Prepayments	0	0
Net Rent Arrears	2,128	2,049

The rent arrears and prepayments exclude supporting people balances.

HOUSING REVENUE ACCOUNT

H7. Depreciation and Impairment of Non-Current Assets

	2023/24		2022/23	
	£000		£000	
	Depreciation	Impairment	Depreciation	Impairment
Council Dwellings	6,171	0	5,536	0
Other Land and Buildings	199	0	189	0
Vehicles, Plant, Furniture and Equipment	30	0	104	0
Intangible Assets	17	0	17	0
Total	6,417	0	5,846	0

H8. Retirement Benefits

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

The Council participates in the Worcestershire Local Government Pension Fund administered by Worcestershire County Council. This is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

However, the charge required to be made against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Housing Revenue Account after Net Operating Expenditure. The following transactions have been made in the Housing Revenue Account during the year.

Pension costs for the Housing Revenue Account are charged to the Council and recharged to the HRA.

H9. Total Capital Receipts Generated during the year.

	2023/24	2022/23
	£000	£000
Land	0	0
Council Houses	2,331	2,871
Sub Total	2,331	2,871
Disposal Costs	(42)	(49)
Total HRA capital receipts	2,289	2,822

COLLECTION FUND

COLLECTION FUND

11. The Collection Fund Statement

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

Due to the Collection Fund accounting treatment, the deficit on the fund will not be passed to the Council's General Fund until 2024/25 and later years. The Government have confirmed that the in-year deficit on the Collection Fund in 2023/24 can be spread over three years from 2024/25 to 2026/27.

2022/23			Collection Fund	2023/24		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£000	£000	£000		£000	£000	£000
			INCOME			
	(53,217)	(53,217)	Council Tax Receivable		(55,903)	(55,903)
(31,308)		(31,308)	Business Rates Receivable	(32,390)		(32,390)
(31,308)	(53,217)	(84,525)	Total amounts to be credited	(32,390)	(55,903)	(88,292)
			EXPENDITURE			
			Apportionment of Previous Year Surplus/Deficit			
297		297	Central Government	(2,626)		(2,626)
238	180	417	Redditch Borough Council	(2,101)	(182)	(2,282)
53	970	1,024	Worcestershire County Council	(473)	(1,000)	(1,472)
6	66	72	Hereford and Worcestershire Fire and Rescue	(53)	(64)	(116)
	174	174	Police and Crime Commissioner for West Mercia		(179)	(179)
			Precepts, demands and shares			
16,711		16,711	Central Government	18,201		18,201
13,369	6,762	20,131	Redditch Borough Council	14,561	6,905	21,466
3,008	37,080	40,088	Worcestershire County Council	3,276	38,557	41,834
334	2,373	2,707	Hereford and Worcestershire Fire and Rescue	364	2,483	2,847
	6,628	6,628	Police and Crime Commissioner for West Mercia		6,958	6,958
			Charges to Collection Fund			
0	0	0	Write-offs of uncollectable amounts	(3)	(116)	(119)
0	0	0	Interest	43	0	43
8	0	8	Disregarded amounts	4	0	4
381	443	824	Increase/(decrease) in allowance for impairment	163	538	701
3,589		3,589	Increase/(decrease) in allowance for appeals	(1,386)		(1,386)
394		394	Transitional Protection Payments Payable	(3,085)		(3,085)
			Charges to General Fund			
104		104	Charge to General Fund for allowable collection costs for non-domestic rates	105	(27)	78
38,492	54,675	93,167	Total amounts to be debited	26,992	53,874	80,866
7,184	1,459	8,642	(Surplus) / deficit arising during the year	(5,397)	(2,029)	(7,426)
1,893	147	2,040	(Surplus)/deficit b/f at 1 April	9,076	1,606	10,683
9,076	1,606	10,683	(Surplus)/deficit c/f at 31 March	3,679	(422)	3,257

COLLECTION FUND

I2. Council Tax Income

The amount of Council tax payable is calculated by establishing a 'Council Tax Base'. This is the Council's estimated number of chargeable dwellings expressed in relation to those dwellings in Band D. Once this has been determined, the Council tax payable for each band is established as follows (the actual amount payable for each property is also subject to discounts where applicable):

