



South  
Derbyshire  
District Council



# Final Statement of Accounts

2023/24

# Contents

Narrative Report	3
Statement of the Council's and Chief Financial Officer's Responsibilities for the Statement of Accounts	17
Certificate of the Chief Financial Officer	18
Independent Auditors Report	19
Council Approval of Statement of Accounts	23
Comprehensive Income and Expenditure Statement	24
Movement in Reserves Statement	25
Balance Sheet	27
Cash Flow Statement	28
Notes to the Financial Statements	
1. Accounting Policies	29
2. Accounting Standards that have been issued but have not yet been adopted	42
3. Critical Judgements	42
4. Assumptions made about the future and other major sources of uncertainty	42
5. Exceptional Items of Income and Expense	43
6. Events after the Balance Sheet Date	43
7. Expenditure and Funding Analysis	44
8. Note to the Expenditure and Funding Analysis	46
9. Expenditure and Income Analysed by Nature	47
10. Adjustment between Accounting Basis and Funding Basis under Regulations	48
11. Movement in Earmarked Reserves	51
12. Other Operating Expenditure	52
13. Financing and Investment Income and Expenditure	52
14. Taxation and Non-Specific Income	53
15. Property, Plant and Equipment	55
16. Investment Properties	58
17. Financial Instruments	59
18. Debtors	66
19. Debtors for Local Taxation	66
20. Cash and Cash Equivalents	66
21. Creditors	66

# Contents

22. Provisions	67
23. Usable Reserves	67
24. Unusable Reserves	69
25. Members' Allowances	72
26. Officers' Remuneration	73
27. External Audit Fees	74
28. Grant Income	74
29. Related Parties	75
30. Capital Expenditure and Capital Financing	75
31. Leases	76
32. Defined Benefit Pension Schemes	76
Housing Revenue Account – Expenditure and Income	83
Movement on the Housing Revenue Account	84
Notes to the Housing Revenue Account	
1. Introduction	85
2. Housing Stock	85
3. Major Repairs Reserve	85
4. Capital Expenditure	86
5. Capital Receipts from Disposal of Land, Houses and Other Property	86
6. Rent Arrears	86
7. Provision for Expected Credit Loss	86
8. Depreciation and Impairment of Fixed Assets	87
9. Pension Costs	87
Collection Fund Account	89
Notes for the Collection Fund Account	
1. Council Tax	89
2. Council Tax Valuation Bands	89
3. Council Tax Base	89
4. Precepts and Demands	90
5. Non-Domestic Rates	91
6. Non-Domestic Rate Demands	91
Glossary	93

# Narrative Report

## INTRODUCTION TO THE ACCOUNTS

The Council's financial performance for the year ended 31 March 2024 is set out in the Comprehensive Income and Expenditure Statement and its financial position is set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The purpose of this narrative is to highlight and summarise the key facts and figures which make up the Council's financial standing, which is detailed in the various statements and disclosure notes. The Narrative Report also gives an overview of the District, the Council structure and performance against the Corporate Plan.

The Statement follows approved accounting standards and is necessarily technical in parts. A glossary is provided at the end of this document to explain the main terms and technicalities associated with the Council's Accounts.

The purpose of the published Statement of Accounts is to give the elector, local taxpayer and service users, elected members, employees, and other interested parties clear information about the Council's finances and should answer such questions as:

- What did the Council's services cost in the year?
- Where did the money come from?
- What were the Council's assets and liabilities at year end?

The Narrative Report provides a general introduction to the Accounts that focus on explaining the more significant features of the Council's financing activities during the financial year 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024.

In accordance with accounting practice, the Council has reported its financial position in a series of accounting statements as detailed within the Financial Statements.

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

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

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 is usable reserves of money that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council cannot use to fund the provision of services. This category includes

# Narrative Report (continued)

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.

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

The Notes to the Accounts summarise significant accounting policies, further information, and detail of entries in the prime Statements named above and other explanatory information.

## NARRATIVE REPORT

The Narrative Report is structured as follows:

- An Introduction to South Derbyshire
- An Introduction to the Council
- Council Performance
- Financial Highlights
- Financial Performance

## INTRODUCTION TO SOUTH DERBYSHIRE

South Derbyshire is a thriving, attractive place to live, visit and invest.

It has been transformed during the past few decades from a clay and mining area to a successful District that serves as home to more than 107,000 people.

It contains a third of The National Forest which, together with other attractions including Calke Abbey, Mercia Marina, Rosliston Forestry Centre, and Sharpe's Pottery Museum, attract more than two million visitors each year.

South Derbyshire offers a mixture of well-developed urban areas and historic rural settlements.

Its natural features combine with historic sites and modern community and leisure facilities to provide places and activities for residents and visitors alike to enjoy in their spare time.

South Derbyshire boasts 3,500 business enterprises, among them international names JCB, Nestle and Toyota Motor Manufacturing UK. The wide range of employment opportunities means unemployment is very low in the district compared to the national average.

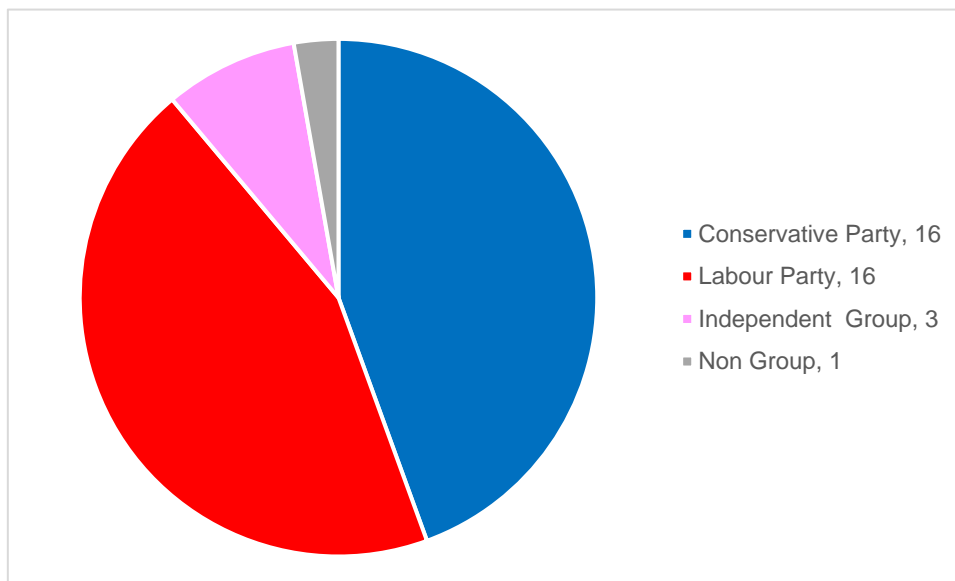
Working with our partners to keep crime and anti-social behaviour to a minimum has cemented South Derbyshire's reputation as one of the safest places to live in the County of Derbyshire.

# Narrative Report (continued)

## INTRODUCTION TO SOUTH DERBYSHIRE DISTRICT COUNCIL

South Derbyshire District Council was formed on 1 April 1974 as a merger of the Swadlincote Urban District along with Repton Rural District and part of South East Derbyshire Rural District. The Council provides statutory services which include planning, refuse collection, street cleaning, environmental health, housing strategy and housing benefits alongside non-statutory functions to support the health and wellbeing of residents within the district.

South Derbyshire is divided into 15 wards with a total of 36 seats. The political composition of seats as at 31 March 2024 is as follows:



### About the Council

There are 380 employees working to ensure South Derbyshire remains a great place to live, visit and invest. Of the 380 employees, 298 are full-time and 82 are part-time employees.

The gender pay gap as of March 2024:

#### Mean Gender Pay Gap

The mean hourly rate of pay for males is £14.96.

The mean hourly rate of pay for females is £15.19.

This gives a mean gender pay gap of **-1.53%** i.e. the difference in pay of £0.23 means that on average females are paid 1.53% more than males.

#### Median Gender Pay Gap

The median hourly rate of pay for males is £11.61.

The median hourly rate of pay for females is £13.89.

This gives a median gender pay gap of **-19.63 %** i.e. the median hourly pay for men is 19.63% lower than that for females.

# Narrative Report (continued)

Services for the District are divided between Derbyshire County Council and South Derbyshire District Council. Through the values in our Council Plan, we aim to provide them as efficiently and effectively as possible.

Our constitution sets out how we operate, how decisions are made and the procedures which are followed to ensure we are efficient, transparent and accountable.

To show that our business is conducted in accordance with the law and proper standards, an Annual Governance Statement is produced which is published on our website.

## How we work

Our Leadership Team (LT), made up of paid officers, works closely with elected Members to deliver our vision and values.

The LT comprises Dr Justin Ives as Chief Executive along with two Strategic Directors and the Head of Legal and Democratic Services in their role as Monitoring Officer.

During the year the Chief Executive has brought forward proposals to restructure the Leadership Team this included the creation of 2 additional directors and 4 new assistant director posts that will be recruited into from the existing Head of Service level. This new structure began its implementation of 1<sup>st</sup> May 2024.

## COUNCIL PERFORMANCE

The Corporate Plan for 2020 to 2024 concluded on the 31<sup>st</sup> March 2024.

This plan concentrated on the issues that were most important to the people who live and work in South Derbyshire, on national priorities set by the Government and on the opportunities and challenges presented by the environmental, economic and social aspects of the district.

As well as enabling effective monitoring and leading our performance management, it links our strategic priorities and objectives directly to the activities of each service area through annual Service Plans.

Aspirational targets were set to embed a process of continual improvement throughout our workforce and operations to ensure that we deliver high quality services at reasonable cost.

Our Medium-Term Financial Plan is monitored and revised to ensure we maintain stability and sustainability. Throughout all we do, we aim to be environmentally responsible and actively encourage corporate social responsibility.

The three key priorities in the Corporate Plan are summarised below. Overall, 74% of the key aims within the Corporate Plan achieved the four-year target. As at quarter four 2023-2024, 70% of indicators achieved the target for Our Environment, 82% achieved the target for Our People and 62.5% achieved the target for Our Future.

Council performance against the Corporate Plan and our detailed risk registers are reported quarterly to elected Members to each decision-making Committee. Further detail on the Council's performance for quarter 4 2023-2024, can be found on the Council's website.

## Our Environment: keeping a clean, green District for future generations

# Narrative Report (continued)

- Reduce waste and increase composting and recycling
- Reduce fly tipping and litter through education, engagement and zero tolerance enforcement action where appropriate
- Enhance biodiversity across the District
- Strive to make South Derbyshire District Council carbon neutral by 2030
- Work with residents, businesses and partners to reduce their carbon footprint
- Enhance the appeal of Swadlincote town centre as a place to visit
- Improve public spaces to create an environment for people to enjoy

## Our People: working with communities and meeting the future needs of the District

- Support and celebrate volunteering, community groups and the voluntary sector
- Help tackle anti-social behaviour and crime through strong and proportionate action
- With partners, encourage independent living and keep residents healthy and happy in their homes
- Promote health and wellbeing across the District
- Improve the condition of housing stock and public buildings
- Support social mobility to ensure people have the opportunity to access skilled jobs, higher and further education
- Ensure consistency in the way the Council deals with its service users
- Have in place methods of communication that enable customers to provide and receive information
- Ensure technology enables us to effectively connect with our communities
- Invest in our workforce

## Our Future: growing our District and our skills base

- Attract and retain skilled jobs in the District
- Support unemployed residents back into work
- Encourage and support business development and new investment in the District
- Enable the delivery of housing across all tenures to meet Local Plan targets
- Influence the improvement of infrastructure to meet the demands of growth
- Provide modern ways of working that support the Council to deliver services to meet changing needs
- Source appropriate commercial investment opportunities for the Council

On the 1st April 2024, the Council embarked on the newly adopted Council Plan 2024-2028, which sets out the vision for South Derbyshire to; ***‘work together to shape our environment, drive our economy and support our communities.’***

The Plan has been developed following engagement with Elected Members, key stakeholders, partners, and employees along with reviewing and collating information on the key local, regional, and national priorities that are delivered either directly or in partnership with others for the residents, businesses and visitors of South Derbyshire.

From this engagement, four key priorities were identified:



# Narrative Report (continued)

- Shape our Environment.
- Drive our Economy.
- Support our Communities.
- Transform our Council.

Under each priority there are aims and outcomes that the Council will deliver over the next four years.

There are operational and strategic risks faced by the Council both financial and non-financial which are categorised and mitigated as far as possible, risks are managed and reported through the operational and strategic risk registers.

## Financial Highlights

There are 4 core financial statements within this Statement of Accounts, which provide a summary of our financial performance and financial position at the end of the year. These statements can be found on pages 24 to 28 and are supported by the comprehensive disclosure notes which give more detail on the Councils substantial transactions during the year.

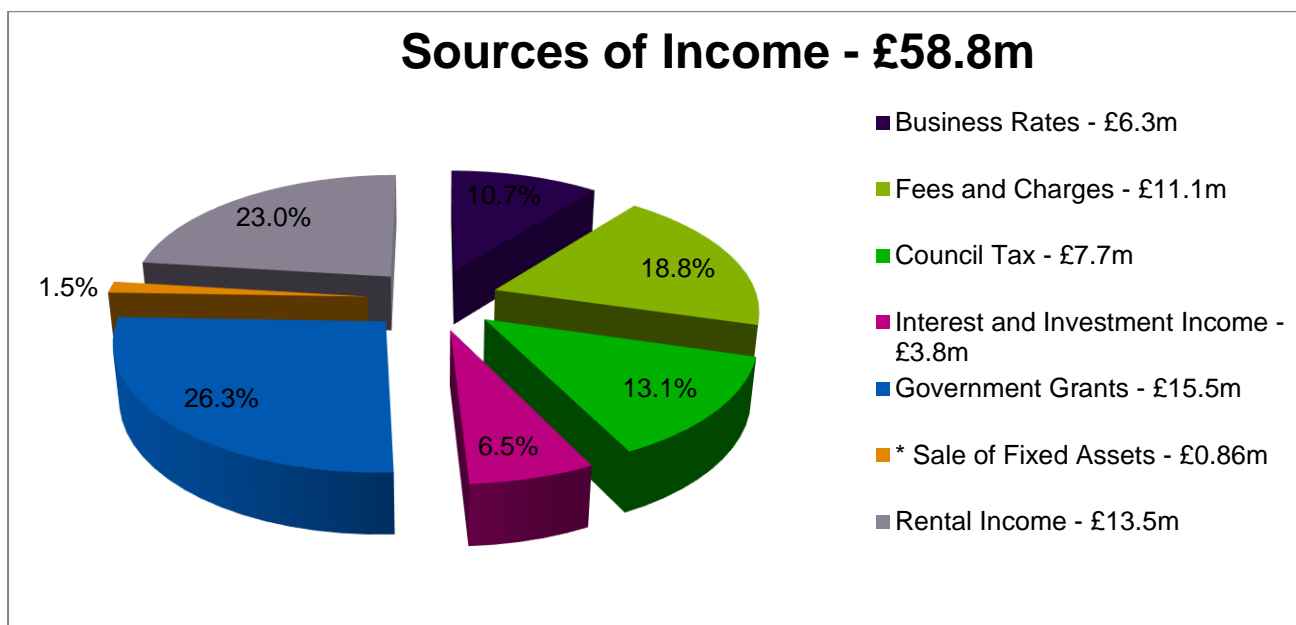
## The Councils Income

Our services are funded by various sources of income. The most significant of these are:

- Council Tax
- Business Rates
- Fees and Charges for Services
- Grant income from Government Specific Grants

Further detail of the Councils sources of income from taxation and government grants is detailed in note 14 and note 28.

The following chart shows the income received in 2023/24:



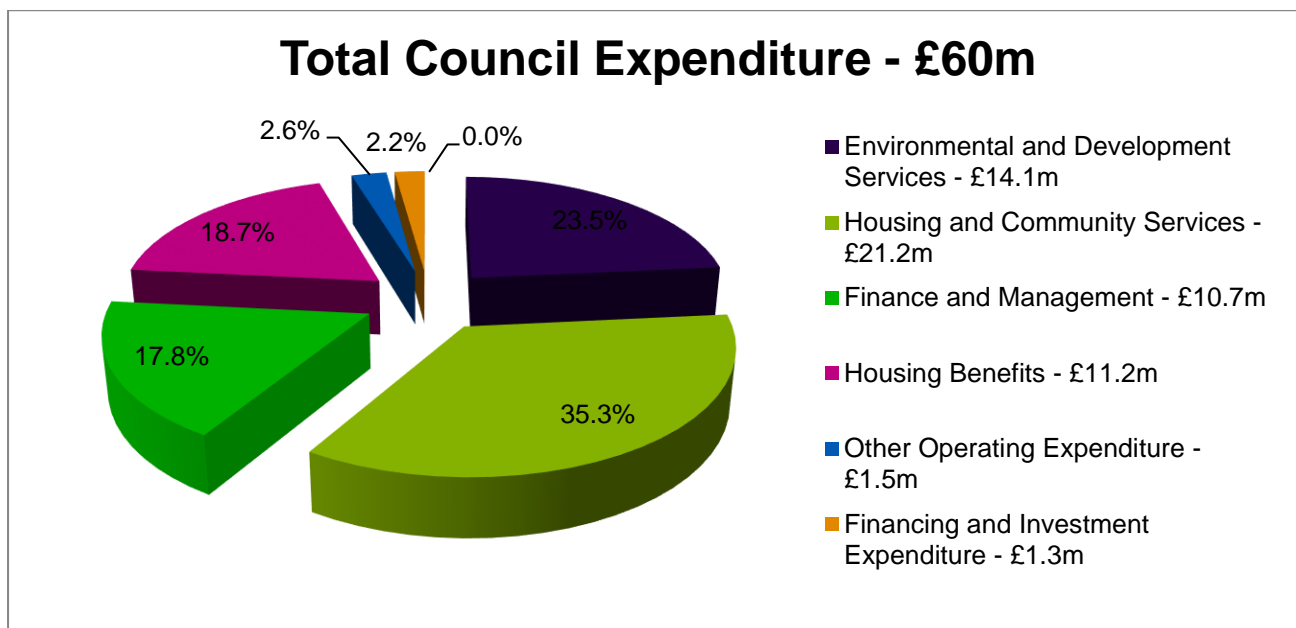
# Narrative Report (continued)

## The Council's Expenditure

Our services are funded by revenue budgets that are utilised against the day to day running of the Council. Each year the Council spends money on key service areas, delivered in accordance with local priorities and statutory requirements.

During 2023/24, the Council achieved a deficit on the Provision of Services of £1.25m. Between both the General Fund and Housing Revenue Account (HRA) as detailed in the Comprehensive Income and Expenditure Statement found on page 24.

The following charts show expenditure incurred by the Council during 2023/24.



Although included in the overall Income and Expenditure Statement, the Council is required to account separately for the costs of providing Council Housing. This is undertaken in a supplementary financial statement called the Housing Revenue Account, or HRA found in pages 83 to 88.

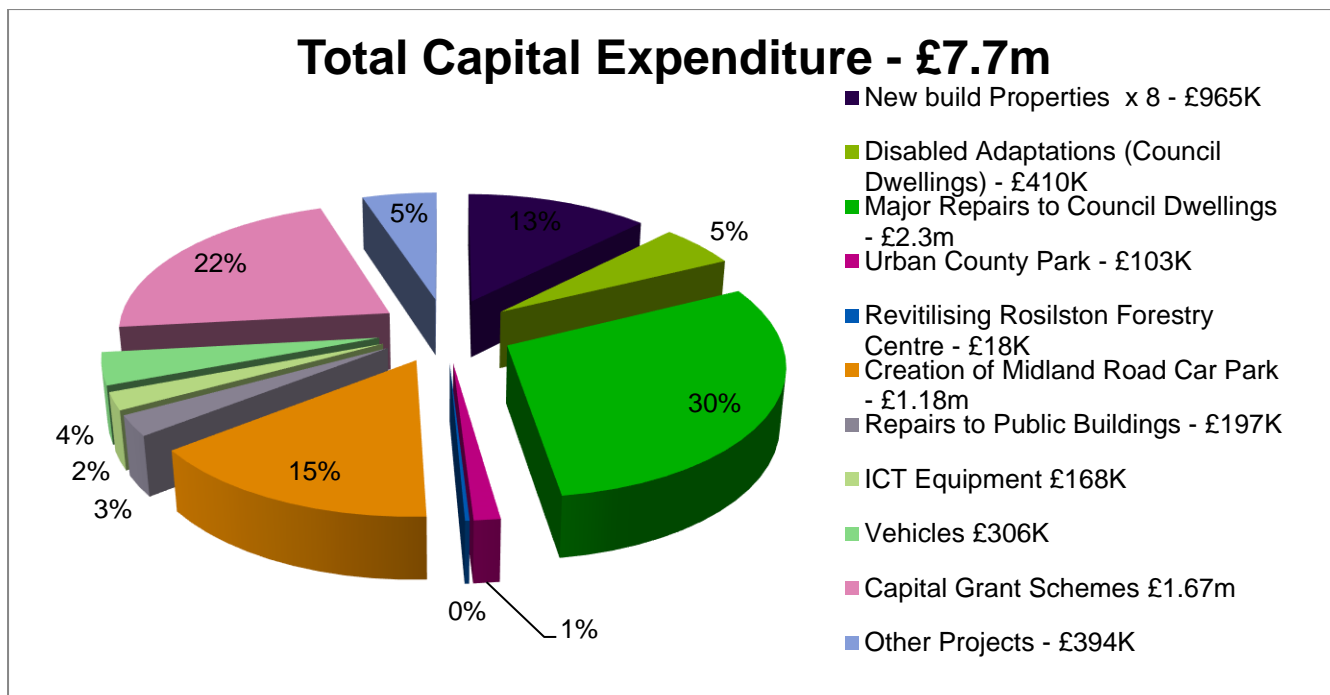
## Capital Expenditure

The Council incurs expenditure in acquiring new assets or through undertaking significant improvements to existing assets. This expenditure is financed from external contributions, Government grants and from the Council's own reserves.

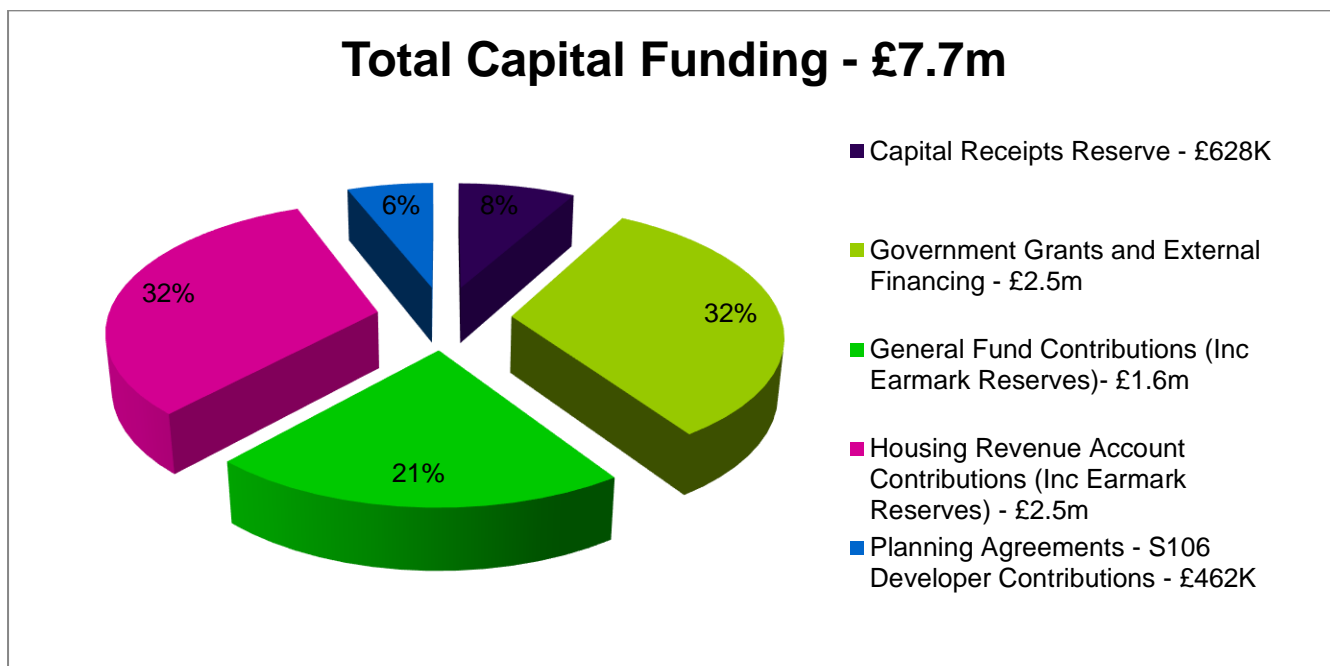
Approximately £7.7m was spent by the Council on capital schemes during 2023/24, compared to £6.4m in 22/23.

The following chart show a summary, the capital expenditure incurred. The expenditure on Council Dwellings owed by the Council totalled £2.7m and investment in new 8 properties was £965K. There, has also been investment of £1.18m into car parking in the Town Centre with the creation of a new free car park at Midland Road, this provides 54 additional spaces including 5 electric and 4 disabled spaces. This space also includes an attractive pocket park planted with over 200 native copper beech trees. Capital grant schemes range from government funded projects in social wellbeing, environmental efficiency and rural prosperity.

# Narrative Report (continued)



Details of the how the Council’s capital programme for 2023/24 has been funded is shown in the below chart.