FOR THE YEAR ENDED 31st MARCH 2024

Band		Valuation band limits		Calculated number of dwellings	Adjusted for discounts	Ratio to Band D	Equated number of dwellings
		£	£				
				16	9.80	5/9	5.44
A	Up to & including	40,000		7,826	4,528.50	6/9	3,019.00
B		40,001	- 52,000	12,059	9,364.00	7/9	7,283.11
C		52,001	- 68,000	7,870	6,830.30	8/9	6,071.38
D		68,001	- 88,000	4,438	4,058.40	9/9	4,058.40
E		88,001	- 120,000	3,375	3,183.80	11/9	3,891.31
F		120,001	- 160,000	1,273	1,215.70	13/9	1,756.01
G		160,001	- 320,000	465	438.30	15/9	730.50
H	More Than		320,001	19	18.80	18/9	37.60

Adjustment 0.98

Council tax base 26,304.94

FOR THE YEAR ENDED 31st MARCH 2023

Band		Valuation band limits		Calculated number of dwellings	Adjusted for discounts	Ratio to Band D	Equated number of dwellings
		£	£				
				20	11.60	5/9	6.44
A	Up to & including	40,000		7,788	4,581.70	6/9	3,054.47
B		40,001	- 52,000	12,055	9,411.20	7/9	7,319.82
C		52,001	- 68,000	7,821	6,810.40	8/9	6,053.69
D		68,001	- 88,000	4,406	4,022.50	9/9	4,022.50
E		88,001	- 120,000	3,382	3,190.80	11/9	3,899.87
F		120,001	- 160,000	1,260	1,205.80	13/9	1,741.71
G		160,001	- 320,000	468	448.10	15/9	746.83
H	More Than		320,001	19	19.00	18/9	38.00

Adjustment 0.99

Council tax base 26,546.63

COLLECTION FUND

The breakdown above is for Redditch Borough Council only. Below is the total payable for Band D equivalent for all preceptors:

	2023/24 £	2022/23 £
Redditch Borough Council	261.75	254.15
Worcestershire County Council	1,465.78	1,396.78
Police and Crime Commissioner for West Mercia	264.50	249.66
Hereford and Worcestershire Fire and Rescue	94.40	89.40
Total Council Tax for non parish areas	2,086.43	1,989.99
Feckenham Parish Council	53.22	40.05
Total Council Tax for Feckenham	2,139.65	2,030.04

13. Non-Domestic Rates

Non-domestic rates are organised on a local basis. The Government specifies a rate poundage, and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2022/23 the rate poundage was 51.2p (2021/22 51.2p). The Council is responsible for collecting rates due from the ratepayers in its area and distributing the amount collected between itself, central government and major preceptors in proportions specified by central government. The Council share is shown in the Comprehensive Income and Expenditure Statement and analysed at **Note B6**.

The total rateable value at 31 March 2024 was £91,833,251 (2022/23 £82,141,970).

For 2023/24, the Council was part of the Worcestershire Business Rates Pool where it received a no detriment payment from Worcestershire County Council which is why there is no precept amount reflected in the Collection Fund Statement.

ANNUAL GOVERNANCE STATEMENT

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Redditch Borough Council 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 provides value for money. Redditch Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, Redditch Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The purpose of the Governance Framework

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

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

The governance framework has been in place at Redditch Borough Council for the year ended 31 March 2024 and up to the date of approval of the Statement of Accounts.

The Governance Framework

The framework to deliver good governance across the Council's services in delivering the Strategic Purposes encompass a number of elements.

- The Strategic Purposes have been developed in line with the needs of our communities and customers and the Council Plan has been approved to reflect the activities that need to be undertaken by the Council to further support the delivery of these purposes
- Strategic Partnership meetings are held on a regular basis to ensure that all partners and agencies are engaged in supporting the Council's aims to deliver the purposes to our community. Liaison between officers to deliver joint working arrangements is encouraged and actively undertaken by the Council.
- A performance dashboard is in place, and integrated quarterly finance and performance reporting, for members and officers to review the performance of key measures, both strategic and operational across the organisation. This includes national statistics where relevant to the community of the Borough.
- The Council's Constitution clearly sets out the roles and responsibilities of Councillors, and the procedural rules for Full Council, Executive and the other Committees operated by the Council.
- Terms of reference for member working groups (e.g., Scrutiny Task Groups) are clearly defined.
- Council has approved financial Regulations and Contract Procedure Rules. A full training programme is in place to ensure all relevant officers comply and understand the regulations in place. In addition, an officer contract working group has been established with the aim to improve efficiencies in relation to contract management arrangements.
- A clear scheme of Councillor/Officer delegation exists to provide clarity on the powers entrusted to those appointed to make decisions on behalf of the Council. A Member / Officer protocol is also set out in the Constitution.