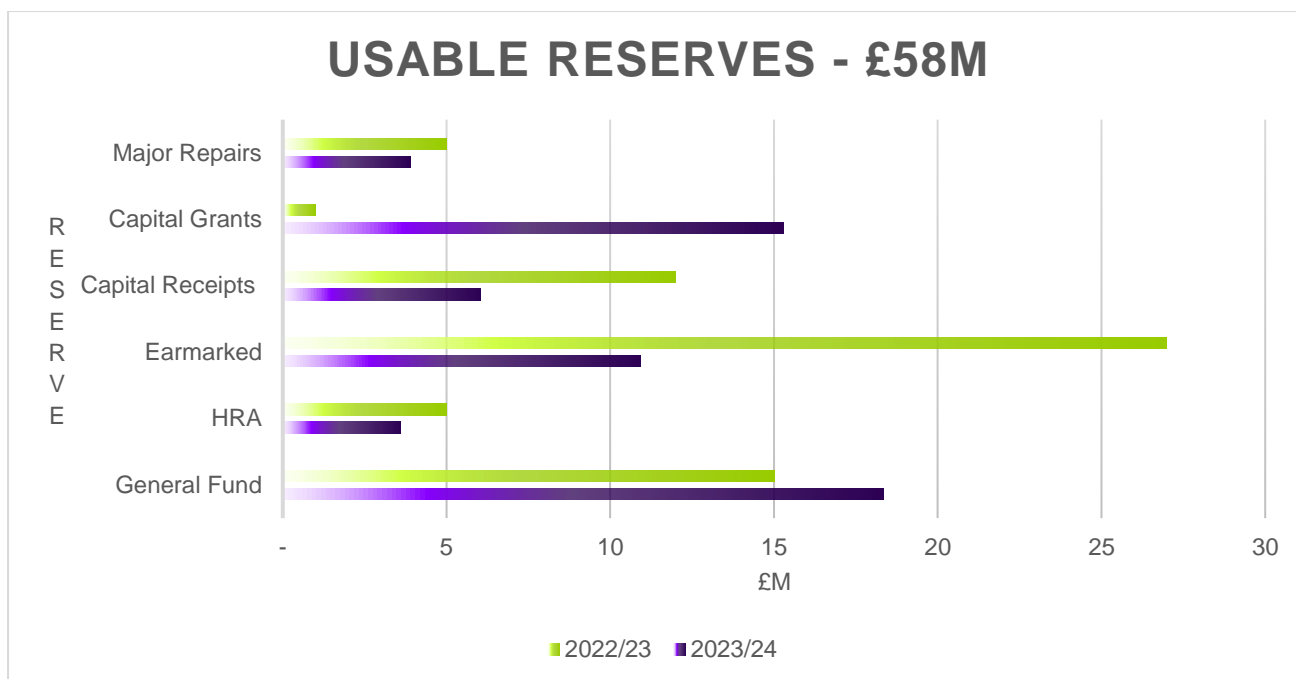


### Council Reserves

The Council’s Usable Reserves have decreased slightly in the year from £65m to £58m due to the drawdown from capital and earmarked reserved in year.

Detail of the Council’s Usable Reserves can be found in Note 23 to the Financial Statements but a summary chart showing the movement between 2022/23 and 2023/24 is below:

# Narrative Report (continued)



As part of the Council’s Financial Strategy, a minimum unallocated contingency balance of £1.35m is maintained on the General Fund reserve and £1m on the Housing Revenue Account (HRA) reserve. This is reported in the Section 151 Officers Annual Report to Members of the Council in February each year.

Section 106 contributions were reallocated from Earmarked Reserves to Capital Grants Unapplied during 2023/24, following identification of a misclassification. The reclassification as Capital Grants Unapplied reflects the nature of the funding and the classification of its usage in the Financial Statements. The movement does not affect the overall useable reserve balances.

## Financial Performance

In February 2023, the Council approved its revenue and capital budgets. The performance against budget is reported to the Finance and Management Committee each quarter, detailing variances to budget and also a series of mitigating actions.

The approved budgeted position on the General Fund, approved in February 2023, was a total deficit of £1,941,151 which was amended to a total budgeted deficit of £2,504,641, as reported in March 2024.

Performance from the updated budgeted deficit position of £2,504,641 against the final outturn position on the General Fund was a total improved surplus position of £1,208,905.

The approved budget position in February 2023 for the HRA was £2,129,238 which has been subsequently amended to a total budget of £2,354,318. The final position on the HRA is a total improved deficit of £601,823 compared to the budgeted position of £2,354,318.

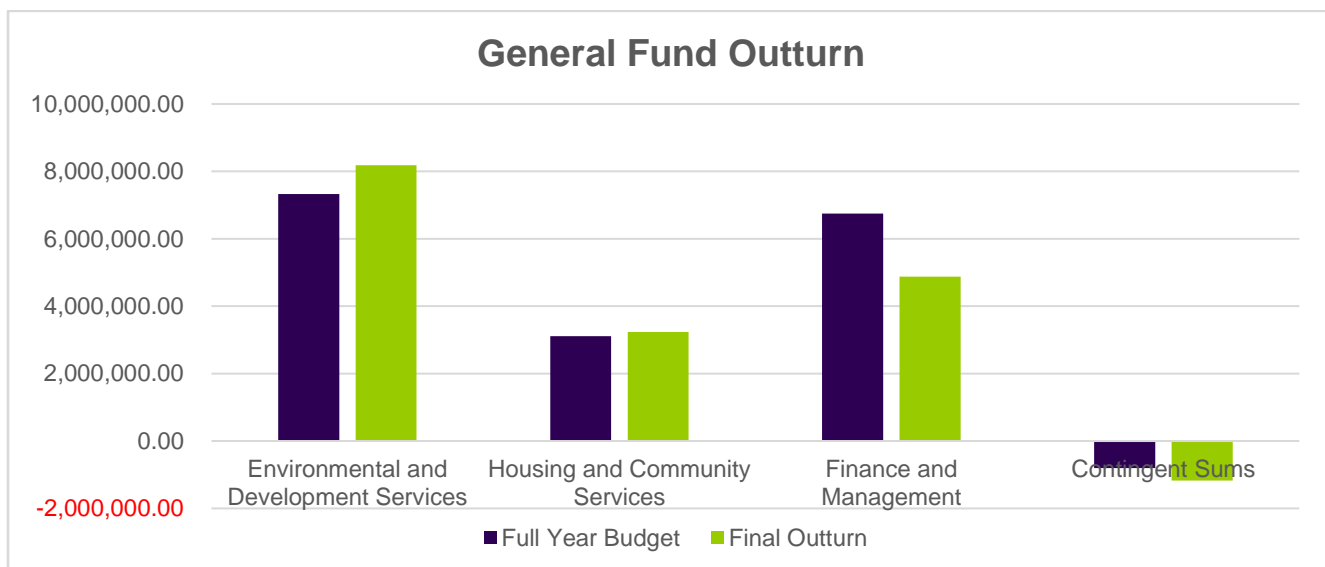
The Council’s Capital Programmes made good progress in 23/24, with a total spend of £7,717,970, against a budget of £7,174,744.

## The General Fund

# Narrative Report (continued)

Overall, the favourable £3.7m movement on the General Fund final position is due to spend being £885k lower than projected, contingent sums and provisions not utilised of £528k, a final position on business rates of £2.148m additional income and additional funding streams of £99k, made up from Revenue Support Grant, £21k Levy account surplus distribution, £31k Business Rates Green Plant and Machinery Exemption and £8k Transparency Code New Burdens was also received.

Across the General Fund services, the final position shows an underspend of £885k which represents a 5.15% reduction in costs. Broken down further the pressures affecting service areas across the Council are offset by the high returns achieved from the Councils investment portfolio (£1,900,080).

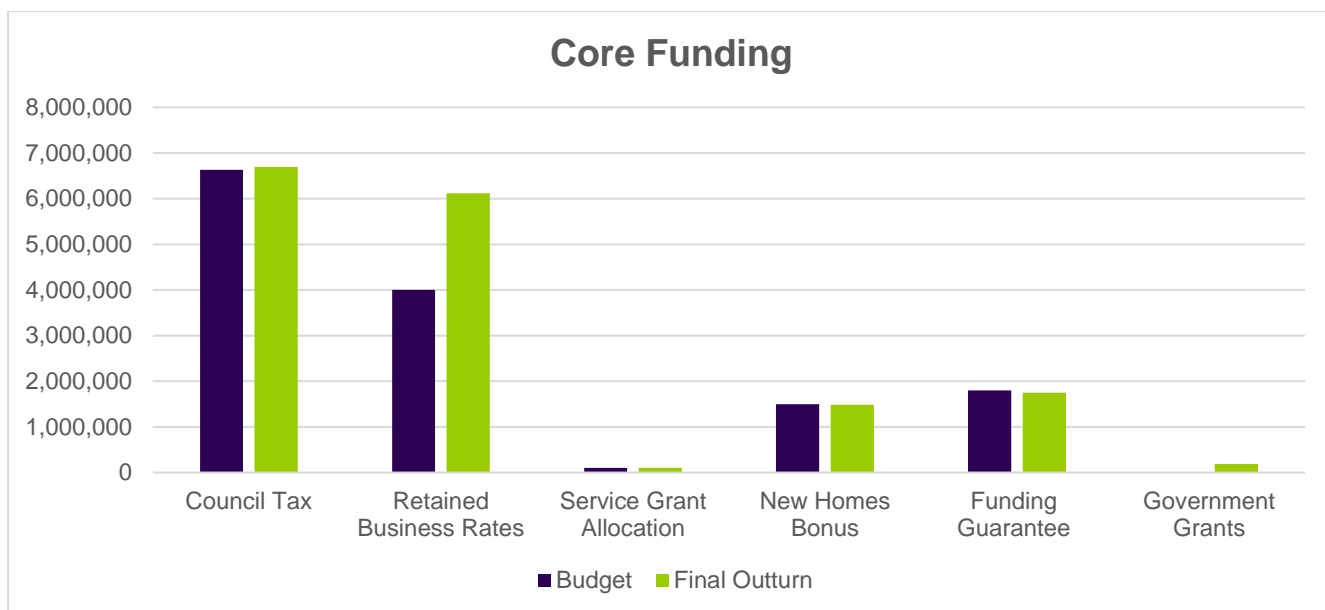


## Core Funding

The Council is part of the Derbyshire Business Rates Pool, for Business rates retention, the pool consists of seven Derbyshire Councils. The additional income of £2.148m is a combination of variances against budget, the budget had not included a provision for the additional income from growth, government grants received higher than budgeted and the distribution of our share of the Business Rates Levy Account, as part of the Pool.

The below chart illustrates the variance between budget and final outturn position, a small surplus of £63k was made on Council Tax Collection fund after distribution to all major preceptors.

# Narrative Report (continued)

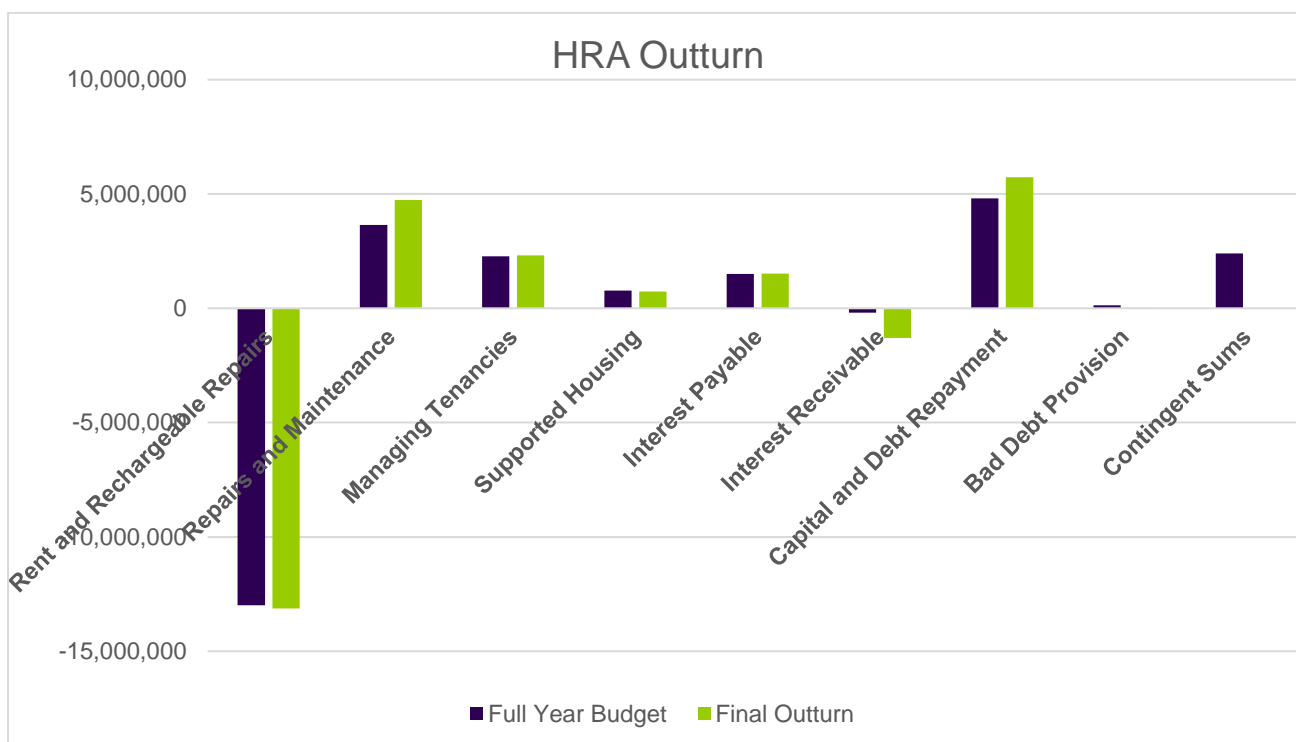


## Housing Revenue Account (HRA)

The Council is required to account separately for income and expenditure in providing Council housing.

The approved budget for the HRA was estimated deficit of £2.35m, with the final position being a deficit of £602k.

The greatest variance is the increase in investment income and an increase in repairs and maintenance.



# Narrative Report (continued)

Contingent sums budget is for additional costs being met from the general HRA reserves, this year to alleviate the HRA reserves, the Major Repairs Reserve has been drawn down to finance the capital expenditure on Council dwellings. The statutory reversal of depreciation has been utilised against the repayment of debt, financing the loan repayment of £10m in year.

## Capital

The Council's capital programme consists of many different projects covering both the General Fund and HRA.

The capital budget for 2023/24 was approved in February 2023 and has been updated following the outturn for 2022/23 to reflect the carry forward of income and expenditure for incomplete projects.

At the end of the financial year the capital investment was £4,036,377 on General Fund assets and £3,681,593 on HRA assets.

Key projects for the year include:

- New Builds – During the course of 2023/24 The Council acquired 8 new council dwellings at both Newhall and Willington. These consisted of 2 bungalows and 6 houses.
- Demolition of Bank House and Creation of Car Park – The new car park at Midland Road opened on 5th March 2024, which provides 54 additional car parking spaces for the Town Centre and includes 4 electric vehicle charging bays and 4 disabled bays. This space also includes an attractive pocket park planted with over 200 native copper beech trees.
- Enhancements of Council Houses – £2.7m has been spent enhancing the Council's housing stock, installing among other improvements, new heating systems, bathrooms, and kitchen. These works include social housing decarbonisation to improve energy performance. Additionally, £410k of the total spend has been used to adapt existing dwellings to suit the disability needs of its tenants.

## Council Spending and Future Financial Position

The Council's detailed budget and spending plans for 2023/24 and the projected medium-term financial position to 2029 is available on the council's committee management system.

The Council's General Fund was estimated to generate a deficit in 2023/24 with deficits expected every year going forwards. Following several years of budget savings, the Council's financial position has remained stable and has generally performed better than forecast.

The current Medium-Term Financial Plan (MTFP) highlights budget deficits from 2024/25 onwards. Current base budget costs are forecast to increase year-on-year due to inflation, together with a rapid growth in the local population which will place additional demands upon services.

The Council continues to benefit from increased income, mainly through planning fees, Council Tax and Business Rates, due in part to the economic and residential growth in the district. Some of these income streams can be volatile and not guaranteed, being subject to external factors and the impact of this volatility was seen during the pandemic and now the impacts of the cost-of-living crisis. Growth is continuing to be seen and it is expected that planning and Council Tax income

# Narrative Report (continued)

streams will remain stable. Additional income is reinvested back into services to meet increased demand.

## The Future

The Council approved a Medium-Term Financial Strategy (MTFS) 2024/25 – 2028/29 at Council on the 11th of April 2024.

The Council's Medium Term Financial Plan is characterised by funding gaps brought about by assumed funding reforms.

The MTFS is a five-year assessment of the resources required to deliver Council services, set against a new strategic Sustainable Finance Plan to close the ongoing budget gaps predicted by the Council's current medium-term financial plan (MTFP).

The Sustainable Finance Plan incorporates the generation of new income and reduction in expenditure, and alongside a new Reserves Strategy, enables the Council to project an ongoing balanced budget position.

The Medium-Term Financial Strategy (MTFS) provides a strategic framework and approach to long-term financial sustainability of South Derbyshire District Council. It is core to the ongoing delivery of priority outcomes in the 2024 – 2028 Council Plan and aids robust and methodical planning.

Using forecasting techniques, the strategy sets out the Council's most likely Medium-Term Financial Plan alongside other potential scenarios surrounding known pressures, major national policy and economic issues, and local priorities and factors. Good and effective financial management and planning enables the Council to respond to pressures and changes because of after many internal and external influences.

An overarching MTFS is good practice – it provides the strategic financial framework for the Council at a time of considerable funding and economic pressure for Local Government. Critically, the strategy underpins the delivery of ongoing efficiency and budgetary savings.

The strategy has been developed by Elected Members of the Council, the Leadership and Extended Leadership Team.

The key objectives of the MTFS are to:

- Provide financial parameters within which budget and service planning should take place over the life of this strategy.
- Ensure the Council meets its commitment to deliver a balanced budget on an ongoing basis and that the Council's long term financial health and viability remain sound.
- Focus and re-focus the allocation of resources so that priority areas receive additional funding.
- Maximise the use of resources available to the Council.
- Ensure our Reserves Policy is aligned with our ambitions and at the same time, protects us against unforeseen events.
- Enable the Council to respond to external pressures, particularly funding reforms.
- Highlight and assess financial risks and put mitigating controls in place.
- Enable the Council to better define services based on a clear alignment between priority and affordability.
- Ensure the Council manages and monitors its financial resources effectively so that spending commitments do not exceed resources available.



## Narrative Report (continued)

A core part of the MTFS is the Sustainable Finance Plan. This plan sets out how the Council will generate additional and new income and reduce expenditure in the future to be able to manage its day-to-day spending within its funding envelope. It also sets out how we will utilise reserves to be able to improve our arrangements or use them to balance the budget where we need to.

The strategy sets out 5 themes to enable the Council to do this:

- Commercial and Income – maximising income through fee and charges and raising commercial awareness and acumen in service delivery;
- Asset management- reviewing assets base and optimising asset performance through commercial approaches;
- Transformation – reviewing and improving services and sharing resources and assets and jointly delivering services;
- Managing Spend – procurement and contract management improvements;
- Financial and Treasury Management – improved financial management culture, budgeting techniques and treasury management.

In total, £11.5m of additional and new income and reductions in expenditure are planned to be delivered as a result of the Sustainable Finance Plan.

### AND FINALLY

The following sections set out the Council's Accounts and Financial Statements for 2023/24. As highlighted earlier, to meet accounting standards, they are necessarily detailed and technical in nature.

Further information is available from the Council at [www.southderbyshire.gov.uk](http://www.southderbyshire.gov.uk) or by e-mail to [customer.services@southderbyshire.gov.uk](mailto:customer.services@southderbyshire.gov.uk) referencing any queries as **Statement of Accounts**

# Certificate of the Council's and Executive Director Resources and Transformation Responsibilities

## The Council's Responsibilities

The Council is required to:

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

## The Executive Director Resources and Transformation Responsibilities

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

In preparing this Statement of Accounts, the Executive Director Resources and Transformation has:

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

The Executive Director Resources and Transformation has also:

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

## Certification by the Executive Director Resources and Transformation

I certify that this Statement of Accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the financial position of the Council at 31 March 2024, and its income and expenditure for the year ended on that date.

**Tracy Bingham FACCA**

**Executive Director Resources and Transformation (Section 151) Officer**

# Certificate of Chief Financial Officer

I certify that

- (a) The Statement of Accounts for the year ended 31 March 2024 on pages 24 to 28 has been prepared in the form directed by the Code and under the accounting policies set out on pages 29 to 42.
- (b) In my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.



Signed: .....

Dated: .....26 February 2025

# Independent Auditor's Report

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

### Report on the audit of the financial statements

#### Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of South Derbyshire District Council ("the Council") for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, Housing Revenue Account – Expenditure and Income, Movement on the Housing Revenue Account, the Collection Fund Account and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2024, by 28 February 2025 ('the backstop date').

The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures.

#### Responsibilities of the Executive Director Resources and Transformation for the financial statements

As explained more fully in the Statement of the Executive Director Resources and Transformation's Responsibilities, the Executive Director Resources and Transformation is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Executive Director Resources and Transformation is also responsible for such internal control as the Executive Director Resources and Transformation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Executive Director Resources and Transformation is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Executive Director Resources and Transformation is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

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

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the

Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

### Matter on which we are required to report by exception

We are required to report to you if, in our view we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weaknesses in the Council’s arrangements for the year ended 31 March 2024:

Significant weakness in arrangements	Recommendation(s)
<p><b>Arrangements to approve the Housing Revenue Account and Capital budgets</b></p> <p>The Council’s Constitution and Financial Regulations require Full Council to approve the budget annually, but the Housing Revenue Account and Capital budgets were not formally received and approved by Full Council for 2023/24. This is evidence of a significant weakness in the Council’s governance arrangements in how it makes properly informed decisions arising from failure to fully address previously identified weaknesses.</p>	<p>The Council should ensure future budgets are developed and approved in line with its Constitution and commence a review of the Constitution to ensure it remains fit for purpose and that Officers and Members understand and follow the required procedures.</p>
<p><b>Non-compliance with Housing Consumer Standards</b></p> <p>The Council made a self-referral to the Regulator of Social Housing in April 2024 who passed a judgement in August 2024 that there were serious failings in the Council delivering the outcomes of the Housing Consumer Standards and significant improvement was needed. In our view the reasons underpinning the Regulator of Social Housing’s judgement, being arrangements for understanding the stock condition and ensuring safety risk assessments are in place, is evidence of a significant weakness in the Council’s arrangements for the year ended 31 March 2024 in respect of Governance; and Improving economy, efficiency and effectiveness.</p>	<p>The Council should put in place arrangements to ensure the actions identified in its improvement plan are being delivered on time and are having the required impact on the quality of service provided to, and the safety of, its housing tenants.</p>
<p><b>Compliance with procurement standards</b></p>	<p>The Council should put in place arrangements to ensure the actions</p>

<p>Over a five-year period up to and including the financial year ended 31 March 2024, the Council did not recognise the risk of non-compliance with procurement legislation by having insufficient arrangements in place to ensure agency spending had been procured through an effective procurement solution and using approved procurement frameworks for agency spending. This is evidence of a significant weakness in the Council's arrangements for Governance and Improving Economy, Efficiency and Effectiveness.</p>	<p>identified in its improvement plan are delivered and ensures all agency spending is incurred in line with agreed contracts, including arrangements to monitor the effectiveness of its procurement.</p>
---	--

## Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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

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

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

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

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

## Use of the audit report

This report is made solely to the members of South Derbyshire District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are

required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

## **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until the National Audit Office has communicated the work we are required to undertake as component auditors for the Whole of Government Accounts.

*Mark Surridge*

[Mark Surridge \(Feb 26, 2025 13:27 GMT\)](#)

Mark Surridge, Key Audit Partner  
For and on behalf of Forvis Mazars LLP

2 Chamberlain Square, Birmingham, B3 3AX

26 February 2025

# Council Approval of Statement of Accounts

These accounts are to be approved by delegation by the Chair of Finance and Management Committee Councillor Sarah Harrison and Executive Director - Resources and Transformation Tracy Bingham on the 24 February 2025. The delegation was approved by the Finance and Management Committee on 6 February 2025 after completion of the External Audit.



Signed .....

Tracy Bingham, Executive Director – Resources and Transformation (S151 Officer)

Dated .....26 February 2025



Signed .....

Councillor Sarah Harrison, Finance and Management Committee Chair

Dated .....26 February 2025



# Comprehensive Income and Expenditure Statement

For the year ended 31 March 2024

This statement, as set out below, 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. Councils 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.

£000's	2023/24			2022/23		
	Expenditure	Income	Net	Expenditure	Income	Net
Environmental and Development Services	14,113	(4,428)	9,685	11,650	(3,892)	7,758
Housing and Community Services (incl HRA)	19,711	(16,203)	3,508	15,773	(14,943)	830
Finance and Management	21,937	(16,143)	5,795	26,621	(20,111)	6,510
<b>Cost of Services</b>	<b>55,761</b>	<b>(36,774)</b>	<b>18,987</b>	<b>54,044</b>	<b>(38,946)</b>	<b>15,098</b>
Other Operating Income & Expenditure			673			1,263
Total Other Operating Income & Expenditure (Note 12)			673			1,263
Financing & Investment Income & Expenditure (Note 13)			(2,543)			1,164
Taxation & Non-Specific Grant Income (Note 14)			(17,329)			(16,267)
<b>(Surplus)/Deficit on Provision of Services</b>			<b>(212)</b>			<b>1,258</b>
(Surplus)/Deficit on revaluation of Assets			(18,804)			(10,159)
(Surplus)/Deficit from investments in equity instruments (FVOCI)			138			697
Remeasurement of the Net Defined Benefit Liability (Note 34)			(7,511)			(34,107)
<b>Total Comprehensive Income &amp; Expenditure</b>			<b>(26,389)</b>			<b>(42,311)</b>