ANNUAL GOVERNANCE STATEMENT

- The roles and responsibilities of Councillors are underpinned by an extensive Member Development Programme to include both mandatory and discretionary training. This is developed by the cross-party Member Development Steering Group and includes induction, chair and specific Committee based training.
- The behaviour of Councillors is regulated by the Member Code of Conduct and is supported by a number of protocols.
- A review of the Constitution is undertaken on a regular basis to ensure it enables members to make informed and transparent decisions. This includes the Scheme of Delegation to officers.
- Decision making is carried out through Executive, Planning Committee and Audit, Governance and Standards Committee. Overview and Scrutiny Committee has responsibility to review and scrutinise the activities of the Council.
- Regular staff briefings and fourth tier manager forums are held to ensure staff are aware of changes and are engaged in the systems thinking methodology of supporting service changes across the Council. In addition, a commercial approach to fees and charges and other income generation has been adopted. A framework of culture change is in place, through the Workforce Strategy, and managers are working with their teams to build up actions plans to support culture change in the Council.
- Financial management arrangements have been in place during the year through regular quarterly combined finance and performance monitoring reports, online purchase ordering systems and robust financial internal controls that ensure that the Council complies with statutory legislation. This has included resolving the financial systems issues linked to the enterprise system implemented on 8 February 2021 which resulted in S24 Recommendations to be issued by the Council's External Auditors for non-delivery of Statement of Accounts. A financial recovery process is in place to rectify this position, and this is regularly reported to both Cabinet and the Audit, Standards and Performance Committee. In addition, Backstop Legislation implemented by the Government in September 2024 has also impacted the delivery of outstanding accounts.
- There is a clear procurement code and policy in place to ensure that purchases are made in a compliant and transparent manner.
- Heads of Service are responsible for establishing and maintaining an adequate system of internal control arrangements when within their own services. They are required to sign off annual Governance and Internal Control returns where they can raise any items of concern. There were no new issues raised during 2023/24.
- The Constitution clearly defines the roles of Monitoring Officer, S151 and Head of Paid Service
- Regular press releases are submitted and online information about the Council is sent to residents to inform them of the Councils activities and services provided. In addition, information on the commercial services provided by the Council was sent out to enable residents to utilise the services offered.

Review of Effectiveness

Redditch has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Heads of Service within Redditch Borough who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and by comments made by the external auditors.

The Constitution clearly identifies the terms of reference, roles and responsibilities of Full Council, Executive, Overview and Scrutiny Committee and Audit, Governance and Standards Committee all of which have fully understood governance responsibilities.

Throughout 2023/24, the Council adopted a robust approach to corporate governance, which has been advised through the work of the Audit, Governance and Standards Committee, Overview and Scrutiny as well as the statutory roles of the S151 Officer and the Monitoring Officer. As in 2023/24, the Audit Governance and Standards Committee has continued to meet six times a year and will only revert to quarterly meetings once the accounts issues have been resolved.

ANNUAL GOVERNANCE STATEMENT

Audit, Governance and Standards Committee

The Committee played a role by reviewing and monitoring internal control issues throughout the year. This included approval of the treasury management strategy, savings reports, regular progress reports from Internal Audit and reports and updates from the External Auditors.

Internal Audit

RBC's responsibility for maintaining an effective internal audit function is set out in Regulation 6 of the Accounts and Audit Regulations 2015.

The Worcestershire Internal Audit Shared Service Team operates in accordance with best practice professional standards and guidelines. It independently and objectively reviews on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic, efficient, and effective use of resources.