# Movement in Reserves Statement

For the year ended 31 March 2024

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

These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and Council House rent setting purposes. The Net Increase/Decrease before transfers to Earmarked Reserves line shows the statutory General Fund Balance and the Housing Revenue Account balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Reserves 2023/24	General Fund	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
<i>£000's</i>									
<b>Balance at 31 March 2022</b>	<b>14,473</b>	<b>26,590</b>	<b>6,494</b>	<b>7,243</b>	<b>1,743</b>	<b>4,456</b>	<b>60,999</b>	<b>79,116</b>	<b>140,116</b>
Movement in reserves during 2022/23:									
Total Comprehensive Income & Expenditure	(2,189)	-	931	-	-	-	(1,258)	43,569	42,311
Adjustments between accounting basis & funding basis (Note 10)	3,562	-	(2,694)	4,266	(293)	529	5,370	(5,370)	0
<b>Net increase/(decrease) before transfers to Earmarked Reserves</b>	<b>1,374</b>	<b>-</b>	<b>(1,764)</b>	<b>4,266</b>	<b>(293)</b>	<b>529</b>	<b>4,112</b>	<b>38,199</b>	<b>42,311</b>
Transfers to/from Earmarked Reserves	(640)	745	(121)	-	-	-	-	-	-
<b>Increase/(decrease) for the year ended 31 March 2022</b>	<b>734</b>	<b>745</b>	<b>(1,885)</b>	<b>4,266</b>	<b>(293)</b>	<b>529</b>	<b>4,112</b>	<b>38,199</b>	<b>42,311</b>
<b>Balance at 31 March 2023</b>	<b>15,222</b>	<b>27,335</b>	<b>4,609</b>	<b>11,509</b>	<b>1,450</b>	<b>4,986</b>	<b>65,111</b>	<b>117,315</b>	<b>182,425</b>
Movement in reserves during 2023/24:									
Total Comprehensive Income & Expenditure	(463)	-	675	-	-	-	212	26,177	26,389
Adjustments between accounting basis & funding basis (Note 10)	2,365	-	(2,262)	4,532	682	(1,098)	4,218	(4,218)	-
<b>Net increase/(decrease) before transfers to Earmarked Reserves</b>	<b>1,902</b>	<b>-</b>	<b>(1,588)</b>	<b>4,532</b>	<b>682</b>	<b>(1,098)</b>	<b>4,430</b>	<b>21,959</b>	<b>26,389</b>

Transfers to/from Earmarked Reserves	1,212	(16,400)	587	(10,000)	13,152		-	11,449	-
<b>Increase/(decrease) for the year ended 31 March 2023</b>	<b>3,114</b>	<b>(16,400)</b>	<b>(1,001)</b>	<b>(5,468)</b>	<b>13,834</b>	<b>(1,098)</b>	<b>4,430</b>	<b>33,408</b>	<b>26,389</b>
<b>Balance at 31 March 2024</b>	<b>18,336</b>	<b>10,935</b>	<b>3,608</b>	<b>6,041</b>	<b>15,283</b>	<b>3,888</b>	<b>58,092</b>	<b>150,723</b>	<b>208,816</b>

# Balance Sheet

For the year ended 31 March 2024

The Balance Sheet shows the value as at 31 March 2024 of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses from asset revaluations, together with reserves that account for timing differences.

£000's		2024	2023
	<i>Notes</i>		
Property, Plant & Equipment	15	187,762	171,784
Investment Property	16	6,619	6,011
Long-term Investments	17	3,434	3,572
Long-Term Investments Pensions	34	8,105	275
Long-term Debtors	17	83	88
<b>Non-Current Assets</b>		<b>206,003</b>	<b>181,729</b>
Inventories		127	104
Short-term Debtors	18	8,386	7,427
Cash & Cash Equivalents	20	50,169	61,934
<b>Current Assets</b>		<b>58,682</b>	<b>69,465</b>
<b>TOTAL ASSETS</b>		<b>264,685</b>	<b>251,194</b>
Short-term Creditors	22	(17,847)	(20,540)
Short-term Borrowing	17	(89)	(10,089)
Provisions	23	(452)	(659)
<b>Current Liabilities</b>		<b>(18,388)</b>	<b>(31,288)</b>
Long-term Creditors	17	(59)	(55)
Long-term Borrowing	17	(37,423)	(37,423)
<b>Non-Current Liabilities</b>		<b>(37,482)</b>	<b>(37,478)</b>
<b>TOTAL LIABILITIES</b>		<b>(55,870)</b>	<b>(68,767)</b>
<b>NET ASSETS</b>		<b>208,816</b>	<b>182,428</b>
Usable Reserves	24	(58,092)	(65,112)
Unusable Reserves	25	(150,724)	(117,315)
<b>TOTAL RESERVES</b>		<b>(208,816)</b>	<b>(182,428)</b>

# Cash Flow Statement

For the year ended 31 March 2024

The Cash Flow Statement, as set out below, shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Council.

£000's		2024	2023
	<i>Notes</i>		
<b>Cash generated from operations</b>			
Net Surplus/(Deficit) on the provision of services		(1,254)	(1,258)
Adjustment for non-cash movements:			
Depreciation	15	7,657	6,701
Impairments/Revaluations		1,154	(868)
Movement in Pension	32	(291)	3,088
(Profit)/Loss from the sale of Property, Plant & Equipment	12	(408)	233
Changes in working capital:			
(Increase)/Decrease in Inventory		(23)	13
(Increase)/Decrease in Debtors	17	(1,034)	4,117
(Increase)/Decrease in Provision for Expected Credit Loss	18	80	173
Increase/(Decrease) in Creditors	21/22	(2,471)	(5,414)
<b>Net cash generated from operations</b>		<b>3,408</b>	<b>6,785</b>
<b>Cash flows from investing activities</b>			
Purchase of Property, Plant & Equipment	30	(5,631)	(4,296)
Purchase of Investment Properties	16	(23)	(59)
Proceeds from the sale of Non-Current Assets	12	873	608
<b>Net cash flows from investing activities</b>		<b>(4,781)</b>	<b>(3,747)</b>
<b>Cash flows from financing activities</b>			
Agency Agreement with Central Government	21	(425)	(5,123)
Repayment of Borrowings	17	(10,000)	-
<b>Net cash flows from financing activities</b>		<b>(10,425)</b>	<b>(5,123)</b>
Net increase in cash & cash equivalents		(11,798)	(2,086)
Cash & cash equivalents at the beginning of the period	20	61,934	64,010
<b>Cash &amp; cash equivalents at the end of the period</b>		<b>50,169</b>	<b>61,934</b>

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

## Notes to the Core Financial Statements

Due to rounding figures to the nearest £000, some figures shown within the following notes may slightly differ when compared to the main Financial Statements or other Notes to the Accounts. The difference in rounding would not be in excess of £5,000 in any single case.

### 1. Accounting Policies

#### Accounting Policies

##### a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position as at 31 March 2024. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and the Service Reporting Code of Practice 2023/24, supported by the International Financial Reporting Standards (IFRS). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Council's financial statements have been prepared on a going concern basis; the accounts have been prepared on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting in The United Kingdom 2023/24) in respect of going concern reporting requirements reflect the economic and statutory environment in which the Council operates. As a result of this, it would not therefore be appropriate for the financial statements to be produced on anything other than a going concern basis.

Reports are regularly taken to the Finance and Management Committee updating the current and forecasted position of the Council's financial position. The final outturn will be reported on 18 July 2024 for 2023/24 with the next full quarterly forecast for 2024/25 presented in August 2024.

The mitigating factor underpinning the going concern assessment is that the authority continues to have available General Fund balances above the current recommended minimum working balance.

At the end of 2023/24 it is budgeted to be £12.76m, which is £11.26 above the minimum level. Additionally, the Council's cash flow forecasts anticipate that cash balances will remain in a positive position for at least twelve months following publication of these financial statements and do not forecast a need to borrow. The Council has undertaken cash flow modelling through to March 2025 which demonstrates the Council's ability to work within its Capital Financing Requirement and cash management framework, with a minimum cash balance forecast during the period of £22m. Given this, the Council considers that the Statements can be prepared on a going concern basis.

The Statement of Accounts has been prepared in Sterling rounded to the nearest thousand.

The accounting policies are consistent with those applied in the year ended 31 March 2023, as amended to reflect the adoption of any new accounting standards as required by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

##### (b) Accruals of Income and Expenditure

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

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

- Revenue from the sales of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that the economic benefits or services potential associated with the transaction will flow to the Council.
- 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 recognised as inventories on the Balance Sheet.
- Revenue from the provisions of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.
- Where the income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Expenses relating to the services received (including services provided by employees) are recorded as expenditure when the services are received rather than when the payments are made.
- The Council Tax and income included in the Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. The NDR income included in the Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year from the Statutory Return following the close of the financial year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund adjustment account through the Movement in Reserves Statement.

## Accounting for Council Tax

While the Council Tax income for the year credited to the Collection fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund or paid from the Collection Fund to the major preceptors. The amount credited to the General Fund under statute is the Council's precept for the year, plus or minus the Council's actual share of the surplus / deficit on the Collection Fund for the previous year.

The cash collected by the Council from Council Tax payers belongs predominantly to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and payments made to them is reflected as a debtor or creditor balance as appropriate.

## Accounting for Non-Domestic Rates (NDR) – Business Rates

The NDR income for the year credited to the Collection Fund is the accrued income for the year. Regulations determine when it should be released from the Collection Fund and paid out to major preceptors (excluding the Police and Crime Commissioner for Derbyshire) and the Government. The amount credited to the General Fund under statute is the Council's estimated share of NDR for the year from the statutory return made to the Government at the commencement of the financial year.

The cash collected by the Council from NDR Tax payers belongs predominantly to all the major preceptors (excluding the Police and Crime Commissioner for Derbyshire) and the Government. The

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

difference between the amounts collected on behalf of the other major preceptors and payments made to them is reflected as a debtor or creditor balance as appropriate.

## (c) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that mature in a specified period of no more than 364 days, or less from the date of acquisition. They are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

## (d) Charges to Revenue for Non-Current Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of 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 revaluations reserve against which the loss can be written off.

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

## (e) 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, annual leave, sick pay and car allowances. These are for current employees and are recognised as expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements, including annual leave, 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 or salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

Termination Benefits are amounts payable as a result of a decision by the Council to terminate employment of employees before the normal retirement date, or an employee's decision to accept voluntary redundancy. These are charged on an accruals basis to the relevant service line of the Comprehensive Income and Expenditure Statement, when the Council is clearly committed to the termination of employment.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund in the year, not the amount calculated according to accounting standards. In the Movement in Reserves



# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

Statement appropriations are required to and from the Pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and any such amounts payable but unpaid at the year-end.

## Post-Employment Benefits

Employees of the Council are entitled to be members of the Local Government Pension Scheme, administered by Derbyshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions) earned as Council employees.

The Local Government Pension Scheme is accounted for as a funded defined benefit final salary scheme:

- The liabilities of the Derbyshire County Council Pension Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method. This means there is 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 based on the indicative rate on long-term redemption yields available on AA rated corporate bonds.
- The assets of the Derbyshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - Quoted securities - mid market value.
  - Unquoted securities - professional estimate.
  - Unitised securities - average of the bid and offer rates.
  - Property - market value.

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

### Service cost comprising

- Current service cost - the increase in liabilities as result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- Past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier year, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Finance and Management.
- Net interest on the net defined benefit liability (asset) i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Finance and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement; this is calculated by applying the discount rate used to measure the defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

### Re-measurement comprising

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions reserve as Other Comprehensive Income and Expenditure.

## Contributions paid to the Derbyshire County Council Pensions Fund

The cash paid as employer's contributions to the pensions fund in the settlement of liabilities are not accounted for as an expense as statutory provisions require the General Fund and Housing Revenue Account Balances to be charged with the amount payable by the Council to the Pension Fund, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flow rather than as benefits earned by the employees.

## Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any additional liabilities that arise as a result of a discretionary award to an employee 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.

## (f) Financial Instruments

### Financial Liabilities

Financial Liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principle. Interest charged to the Comprehensive Income and Expenditure Account is the amount payable for the year in the loan agreement.

### Financial Assets

Financial assets are classified into three types:

- Loans and receivables - assets that have fixed or determinable payments but are not quoted on an active market.
- Fair value through other comprehensive income (FVOCI) – where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category.
- Fair value through profit and loss – all other financial assets.

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially valued at fair value, based upon

## Notes to the Financial Statements (continued)

For the year ended 31 March 2024

prevailing benchmark market rates for new borrowing. They are subsequently measured and carried on the Balance Sheet at amortised cost. PWLB loan fair value estimates are based upon new borrowing (certainty rate) discount rates. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented 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.

Investments elected in to the FVOCI category are recognised when the Council becomes a party to the contractual provisions of a financial instrument and are initially valued at fair value in the Balance Sheet. Changes in fair value are balanced by an entry in the Financial Instrument Revaluation Reserve and the gain/loss is recognised in the surplus or deficit on Revaluation of Financial Instruments. Any gains/losses on de-recognition are taken directly to the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Financial Instrument Revaluation Reserve.

### **(g) Government Grants and Contributions (Revenue)**

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

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

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

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

### **(h) Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset would be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposals.

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

## (i) 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 in more than one financial year are classified as Property, Plant and Equipment.

### Recognition

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

Assets are valued into components where a component may be a significant proportion of the overall value of the asset. For example, asset values may be split between land, buildings and services. Where a component is replaced, the carrying amount of the old component is derecognised and the new component reflected in the carrying amount, subject to the recognition principles detailed above being met.

### Measurement

Fair value is defined by IFRS 13 as '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:

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

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

IFRS13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

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

## Notes to the Financial Statements (continued)

For the year ended 31 March 2024

Level 3 – unobservable input for the asset or liability.

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. The Council is unable to capture the impact of adopting IFRS13 in isolation as many other factors, such as market conditions, will have had an impact upon the valuation in the end.

Assets are initially measured at cost, comprising:

- The purchase price
- Any cost 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 Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

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

- Vehicles, Plant and Equipment – depreciated historical cost.
- Land and Buildings - Fair value (the amount that would be paid for land and buildings in their existing use)
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH).
- Assets under construction – carried at cost until in use and then carried at EUV-SH.
- Surplus assets – best use fair value, based on what would be paid for the asset on the open market.
- All other assets – fair 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 non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from reversals of a loss previously charged to a service.)