During 2023/24 the Internal Audit team delivered a comprehensive programme including:

- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' and other corporate systems for example governance, and,
- a number of operational systems, for example, procurement, projects, grants, and GDPR were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.

Internal Audits' work programme helps to assure Audit, Governance and Standards Committee that the framework and statement can be relied upon based on the following:

- Evidence streams which were verifiable and could be relied upon
- Monitoring and reporting mechanisms were in place to report issues,
- These streams and reporting mechanisms are embedded in the RBC governance process

Internal Audit reports are considered by the relevant Head of Service and Director of Finance and Resources, before submission to the Audit, Governance and Standards Committee for further scrutiny.

In relation to the reviews that have been undertaken, all have been finalised. There were no Audits returned with an assurance level of 'limited,' However, a number of "critical friend" audits carried out on the General and Accounts Receivable ledgers and their recommendations have been considered.

Significant Governance Issues

The Annual Governance Statement identifies governance issues and risks for the Council to address and these are linked to the following two external documents: External Auditors Draft Annual Report for 2020/21 and the External Auditors Draft Report for 2021/22 and 2022/23. These include that the Council in November 2023 received a Report from the Council's External Auditor setting out that the Council had received a S24 Statement for non-delivery of the 2020/21 to 2022/23 Accounts within the required timescales due to the implementation of a new financial ledger and the inherent financial risks associated with this. In respect of Governance Arrangements relating to the 2021/22 financial year:

Actions in these reports have been updated following the issuing by the Government in September 2024 of "Backstop Legislation" to close accounts up to the 2022/23 financial year by the 13th December 2024 and the 2023/24 financial year by the 28th February 2025.

- The Section 24 Recommendation around the delivery of the 2020/21 accounts is still in place and has been extended to the subsequent accounting periods now outstanding. The "Backstop Legislation" has resulted in accounts up to 2022/23 being given "Disclaimer Opinions".
- Of the 6 Key Recommendations in the 2020/21 report, only one serious weakness remains in relation to opening balances linked to the budget which will be resolved with the delivery of the Accounts, the remainder of those significant weaknesses have been resolved or linked to Improvement Recommendations (of which there were 10 in the report).

ANNUAL GOVERNANCE STATEMENT

- There is one new Key Recommendation linked to Organisational Capability and Capacity. The Council is mitigating this in the main through the rollout of the Workforce Strategy.
- Of the 13 2020/21 Improvement Recommendations, 9 have been fully or partially addressed and 4 are yet to be addressed. Again, ongoing improvements are linked to the 10 new Improvement Recommendations set out in the External Auditors report

The 2021/22 and 2022/23 External Audit Report highlights the following key recommendations in the Draft 2020/21 External Audit Report:

- The 2020/21 to 2022/23 Account must be completed and Audited by the date of the next Audit report to ensure there is full confidence in the Council's finances.
- The Council should direct effort toward embedding and stepping up the Workforce Strategy objectives. In line with the recommendations of the LGA Peer Review (March 2023), the Council should ensure that there is commitment at all levels of the organisation to enact succession planning, creative recruitment and development of the workforce. The Council should also ensure that existing staff are utilised in the most effective way possible to ensure delivery of key Council programmes (such as the finance recovery programme) and the strategic priorities
- The Council needs to ensure that the Medium-Term Financial Plan (MTFP) presented to members and Stakeholders is completely transparent regarding the financial challenge and that any savings schemes included are fully worked up and approved by Members in advance.
- The Council needs to improve the management of Key projects, such as the financial ledger implementation, to ensure that the expected benefits are realised. As part of this the Council needs to undertake a comprehensive review of the financial ledger implementation and ensure that lessons are learned for future key projects.

In response to these issues

- Now that the Government have imposed a backstop date of the 13 December 2024 for Draft Statement of Accounts to be produced, 2020/21 and 2021/22 have been delivered by the backstop date with "Disclaimer Opinions". 2022/23 was delivered by the 22nd January 2025, also with a "Disclaimer Opinion".
- There is a Country wide issue of what the impact of "Disclaimer Opinions" mean for the wider Local Government Sector and Bromsgrove Council in particular.
- The Council has put in place a Financial Recovery process to get accounts up to date. This will be reviewed at the Committee in January 2025.. Since Q1 2023 the Audit Standards and Governance Committee have met six times a year to ensure financial compliance is being delivered. This frequency will remain until the Council's accounts are up to date.
- The MTFP, from 2023/4 onwards is now a 2 Stage process within Stage 1 for wider descriptions on savings and growth items and the time for Members to properly debate all the contents of the reports, including base underlying assumptions. Wider consultation has been undertaken in Q3 2024 for the 2025/26 budget.
- Joint finance and performance monitoring has taken place since Q1 2022/23 with reports going to the Corporate Management Team and then Cabinet.
- An updated Risk Management process has been implemented with reports coming quarterly to the Corporate Management Team and Audit Standards and Governance Committee for review and comment. This regime also includes how formal project monitoring is delivered.
- The Workforce Strategy is moving forward with monthly meetings reviewing the action plan and delivery against it.

An opinion from the Head of Worcestershire Internal Audit is provided in the Accounts on page 78.

Conclusion and Evaluation

As Leader and Chief Executive, we have been advised on the results of the review of the effectiveness of the Council's governance framework. Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment, and the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

ANNUAL GOVERNANCE STATEMENT

We are also satisfied that over the coming year, the Council will take appropriate steps to address any significant governance issues and we will monitor their implementation and operation as part of our next annual review.

Signed

Signed

Leader of the Council & Chief Executive on behalf of Redditch Borough Council

ANNUAL GOVERNANCE STATEMENT

AGS 2023/24 May 2026 Update - Subsequent Governance Assurance

External Audit and Financial Reporting Assurance

The Statement of Accounts for the year ended 31 March 2024 is due to be presented for approval in June 2026 and receive a disclaimer of audit opinion from the Council's external auditor, Ernst & Young LLP. The disclaimer did not arise from identified misstatements within the financial statements, but from the auditor's inability to obtain sufficient appropriate audit evidence. This primarily reflected historical weaknesses in financial reporting processes, capacity constraints, and the cumulative impact of delays in the production and audit of prior years' accounts.

The Council recognises that the circumstances leading to the disclaimer indicate a significant weakness in financial governance and assurance arrangements during 2023/24. In response, the Council has strengthened its financial management capacity, improved the timeliness and quality of working papers, enhanced senior management and Audit, Governance and Standards Committee oversight, and implemented a recovery plan to support the timely production and audit of future statements of accounts. These actions are intended to restore assurance over the effectiveness of the Council's financial reporting framework.

Statutory Recommendation and Governance Response

The Council received a statutory recommendation under section 24 of the Local Audit and Accountability Act 2014, reflecting the auditor's concerns regarding the effectiveness of the Council's arrangements for financial reporting, governance and the timely production of audited accounts. The Council has formally considered the recommendation in accordance with statutory requirements, including reporting to Members, publishing its response, and agreeing a clear action plan within the prescribed timescales.

The Council accepts the findings of the section 24 recommendation and recognises that the issues identified represent a significant governance weakness relevant to the 2023/24 financial year. In response, the Council has committed to a programme of corrective action overseen by senior management, including strengthened capacity and capability within the finance function, clearer accountability for financial reporting, enhanced audit liaison arrangements, and improved member oversight, primarily through the Audit, Governance and Standards Committee. Progress against the agreed actions is monitored through formal governance arrangements to provide assurance that the weaknesses identified are being addressed and that sustainable improvements to financial governance and assurance are being delivered.

Housing Services

In July 2025, the Council's housing landlord service was subject to an inspection by the Regulator of Social Housing under the revised Consumer Standards introduced in April 2024. The inspection resulted in a C3 regulatory judgement, identifying serious failings in the delivery of certain Consumer Standards, particularly in relation to safety and quality compliance, repairs and maintenance, tenant engagement, and transparency and accountability.

While the inspection post-dates the 2023/24 financial year, the findings indicated weaknesses in governance oversight, assurance frameworks, performance monitoring and the effectiveness of internal control arrangements that were present during 2023/24. These included limitations in the Council's assurance over statutory health and safety compliance, stock condition information, repairs performance data, and mechanisms for tenant influence and scrutiny.