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

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

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

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

## Impairment

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

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

- Where there is a balance of revaluation gains of the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(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 not charged on the year of acquisition or disposal.

Depreciation is calculated on the following bases:

- Dwellings and other buildings – Straight-line allocation over the useful life of the property as estimated by the Valuer (between 18 and 75 years).
- Vehicles, plant, furniture and equipment – Straight-line allocation over the useful life of the item, as advised by a suitably qualified officer usually between 5 and 7 years.
- Community Assets – Not depreciated as their life is non-determinable,
- Land, Surplus assets not held for sale (land) and assets under construction - Not depreciated
- Surplus assets not held for sale (property) - Straight-line depreciation over the useful life of the asset up to 45 years.
- Infrastructure Assets - Straight-line depreciation allocation over the useful life of the asset up to 20 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item (as determined by the VOA), 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.

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

## Disposals and Non-current Assets Held for Sale

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

Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on provisions of services. Depreciation is not charged on Asset Held for Sale.

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

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

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on the disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement in addition to 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 are categorised as capital receipts. A proportion of 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 is required to be credited to the Capital Receipts Reserve and then only can be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

## (j) Provisions, Contingent Liabilities and Contingent Assets

### Provisions

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

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

When payments are eventually made, they are charged to the provision set-up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year, where it becomes more likely

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

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

## **Contingent Liabilities**

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

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

## **Contingent Assets**

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

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

## **(k) Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund and HRA 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 Reserve Statement so that there is no net charge against Council Tax for the expenditure incurred.

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

## **(l) Revenue Expenditure Funded from Capital under Statute**

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

## **(m) Value Added Tax (VAT)**

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

## **(n) Principal and Agent Transactions**



# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

In its capacity as a billing authority the Council acts as an agent when collecting Council Tax & Non-Domestic Rate income and also with the COVID-19 Business Grants distributed on behalf of the Government. Council Tax income is collected and distributed by the Council both on its own behalf and as an agent for Precepting Authorities. Non-Domestic Rate (NNDR) income is collected on behalf of the Council, the Government, Derbyshire Fire and Rescue Authority & Derbyshire County Council. Business Grant income was provided to the Council by the Government and is distributed based on strict rules imposed by the Government.

Where the Council is acting as an agent, transactions are not reflected in the financial statements, except where cash is collected, or expenditure is incurred on behalf of the other bodies. In this case a debtor or creditor will be raised. Council Tax & NNDR income is included in the Comprehensive Income & Expenditure Statement on an accruals basis

## (o) Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The inventory is used in the delivery of Council services.

Work in progress on long-term contracts, where interim valuations are made, is included in the appropriate revenue accounts at historical cost covering the main cost elements (labour, materials, etc.)

## (p) Leases

The Council accounts for leases as finance leases where the terms of the lease transfer substantially all the risks and rewards relating to the leased property to the Council. All other leases are classed 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 Council as lessee

#### *Finance Leases*

Where a lease is classified as a finance lease, then the substance of the transaction is considered to be the same as if the authority had purchased the asset and financed it through taking out a loan.

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 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

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

- 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 CIPFA LAS AAC Local Authority Code Board defer the implementation of IFRS 16 Leases in the Code of practice on local Authority Accounts. In the UK (the code) until the 2024/25 financial year.

## Operating Leases

If a lease meets the Code's definition of an operating lease, the property in question is not required to be recognised as an asset in the authority's Balance Sheet and the payments under the lease will be a charge to revenue.

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the services benefitting 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 Council as lessor

### *Finance Lease*

If the authority is the lessor in an operating lease, it will retain the property either as an item of property, plant and equipment or as an investment property on the Balance Sheet and credit rentals to income as they become payable, subject to any requirement to smooth the payments and/or the lease incentives.

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

Lease rentals receivable are apportioned between:

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

## Operating Leases

If the authority is the lessor in an operating lease, it will retain the property either as an item of property, plant and equipment or as an investment property on the Balance Sheet and credit rentals to income as they become payable, subject to any requirement to smooth the payments and/or the lease incentives.

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

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.

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

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2023/2024 (the Code), the council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

At the Balance Sheet date, the following new standards, or amendments to existing standards, have been issued but not adopted:

- Definition of Accounting Estimates (Amendments to IAS 8): In February 2021, the IASB issued 'Definition of Accounting Estimates' to help to clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2): In February 2021, the IASB published 'Disclosure of Accounting Policies' to help entities in deciding which accounting policies to disclose in their financial statements. The amendments replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies.

Whilst the adoption of the above amendments will bring clarity and lead to improved reporting, it is not anticipated that they will have a significant impact on the amounts to be reported in the financial statements.

IFRS 16 Leases, the impact of IFRS 16 is considered in the Note 31 in the 2023/24 Statement of Accounts. The standard will be adopted from 1<sup>st</sup> April 2024.

## 3. Critical Judgements

In applying the accounting policies as set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. There are no specific judgements that require disclosure at this point in time.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain.

Estimates are made taking into account historical experience, current trends and other relevant factors.

However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

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

Item	Uncertainties
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.</p> <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £1m if the average useful life of the council's buildings fell by one year.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets, etc. A firm of consulting actuaries is engaged to provide the Pensions Administrator with expert advice about the assumptions to be applied.</p> <p>The assumptions interact in complex ways. Following the latest full valuation of the pension scheme as at 31 March 2024, the council's actuary advised that the net pension asset had increased. As result of updating the assumptions and actual contributions made. A sensitivity analysis, highlighting the impact on net liability from variations to the key assumptions can be seen in Note 32 Defined Benefit Pension Schemes</p>
Bad and Doubtful Debts	<p>The Council has several debts outstanding at 31 March 2024. It is likely that a proportion of this debt will not be collectable in the future. Therefore, judgements are made to determine the amount that will remain uncollected, and this is converted into a sum which is transferred into a provision, in order that uncollectable debts can be written off.</p> <p>Debts are categorised into type and profile of the debtor. Judgements are then made, in some instances at an individual level, regarding the size of debt, period outstanding and any payments in place, etc. A percentage is then applied to debts that may not be collected. Generally, the older the debt, the greater the percentage applied. The percentage is also informed by past experience and the current economic climate.</p>

## 5. Exceptional items of Income and Expense

There are no exceptional items in 2023/24.

## 6. Events after the balance sheet date.

The Council is not aware of any significant post balance sheet events

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

## 7. Expenditure and Funding Analysis

The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement.

£000's	2023/24			2022/23		
	Net Expenditure Chargeable to GF & HRA	Adjustments between Accounting & Funding (Notes 8&10)	Net Expenditure in Comprehensive Income & Expenditure Statement	Net Expenditure Chargeable to GF & HRA	Adjustments between Accounting & Funding (Notes 8&10)	Net Expenditure in Comprehensive Income & Expenditure Statement
Environmental and Development Services	9,880	195	9,685	7,418	(340)	7,758
Housing and Community Services (incl. HRA)	3,910	(1,064)	4,974	441	(389)	830
Finance and Management	6,199	405	5,795	3,533	(2,977)	6,510
<b>Net Cost of Services</b>	<b>19,989</b>	<b>(464)</b>	<b>20,454</b>	<b>11,392</b>	<b>(3,706)</b>	<b>15,097</b>
Other Operating Income & Expenditure	(19,751)	(552)	(19,199)	(13,621)	219	(13,840)
<b>(Surplus)/Deficit</b>	<b>238</b>	<b>(1,016)</b>	<b>1,254</b>	<b>(2,229)</b>	<b>(3,487)</b>	<b>1,257</b>
Opening General Fund and HRA Balances	47,166			47,556		
(Surplus) / Deficit on General Fund and HRA Balances in year	238			(2,229)		
Transfers to/(from) earmark reserves	(14,526)			1,839		

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

Closing General Fund and HRA Balances at 31 March	32,879	47,166
---	--------	--------

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

## 8. Note to the Expenditure and Funding Analysis

2023/24	Adjustments for Capital Purposes [1]	Net Change for the Pensions Adjustments [2]	Other Differences [3]	Total Adjustments
£000's				
Environmental and Development Services	195	-	-	195
Housing and Community Services	(1,109)	45	-	(1,064)
Finance and Management	130	275	-	405
<b>Net Cost of Services</b>	<b>(784)</b>	<b>320</b>	-	<b>(464)</b>
Other Income and Expenditure from Expenditure and Funding Analysis	188	-	(740)	(552)
<b>Difference between General Fund and HRA (Surplus)/Deficit and the (Surplus)/Deficit on the Provision of Services</b>	<b>(596)</b>	<b>320</b>	<b>(740)</b>	<b>(1,016)</b>
<hr/>				
2022/23	Adjustments for Capital Purposes [1]	Net Change for the Pensions Adjustments [2]	Other Differences [3]	Total Adjustments
£000's				
Environmental and Development Services	(340)	-	-	(340)
Housing and Community Services	27	(416)	-	(389)
Finance and Management	(305)	(2,672)	-	(2,977)
<b>Net Cost of Services</b>	<b>(618)</b>	<b>(3,088)</b>	-	<b>(3,706)</b>
Other Income and Expenditure from Expenditure and Funding Analysis	195	-	24	219
<b>Difference between General Fund and HRA (Surplus)/Deficit and the (Surplus)/Deficit on the Provision of Services</b>	<b>(423)</b>	<b>(3,088)</b>	<b>24</b>	<b>(3,487)</b>

1. These amounts relate to adjustments for capital purposes such as depreciation, impairments and revaluations.
2. These amounts relate to the net change for the removal of pension contributions and the addition of IAS19 Employee Benefits.
3. This amount relates to the difference between what is chargeable under statutory regulations for council tax and NINDR and income recognised under generally accepted accounting practices in the Code.

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

## 9. Expenditure and Income Analysed by Nature

£000's	2023/24	2022/23
<b>Expenditure</b>		
Employee Expenses	18,110	19,462
Other service expenses	30,244	30,423
Depreciation and Impairment	7,342	5,833
Interest payable	1,510	1,507
Parish precepts	1,082	1,402
Grants issued to the public due to COVID-19	-	(53)
Elected Members allowances	439	436
Payments to Housing Capital Receipts Pool	-	-
<b>Total expenditure</b>	<b>58,727</b>	<b>59,010</b>
<b>Income</b>		
Fees, charges and other service income	(11,159)	(14,774)
Interest and investment income	(3,823)	(1,729)
Income from Council Tax and Non-Domestic Rates	(14,033)	(13,213)
Rental income	(13,529)	(12,939)
Income from Sale of Fixed Assets	(873)	(590)
Government grants and contributions	(15,522)	(14,505)
<b>Total income</b>	<b>(58,940)</b>	<b>(57,752)</b>
<b>(Surplus) / Deficit on the Provision of Services</b>	<b>(212)</b>	<b>1,258</b>



# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

## 10. Adjustments between Accounting Basis and Funding Basis under Regulation

2023/24	Usable Reserves					
£000's	General Fund	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total
<u>Adjustments to Revenue Resources</u>						
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:						
Pensions Costs (transferred to/from Pensions Reserve)	(275)	(45)	-	-	-	<b>(320)</b>
Council Tax and NNDR (transferred to/from Collection Fund Adjustment Account)	740	-	-	-	-	<b>740</b>
Deferred Capital Receipts (transferred to/from Deferred Capital Receipts Reserve)	367	-	-	-	-	<b>367</b>
Holiday Pay (transferred to/from Accumulated Absences Reserve)	16	0	-	-	-	<b>16</b>
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (charged to the Capital Adjustment Account)	2,399	4,411	-	-	-	<b>6,810</b>
<b>Total Adjustments to Revenue Resources</b>	<b>3,248</b>	<b>4,366</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,614</b>
<u>Adjustments between Revenue and Capital Resources</u>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(12)	(861)	873	-	-	-
Payments to the Government Housing Receipts Pool	-	-	-	-	-	-
Posting of HRA resources from Revenue to the Major Repairs and Capital Receipts Reserve	-	(5,768)	4,661	-	1,107	-
Posting of General Fund resources from revenue to the Capital Grants Unapplied	(682)	-	-	682	-	-
Voluntary revenue contribution for capital funding	(21)	-	-	-	-	<b>(21)</b>
Statutory provision for the repayment of debt (transferred from the Capital Adjustment Account)	(168)	-	-	-	-	<b>(168)</b>
Capital expenditure financed from revenue (transferred to the Capital Adjustment Account)	-	-	-	-	-	-
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(883)</b>	<b>(6,629)</b>	<b>5,534</b>	<b>682</b>	<b>1,107</b>	<b>(188)</b>
<u>Adjustments to Capital Resources</u>						

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

Use of Capital Receipts Reserve to finance capital expenditure	-	-	(1,003)	-	-	<b>(1,003)</b>
Use of Major Repairs Reserve to finance capital expenditure	-	-	-	-	(2,205)	<b>(2,205)</b>
Application of capital grants to finance capital expenditure	-	-	-	-	-	-
<b>Total Adjustments to Capital Resources</b>	-	-	<b>(1,003)</b>	-	<b>(2,205)</b>	<b>(3,208)</b>
<b>Total Adjustments</b>	<b>2,365</b>	<b>(2,262)</b>	<b>4,532</b>	<b>682</b>	<b>(1,098)</b>	<b>4,218</b>