The Council acknowledges that these matters represent a significant governance issue for the purposes of this Annual Governance Statement. In response, Members and senior officers have strengthened governance arrangements, approved a comprehensive Housing Improvement Plan, enhanced oversight and reporting structures, and committed additional resources to address identified weaknesses. Progress against the Improvement Plan is now subject to regular executive scrutiny and ongoing engagement with the Regulator of Social Housing to provide assurance that risks to tenants and the Council are being effectively managed.

VAT Accounting and Compliance

Subsequent to the end of the 2023/24 financial year, the Council concluded its review and resolution of historic VAT accounting and compliance matters relating to periods from April 2021 to October 2024. These matters

ANNUAL GOVERNANCE STATEMENT

arose primarily from weaknesses in system configuration following the implementation of the TechnologyOne ERP system, compounded by staffing changes, loss of internal VAT expertise, and ineffective reconciliations and assurance processes. As a result, VAT returns were not submitted in a timely manner and the Council was unable to demonstrate adequate management oversight and internal control over VAT reporting during this period, including 2023/24.

VAT repayment for Redditch Borough Council was received from HMRC in March 2026 but did not result in an adjustment to the 2023/24 financial statements. The underlying causes, however, represent a significant governance issue for the purposes of this Annual Governance Statement. The Council acknowledges that the arrangements in place during 2023/24 did not provide sufficient assurance over statutory VAT compliance, financial reporting accuracy or escalation of emerging issues.

In response, the Council has strengthened its governance and control environment through the establishment of enhanced quality assurance arrangements for VAT returns, mandatory staff training, clearer accountability and escalation processes, and stronger management oversight by the Section 151 Officer. Penalty suspension conditions agreed with HMRC are being actively monitored, and Audit, Governance and Standards Committee oversight will be reinforced to support continued compliance and sustainable improvement in financial governance.

Future Annual Governance Statement Considerations

The Council recognises that several of the governance weaknesses identified through the external audit, the section 24 statutory recommendation, and the review of VAT compliance and housing governance arrangements were not fully resolved within the financial year. As such, the Council will revise the Annual Governance Statement for 2024/25 to reflect these matters.

The Annual Governance Statement for 2025/26 is scheduled to be published later in 2026 and will reflect the most up-to-date position in relation to the issues set out above. It will provide an updated assessment of the effectiveness of the Council's governance arrangements, taking account of progress made and any residual risks identified during the year.

Signed

Signed

Leader of the Council & Chief Executive on behalf of Redditch Borough Council

INTERNAL AUDITORS' REPORT

INTERNAL AUDITORS' REPORT

Head of Internal Audit Opinion

Redditch Borough Council has a responsibility for maintaining an adequate and effective internal audit function which is set out in the Accounts and Audit (England) Regulations 2018.

Internal Audit Services are delivered by the Worcestershire Internal Audit Service.

The Public Sector Internal Audit Standards (the Standards) require the Head of Internal Audit to provide an annual Internal Audit Opinion and report that can be used by the organisation to inform its Annual Governance Statement. The Standards specify that the annual report must contain:

- An Internal Audit opinion on the overall adequacy and effectiveness of the Council's governance, risk management and control framework (i.e. the control environment);
- A summary of the audit work (including organisational knowledge) from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
- A statement of the extent of conformance with the Standards including progress against the improvement plan arising from any external assessments

Overall Governance Conclusion

The Head of Internal Audit's overall opinion on the Council's system of internal control is that:

Reasonable assurance can be given that there is an adequate and effective governance, risk and control framework in place, designed to meet the organisation's objectives.

All of the 10 graded assignments completed in 2023/24 resulted in an opinion of either Substantial or Reasonable assurance.

The progress made by management in implementing the actions arising from audits has been good. Follow up work completed by Internal Audit has not highlighted any overdue High or Medium priority actions. Implementation of agreed control improvement actions strengthens the organisation's framework of governance, risk management and control.

The Corporate risk register is regularly reviewed and updated, with trend analysis and good oversight by the Audit, Standards and Governance Committee. A stable governance framework is in place, which is deemed to be effective, and no significant weaknesses have been identified in 2023/24.

A summary of Internal Audit assurance opinions issued in 2023/24 is shown in Table 1 below:

Table 1 – Summary of Internal Audit Opinions in 2023/24

Assurance Area	Substantial	Reasonable	Limited	No
Financial	2	3	0	0
IT	0	1	0	0
Governance & Ethics	0	2	0	0
Strategic & Operational Risks	2	0	0	0
Totals	4	6	0	0

The Auditor's Opinion for each assignment is based on the fieldwork carried out to evaluate the design of the controls upon which management rely and to establish the extent to which controls are being complied with. The table below explains what the opinions mean:

INTERNAL AUDITORS' REPORT

Table 2 – Assurance Categories

Opinion	Definition
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

The prioritisation of recommendations made by Internal Audit is based upon an assessment of the level of risk exposure. The Auditor's Opinion considers the likelihood of corporate/ service objectives not being achieved, and the impact of any failure to achieve objectives. In order that recommendations can be prioritised according to the potential severity of the risk, a traffic light system is used as follows:

Definition of Priority of Recommendations

Priority	Definition
H	Fundamental control weaknesses that present a significant material risk to the function or system objectives and requires immediate attention by Senior Management.
M	Other control weaknesses where there are some controls in place but there are issues with parts of the control that need to be addressed by Management within the area of review.
L	Issues of best practise where some improvement can be made.

Table 3 details the assurance levels resulting from all audits completed during the year:

INTERNAL AUDITORS' REPORT

Table 3 details the assurance levels resulting from all audits completed during the year:

Audit Area	Assurance Opinion
Financial	
Debt Management	Reasonable
Council Tax	Reasonable
Benefits	Substantial
NNDR	Substantial
Treasury Management	Reasonable
IT	
ICT – Cyber Security	Reasonable
Governance & Ethics	
Risk Management	Reasonable
Project Management	Reasonable
Strategic & Operational Risks	
Grants Assurance	Substantial
Follow up reviews	Substantial

Much internal audit work is carried out “behind the scenes” and is demand led but is not always the subject of a formal report. Examples include:

- Governance e.g. assisting with the Annual Governance Statement.
- Risk management.
- Dissemination of information regarding potential fraud cases likely to affect the Council.
- Drawing managers’ attention to specific audit or risk issues.
- Internal audit recommendations: follow up review and advice.
- Day to day audit support and advice for example risk implications arising from proposed changes in controls.
- Networking with audit colleagues in other Councils on professional points of practice.

QUALITY ASSURANCE AND COMPLIANCE WITH PROFESSIONAL STANDARDS

The Public Sector Internal Audit Standards (the Standards) were adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA) from April 2013. The Standards are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of Internal Audit across the public sector.

The objectives of the Standards are to:

- Define the nature of internal auditing within the public sector;
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
- Establish the basis for evaluation of internal audit performance and to drive improvement planning.

The Standards require that an independent External Quality Assessment (EQA) of the service be completed every 5 years. An EQA has just been completed in May 2024, and the results confirm that the service is operating in General Conformance to the Standards. This is the highest of the three available assessment grades. The findings of the external assessment are being used to develop a continuous improvement action plan which will be presented with a new Quality Assurance policy at the next Audit, Standards and Governance Committee meeting.

INTERNAL AUDITORS' REPORT

As part of the EQA a client satisfaction survey was issued and based upon a response from 15 senior client officers and members, there was a 92% positive satisfaction score. Further quality control measures embedded in the service include individual audit reviews and regular Client Officer feedback. All staff work to a given methodology and have access to the internal audit reference material and Charter which are updated regularly to reflect the requirements of the standards and the changing environment that Internal Audit operates.

ORGANISATION INDEPENDENCE

If independence or objectivity is impaired in fact or appearance, the Head of Internal Audit is required to disclose this. The Head of Internal Audit can confirm that the Internal Audit service is independent and objective, and this is currently demonstrated in a number of ways:

- The Head of Internal Audit reports directly to the S151 officer at all partner organisations in the Shared Service and the equivalent Audit Committee. He also has direct unfettered access to the Heads of Paid Service, Monitoring Officers and Chairs of the Audit Committees.
- Any attempts to unduly influence the scope of audit reviews or the contents of reports will be reported by the Head of Internal Audit to the Head of Paid Service and the Chair of the Audit Committee.
- All officers responsible for internal audit work are required to complete an annual Declaration of Interests form, which is in turn reviewed by the Head of Internal Audit. In the case of the Head of Internal Audit, the form is reviewed by the Director of Corporate Resources (s151 officer) at Worcester City Council. Auditors are required to report any interests that might compromise the impartiality of their professional judgements – or give rise to a perception that this impartiality has been compromised. Any conflicts of interest are avoided when allocating assignments.
- The Audit, Standards and Governance Committee approves any significant consultancy activity included in the Internal Audit Plan.