## 10. Adjustments between Accounting Basis and Funding Basis under Regulation (continued)

2022/23 £000's	Usable Reserves					Total
	General Fund	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	
<u>Adjustments to Revenue Resources</u> 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:						
Pensions Costs (transferred to/from Pensions Reserve)	2,672	416	-	-	-	<b>3,088</b>
Council Tax and NNDR (transferred to/from Collection Fund Adjustment Account)	(24)	-	-	-	-	<b>(24)</b>
Deferred Capital Receipts (transferred to/from Deferred Capital Receipts Reserve)	-	-	196	-	-	<b>196</b>
Holiday Pay (transferred to/from Accumulated Absences Reserve)	(14)	1	-	-	-	<b>(13)</b>
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (charged to the Capital Adjustment Account)	2,108	4,566	-	-	-	<b>6,674</b>
<b>Total Adjustments to Revenue Resources</b>	<b>4,742</b>	<b>4,984</b>	<b>196</b>	-	-	<b>9,921</b>
<u>Adjustments between Revenue and Capital Resources</u>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(9)	(599)	608	-	-	-

## Notes to the Financial Statements (continued)

For the year ended 31 March 2024

Payments to the Government Housing Receipts Pool	-	-	-	-	-	-
Posting of HRA resources from Revenue to the Major Repairs and Capital Receipts Reserve	-	(6,713)	4,093	-	2,620	-
Posting of General Fund resources from revenue to the Capital Grants Unapplied	293		-	(293)		-
Voluntary revenue contribution for capital funding	(21)	-	-	-		(21)
Statutory provision for the repayment of debt (transferred from the Capital Adjustment Account)	(175)	-	-	-		(175)
Capital expenditure financed from revenue (transferred to the Capital Adjustment Account)	(1,269)	(366)	-	-	-	(1,635)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(1,180)</b>	<b>(7,678)</b>	<b>4,701</b>	<b>(293)</b>	<b>2,620</b>	<b>(1,830)</b>
<u>Adjustments to Capital Resources</u>						
Use of Capital Receipts Reserve to finance capital expenditure	-	-	(630)	-	-	(630)
Use of Major Repairs Reserve to finance capital expenditure	-	-	-	-	(2,091)	(2,091)
Application of Capital Grants to finance capital expenditure	-	-	-	-	-	-
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>(630)</b>	<b>-</b>	<b>(2,091)</b>	<b>(2,721)</b>
<b>Total Adjustments</b>	<b>3,562</b>	<b>(2,694)</b>	<b>4,266</b>	<b>(293)</b>	<b>529</b>	<b>5,370</b>

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

## 11. Movements in Earmarked Reserves

This note details the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans, together with amounts posted back from earmarked reserves to meet General Fund expenditure in 2023/24.

£000's	Closing balance 2022/23	Transfers in	Transfers out	Closing balance 2023/24
<b>General Fund</b>				
IT Reserve	973	160	(351)	782
Committed Expenditure Reserve	256		-	256
Economic Regeneration Fund	826		(780)	46
S106 Receipts	14,832		(14,832)	0
Rosliston Capital Reserve	217		-	217
Public Buildings Maintenance	156	76	(79)	152
Welfare Reform, Fraud and Compliance	407	24	(57)	374
Homelessness Prevention	582	337	-	919
Schools Sport Partnership Project	448		(34)	414
Pensions Reserve	357		(5)	352
NNDR Deficit Provision	382		(382)	0
Local Authority COVID-19 Support	585		(585)	0
Asset Replacement and Renewal Fund	459	86	(324)	221
Public Open Space Reserves	529		(205)	324
District Growth	1,692		(1,692)	(0)
Biodiversity Enhancements - Swadlincote Reserve	143			143
Section 31 Compensation	1,672		(1,672)	0
Urban County Park	469	15	(34)	450
Discretionary Housing Payments	15		(10)	5
DHP Rent Arrears Top up	30		(30)	-
Other Earmarked Reserves	1,226	8	(543)	806
HRA - Voids	133	-	(133)	-
<i>Local Strategic Partnership</i>	-	12	(1)	11
<i>Crime &amp; Disorder Partnership</i>	-	365	(59)	306
<i>Youth Engagement Partnership</i>	-	662	(93)	569
<i>Young People Cultural Partnership</i>	-	7		7
<i>Get Active in the Forest</i>	-	147	(22)	125
<i>Maurice Lea Park</i>	-	23		23
Growth	-	1,000	(49)	951
Planning Review	-	52	-	52
Leisure Centre/Civic Offices Project	-	250	-	250
Fleet Replacement	-	2,706	(170)	2,536
Whitespace	-	160	-	160
Land Registry	-	14	-	14
Town Centre Shop Fronts	-	55	-	55
Green Space Strategy	-	16	-	16

## Notes to the Financial Statements (continued)

For the year ended 31 March 2024

Capability Reserve	-	66	-	66
Geothermal Opportunity Mapping	-	24	-	24
Mine Water Heating Prospects	-	18	-	18
Procurement Manager	-	3	-	3
SHDF Revenue Contribution	-	37	-	37
Asbestos & Stock Condition Surveys	-	50	-	50
	<b>26,390</b>	<b>6,374</b>	<b>(22,141)</b>	<b>10,736</b>
Fixed Asset Replacement Fund	944		(744)	200
	<b>27,336</b>	<b>6,374</b>	<b>(22,885)</b>	<b>10,936</b>

### 12. Other Operating Income and Expenditure

Total £000's	2023/24	2022/23
Parish Council Precepts	1,037	987
Parish Council Tax Support Grant	44	44
(Gains)/Losses on Disposal of Non-Current Assets	(408)	233
<b>Total - Other Operating (Income) / Expenditure</b>	<b>673</b>	<b>1,264</b>

### 12. Other Operating Income and Expenditure (continued)

(Profits)/losses on the disposal of non-current assets £000's	2023/24	2022/23
Net Proceeds from Sale of General Assets	(12)	(9)
Net Proceeds from Sale of HRA Assets	(861)	(599)
Disposal Costs		406
Book Value of non-current assets sold	466	435
<b>Total</b>	<b>(408)</b>	<b>233</b>

### 13. Financing and Investment Income and Expenditure

Total £000's	2023/24	2022/23
Interest Payable and Similar Charges	1,517	1,511
Interest Receivable and Similar Income	(3,204)	(1,139)
Net Interest on the Net Defined Benefit Asset (note 34)	(25)	859
Income and Expenditure in Relation to Investment Properties	(832)	(68)
<b>Total</b>	<b>(2,543)</b>	<b>1,163</b>

### 14. Taxation and Non-Specific Income

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

Total £000's	2023/24	2022/23
Council Tax Income	(7,734)	(7,449)
NNDR Income	(6,299)	(5,848)
Local Authority Support for COVID-19	45	115
Non-Ring-Fenced Government Grants	(3,338)	(3,085)
<b>Total</b>	<b>(17,326)</b>	<b>(16,267)</b>

## 14. Taxation and Non-Specific Income (continued)

Council Tax Income £000's	2023/24	2022/23
Current Year	(7,734)	(7,449)
<b>Total</b>	<b>(7,734)</b>	<b>(7,449)</b>

National Non-Domestic Rates (NNDR) £000's	2023/24	2022/23
Current Year	(11,672)	(10,454)
Tariff Payments	7,669	6,631
Business Rate Reliefs	(2,823)	(2,622)
Other Reliefs	(177)	-
Payment to Business Rates Pool	705	597
<b>Total</b>	<b>(6,299)</b>	<b>(5,848)</b>

Local Authority Support for COVID-19 £000's	2023/24	2022/23
Council Tax Hardship Fund	-	(4)
Local Council Tax Support due to Hardship	45	119
<b>Total</b>	<b>45</b>	<b>115</b>

Non-Ring-Fenced Government Grants £000's	2023/24	2022/23
Council Tax Discount Grant		(5)
New Homes Bonus	(1,480)	(3,018)
Funding Guarantee	(1,748)	
New Burdens Grant	(8)	(62)
Service Allocation Grant	(102)	
<b>Total</b>	<b>(3,338)</b>	<b>(3,085)</b>

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

## 15. Property, Plant and Equipment

Year ended 31 March 2024	Council Dwellings	Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
<i>£000's</i>							
<b>Cost or valuation</b>							
At 1 April 2023	147,775	19,212	5,892	1,447	966	105	<b>175,396</b>
Additions	3,682	1,371	409	-	104	-	<b>5,566</b>
Revaluation Increases/(decrease) recognised in the surplus /deficit on the provision of services	10,469	991	-	-	-	-	<b>11,461</b>
Derecognition - Disposals	(341)	(52)	(109)	-	-	-	<b>(502)</b>
Derecognition - Other	-	-	-	-	-	-	-
Assets reclassified (to)/from other accounts	-	-	-	-	-	-	-
Other movements in cost or valuation	60	(60)	-	-	-	-	-
<b>At 31 March 2024</b>	<b>161,645</b>	<b>21,462</b>	<b>6,192</b>	<b>1,447</b>	<b>1,070</b>	<b>105</b>	<b>191,922</b>
<b>Accumulated depreciation &amp; Impairment</b>							
At 1 April 2023			(3,612)	-	-	-	<b>(3,612)</b>
Depreciation Charge	(5,444)	(1,629)	(584)	-	-	-	<b>(7,657)</b>
Depreciation written out to the revaluation reserve	14,959	3,845	-	-	-	-	<b>18,804</b>
Impairments losses/(reversals) recognised on the provision of services	(954)	100	-	-	-	-	<b>(854)</b>
Derecognition - Disposals	100	20	36	-	-	-	<b>156</b>
Derecognition - Other	-	-	-	-	-	-	-
Other movements in depreciation an impairment	(8,661)	(2,335)	-	-	-	-	<b>(10,996)</b>
<b>At 31 March 2024</b>	<b>0</b>	<b>(0)</b>	<b>(4,159)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,158)</b>
<b>Net Book Value</b>							
<b>At 31 March 2024</b>	<b>161,645</b>	<b>21,462</b>	<b>2,033</b>	<b>1,447</b>	<b>1,070</b>	<b>105</b>	<b>187,761</b>
At 1 April 2023	147,775	19,212	2,279	1,447	966	105	171,783



# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

## 15. Property, Plant and Equipment (continued)

Year ended 31 March 2023	Council Dwellings	Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
<i>£000's</i>							
<b>Cost or valuation</b>							
At 1 April 2022	141,560	18,645	5,404	1,396	109	105	<b>167,219</b>
Additions	2,434	193	640	10	857	-	<b>4,134</b>
Revaluation Increases/(decrease) recognised in the surplus /deficit on the provision of services	4,216	566	-	42	-	-	<b>4,823</b>
Derecognition - Disposals	(435)	(193)	(153)	-	-	-	<b>(780)</b>
Derecognition - Other	-	-	-	-	-	-	-
Assets reclassified (to)/from other accounts	-	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>147,775</b>	<b>19,212</b>	<b>5,892</b>	<b>1,447</b>	<b>966</b>	<b>105</b>	<b>175,396</b>
<b>Accumulated depreciation &amp; Impairment</b>							
At 1 April 2022			(3,247)	-	-	-	<b>(3,247)</b>
Depreciation Charge	(4,920)	(1,263)	(518)	-	-	-	<b>(6,701)</b>
Depreciation written out to the revaluation reserve	8,109	2,009	-	-	-	-	<b>10,117</b>
Impairments losses/(reversals) recognised on the provision of services	1,027	(180)	-	-	-	-	<b>847</b>
Derecognition - Disposals			153				<b>153</b>
Derecognition - Other							-
Other movements in depreciation an impairment	(4,216)	(565)					<b>(4,781)</b>
							-
<b>At 31 March 2023</b>	<b>-</b>	<b>-</b>	<b>(3,612)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,611)</b>
Net Book Value							

## Notes to the Financial Statements (continued)

For the year ended 31 March 2024

At 31 March 2023	147,775	19,212	2,280	1,447	966	105	171,783
At 1 April 2022	141,560	18,645	2,157	1,396	109	105	163,971

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

## 15. Property, Plant and Equipment (continued)

### Valuations

In accordance with IAS 16, the Council revalues all Property, Land and Buildings annually on a fair value basis. It is considered that there is no material difference in a fair value basis compared to a valuation based on carrying value. All valuations were carried out externally by Richard Hemsworth MRICS, Senior Surveyor, VOA. Valuations of land and buildings were carried out as at 31 March 2024 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. There has been no change in the valuation techniques used during the year.

Except for Vehicles, Plant and Equipment, all assets are valued each year and summary values are shown in the following table.

£000's	Council Dwellings	Land & Buildings	Total
Carried at historical cost 2023/24	-	-	-
Carried at valuation as at:			
31 March 2024	161,645	21,462	<b>183,107</b>
31 March 2023	147,775	19,212	<b>166,987</b>

## 15. Property, Plant and Equipment (continued)

### Impairments

Impairments for the year ended 31 March 2024 recognised in the Income and Expenditure Statement were £273K.