GLOSSARY

GLOSSARY

AAA FITCH RATING

Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk.

They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA FITCH RATING

Extremely high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A FITCH RATING

High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

ACCOUNTING PERIOD

The period covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUALS

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

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

ASSET

An item having value to the authority in monetary terms. Assets are categorised as either current or non-current

- A current asset will be consumed or cease to have material value within the next financial year (e.g., cash and stock).
- A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g., a community centre, or intangible, e.g., computer software licences.

AUDIT OF ACCOUNTS

An independent examination of the Authority's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities, and other balances at the end of the accounting period.

BORROWING

Using cash provided by another party to pay for expenditure, based on an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

GLOSSARY

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

The capital schemes the Authority intends to carry out over a specific period of time.

CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government but they cannot be used to finance revenue expenditure.

CLAW-BACK

Where average Council house rents are set higher than the government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the Authority, i.e., it is "clawed-back" by the government.

CIPFA

The Chartered Institute of Public Finance and Accountancy

COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The account of the Authority that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants, and other income.

CONSISTENCY

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

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not within the Authority's accounts.

CONTINGENT LIABILITY

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not within the Authority's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities that 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 be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CREDITOR

Amount owed by the Authority for work done, goods received, or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

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

GLOSSARY

DEBTOR

Amount owed to the Authority for works done, goods received, or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Authority's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual, or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY

The Authority's value of total assets fewer total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXPECTED RETURN ON PENSION ASSETS

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

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

FINANCE LEASE

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

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

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

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by authorities and subsidised by central government.

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Authority.

IMPAIRMENT

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

GLOSSARY

INFRASTRUCTURE ASSETS

Fixed assets belonging to the Authority that cannot be transferred or sold on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths, and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Authority's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

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

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY

A liability is where the Authority owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g., creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Authority without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market

LONG-TERM CONTRACT

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the revenue account each year to provide for the repayment of loans and other amounts borrowed by the Authority.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e., their historical costs or current value less the cumulative amounts provided for depreciation.

NET DEBT

The Authority's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services.

NON-DOMESTIC RATES (NDR)

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Authority on behalf of itself, central government, and major preceptors. In Scotland it is collected by the Authority on behalf of central government and then redistributed back to support the cost of services.

GLOSSARY

NON-OPERATIONAL ASSETS

Fixed assets held by the Authority but not directly occupied, used, or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE

A lease where the ownership of the fixed asset remains with the lessor.

OPERATIONAL ASSETS

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

PAST SERVICE COST (PENSIONS)

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 because of the introduction of, or improvement to retirement benefits.

PENSION SCHEME LIABILITIES

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

PRECEPT

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or highly likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLb)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government can borrow itself.

RATEABLE VALUE

The annual assumed rental of a hereditament, which is used for NDR purposes.

RELATED PARTIES

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS

The Statement Of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION

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

GLOSSARY

RESERVES

The accumulation of surpluses, deficits, and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

RESIDUAL VALUE

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

RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE

The day-to-day expenses of providing services.

REVENUE EXPENDITURE CAPITALISED UNDER STATUTE (REFCUS)

Expenditure which ordinarily would be revenue but is statutorily defined as capital.

Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

REVENUE SUPPORT GRANT

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

STOCKS

Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

TEMPORARY BORROWING

Money borrowed for a period of less than one year.

TRUST FUNDS

Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)

The period over which the Authority will derive benefits from the use of a fixed asset.

WORCESTERSHIRE PENSION FUND (WPF)

The Worcestershire Pension Fund is administered by Worcestershire County Council and consists of the County and Districts within Worcestershire together with admitted bodies such as Academy Schools.