Gains arising from the revaluation of assets are recognised in the Revaluation Reserve, unless they reverse a previous impairment charged to the Surplus or Deficit on the Provision of Services. Losses arising from changes in value firstly reduce any Revaluation Reserve balance to that asset and, thereafter are recognised in the Surplus or Deficit on the Provision of Services

## 16. Investment Properties

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

£000's	2023/24	2022/23
Balance at the beginning of the year	6,011	5,991
Additions	-	59
Enhancements	23	-
Disposals	-	(60)
Surplus/(Deficit) on revaluation	585	21
<b>Balance at the end of the year</b>	<b>6,619</b>	<b>6,011</b>

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

## 16. Investment Properties (continued)

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

£000's	2023/24	2022/23
Rental Income from Investment Property	772	729
Direct Operating Expenses arising from Investment Property	(97)	(124)
<b>Net Gain/(Loss)</b>	<b>675</b>	<b>605</b>

There are no restrictions on the Council's right to the remittance of income for its investment properties. Rental income received in relation to Investment Properties are credited to the Financing and Investment Income line and results in a gain for the General Fund Balance. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance, or enhancement.

Depreciation is not charged on Investment Properties.

## 17. Financial Instruments

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

£000'S	Non-current		Current	
	2023/24	2022/23	2023/24	2022/23
<b>Investments</b>				
Loans and receivables at amortised cost	40	40	-	-
Investments elected to fair value through other comprehensive income	3,394	3,532	-	-
<b>Total Investments</b>	<b>3,434</b>	<b>3,572</b>	<b>-</b>	<b>-</b>
<b>Debtors</b>				
Loans and receivables at amortised cost	83	88	-	-
Financial assets carried at contract amounts			4,776	4,872
Debtors that are not financial instruments			3,610	2,555
<b>Total Debtors</b>	<b>83</b>	<b>88</b>	<b>8,386</b>	<b>7,427</b>
<b>Cash and cash equivalents</b>				
Loans and receivables at amortised cost			34,170	45,934
Investments held at fair value through profit and loss			16,000	16,000

## Notes to the Financial Statements (continued)

For the year ended 31 March 2024

<b>Total cash and Cash Equivalents</b>	-	-	50,170	61,934
<b>Borrowings</b>				
Financial liabilities at amortised costs	(37,423)	(37,423)	(89)	(10,089)
<b>Total Borrowings</b>	(37,423)	(37,423)	(89)	(10,089)
Other Long-Term Liabilities	(59)	(55)	-	-
<b>Total Other long-term liabilities</b>	(59)	(55)	-	-
<b>Creditors</b>				
Financial liabilities carried at contract amounts	-	-	(3,393)	(3,318)
Creditors that are not financial instruments	-	-	(14,454)	(17,222)
<b>Total Creditors</b>	-	-	<b>(17,847)</b>	<b>(20,540)</b>

### 17. Financial Instruments (continued)

The Council adopted the IFRS9 Financial Instruments accounting standard with effect from 1 April 2018. Upon transition to IFRS 9, and in accordance with paragraphs 5.7.5 and 7.2.8(b) of IFRS 9, the Council made an irrevocable election to present changes in the fair value of the Local Authority (CCLA) Property Fund investments in other comprehensive income.

The investments elected to fair value through other comprehensive income of £3,394k is the fair value of the Council's investment in the CCLA Property Fund. The investments of £40k relate to money held in trust for a local community group. Debtors (Loans and receivables at amortised cost) relate to charges placed on properties following work undertaken by the Council under statutory powers plus other small loans.

As at 31 March 2024, the debt outstanding comprised the following loans.

- A portfolio of loans from the Public Works Loan Board with a book value of £37,423k (2023: £47,423k). £37,423k of the loan portfolio is fixed with rates between 2.7% and 3.5%.
- Loans of £89k (£89k: 2023) have been received from various Parish Councils within the South Derbyshire District Council area who have deposited funds with the Council. These loans can be recalled on immediate notice. Interest is calculated at the Bank of England Base Rate, less 1%.

### Interest Income, Expenses, Gains and Losses

As part of the CIPFA Code of Practice in the financial instruments note, the Council is also required to disclose the interest income and expenses and the gains and losses in respect of this. These are shown in the table below:

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

## 17. Financial Instruments (continued)

£000'S	2023/24					2022/23				
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Financial Assets: Elected to Fair Value through OCI	Financial Assets: Fair Value through Profit & Loss	Total	Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Financial Assets: Elected to Fair Value through OCI	Financial Assets: Fair Value through Profit & Loss	Total
Interest Expense	1,510	-			1,510	1,507	-			1,507
<b>Total Expense</b>	1,510	-			1,510	1,507	-			1,507
Interest and Dividend Income	-	(2,227)	(178)	(799)	(3,204)	-	(654)	(153)	(333)	(1,139)
<b>Total Income</b>	-	(2,227)	(178)	(799)	(3,204)	-	(654)	(153)	(333)	(1,139)
Gain/(Loss) on Revaluation Net			(138)		(138)			(697)		(697)
<b>(Gains)/Loss for the Year</b>	1,510	(2,227)	(316)	(799)	(1,831)	1,507	(654)	(850)	(333)	(329)

### Fair Values of Assets and Liabilities

The financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. The fair value is assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

The fair values of long-term loans from the Public Works Loan Board have been based on the new lending rates for equivalent loans at that date with an identical remaining term to maturity.

- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment impairment is recognised.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

## 17. Financial Instruments (continued)

£000'S	Carrying amount 2023/24	Fair Value 2023/24	Carrying amount 2022/23	Fair Value 2022/23
Financial Liabilities				
Long Term	(37,423)	(33,309)	(37,423)	(32,436)
Short Term	(89)	(89)	(10,089)	(9,896)
	<b>(37,512)</b>	<b>(33,398)</b>	<b>(47,512)</b>	<b>(42,332)</b>
Financial Assets				
Money Market Investments	16,000	16,000	16,000	16,000
CCLA Property Fund	4,000	3,394	4,000	3,532
	<b>20,000</b>	<b>19,394</b>	<b>20,000</b>	<b>19,532</b>

The fair value adjustment for long term financial liabilities relates to the Public Works Loan Board Portfolio. The fair values were obtained from the Treasury Management advisor Arlingclose Ltd, which values all loans for the purpose of year-end financial statements. The fair value in 2024 is approximately £606k lower than the current book value. This reflects that the loans are currently worth more due to the average discount rate on these loans being 1.62%, compared to the average actual interest paid of 4.83%.

The valuation technique to measure the money market investments and the CCLA Property Fund is in the category, Level 1, as explained in the Accounting Policies.

### Nature and Extent of Risks arising from Financial Instruments

The CIPFA's Code of Practice on Treasury Management which requires the adoption of the CIPFA Treasury Management Code and the approval of Treasury Management Strategy before the commencement of each financial year has been adopted by the Council. The Strategy sets out the parameters for the management of risks associated with financial instruments.

### The Council is exposed to the 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;
- Re-financing risk - the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market Risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

### Overall Procedures for Managing Risk

The Council's risk management procedures focus on the unpredictability of financial markets, and on implementing restrictions to minimise these. The procedures for risk management are set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code for Treasury Management in the Public Sector which governs borrowing and investment activity.

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

Overall, these procedures require the Council to manage risk in the following ways by:

## 17. Financial Instruments (continued)

- Formally adopting the requirements of the Code of Practice.
- Approving annually in advance prudential indicators for the following three years limiting:
  - The Council's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures to the maturity structure of its debts;
  - Its maximum annual exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These matters are required to be reported and approved at or before the Council's Annual Council Tax Budget setting. These items are reported with the Annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

The Council maintains 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 through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. The following narrative summarises the Council's potential maximum exposure to credit risk on financial assets, based on the experience of default assessed by the ratings agencies and the Council's treasury advisors.

The following table summarises the balances held at 31 March 2024:

Counterparty	Credit rating criteria met when Investment placed	Balance invested at 31 March 2024
£000'S		
Banks	Yes	4,670
Other local authorities	Yes	29,500
Money Market Funds	Yes	16,000
CCLA Property Fund	Yes	4,000
		<b>54,170</b>

### Liquidity Risk

The Council has ready access to borrowings from the Money Markets to cover any day-to-day cash flow need, and whilst the Public Works Loan Board (PWL) provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose



# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures detailed previously, the setting and approval of prudential indicators, together with the approval of the Treasury and Investment Strategy Reports and through cash flow management procedures required by the Code of Practice.

The maturity analysis of financial liabilities is as follows:

Maturity analysis of financial liabilities	Balance at 31 March 2024	Balance at 31 March 2023
£000'S		
Less than one year	89	10,089
Between one and two years	-	-
Between two and five years	10,000	10,000
Between five and ten years	10,000	10,000
More than ten years	17,423	17,423
	<u>37,512</u>	<u>47,512</u>

## Refinancing and Maturity Risk

The Council maintains debt and short-term investment portfolios. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure of replacing financial instruments as they mature.

The approved prudential indicator limits for the maturity structure of debt, and the limits placed on investments, are the key parameters used to address this risk. The Council's approved Treasury and Investment Strategies address the main risks and the Financial Services Unit addresses the operational risks within the approved parameters. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs.

## Market Risks

### a) Interest Rate Risk

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

- Borrowings at variable rates - the interest expense charge to the Income and Expenditure Account will rise.
- Borrowing at fixed rates – the fair value of the borrowing liability will fall.
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.
- Investments at fixed rates – the fair value of the assets will fall.

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

## 17. Financial Instruments (continued)

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

The Council's benchmark, as approved in the Treasury Management Strategy, is to achieve a return on its short-term investments which is at least the average 7-day market rate over the year.

During 2023/24 the average investment rate returned was 4.25%, compared to a market average of 3.89%. The average rate earned from the Government's Debt Management Office (DMO) was 5.19%, whilst that earned from other local authorities was 5.10%.

Due to uncertainty in financial markets, the Council's lending policy is quite strict in safeguarding public money. Deposits are placed predominantly with the Government's Debt Management Office, Money Market Funds, instant access bank accounts and other local authorities. Although these are the safest form of deposit available and are "guaranteed," interest rates tend to be lower than the market average.

During the year, the Council also made an additional investment in the CCLA Property Fund which will generate a higher rate of return for the authority.

Investments classed as 'loans and receivables' and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services.

If all interest rates had been 1% lower, with all other variables held constant, the financial effect would be a loss of income of £615k, as interest rates have been higher than seen in over a decade the comparative is if the rates fell rather than higher in previous comparisons.

	2023/24	2022/23
£000'S		
Increase in interest payable on variable rate borrowings	-	-
Increase in interest receivable on variable rate investments	615	(605)
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>615</b>	<b>(590)</b>

### b) Price Risk

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £4m. A 5% fall in commercial property prices would result in a £100,000 charge to Other Comprehensive Income & Expenditure – this would have no impact on the Surplus or Deficit on the Provision of Services until the investment was sold.

## 18. Debtors

Current	2023/24	2022/23
---------	---------	---------

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

£000's		
Trade receivables	864	898
Prepayments	2,416	995
Other receivable amounts	8,036	8,545
	11,317	10,438
Less: Impairment Allowance	(2,932)	(3,011)
<b>Total</b>	<b>8,386</b>	<b>7,427</b>

## 19. Debtors for Local Taxation

The past due but not impaired amount for local taxation (Council Tax and Non-Domestic Rates) can be analysed by age as follows:

Past Due	2023/24	2022/23
£000's		
Less than 3 Months	2,188	2,151
3 - 6 Months	-	-
6 Months - 1 Year	-	-
More than 1 Year	7,602	7,227
<b>Total</b>	<b>9,790</b>	<b>9,378</b>

## 20. Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand and in bank, together with short term deposits and investments (considered to be cash equivalents) net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet:

£000's	2023/24	2022/23
Cash and Bank Balances	4,670	3,934
Short Term Deposits (considered to be cash equivalents)	29,500	42,000
Money Market Funds	16,000	16,000
<b>Total</b>	<b>50,170</b>	<b>61,934</b>

Short term deposits were all invested with other local authorities as at 31 March 2024.

## 21. Creditors

	2023/24	2022/23
£000's		
Trade payables	(1,370)	(640)
Other payables	(13,142)	(16,316)
Agency Agreement with Government	-	(426)
Accruals	(3,336)	(3,157)

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

<b>Total</b>	<b>(17,847)</b>	<b>(20,540)</b>
--------------	-----------------	-----------------

## 22. Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. The Council has made two provisions in the accounts for 2023/24 as shown in the following table.

Current £000's	At 1 April	Increase in provision during year	Utilised during the year	Unused amounts released	At 31 March
<b>2023/24</b>					
Planning Appeal	(10)	-	-	8	(2)
NNDR Appeals	(649)	(307)	85	422	(449)
Termination Benefits	(0)	-	-	-	(0)
	<b>(659)</b>	<b>(307)</b>	<b>85</b>	<b>429</b>	<b>(452)</b>
<b>2022/23</b>					
Planning Appeal	0	(10)	-	-	(10)
NNDR Appeals	(733)	83	-	1	(649)
Termination Benefits	(9)	-	9	-	(0)
	<b>(743)</b>	<b>73</b>	<b>9</b>	<b>1</b>	<b>(659)</b>

This provision is for the costs associated when planning permission is originally rejected by the Council but is then overturned by the Planning Inspectorate on appeal, have expired.

## 22. Provisions (continued)

### National Non-Domestic Rate (NNDR) Appeals

This was decreased in year due to a decrease in challenges and appeal being logged with the District Valuer.

## 23. Usable Reserves

£000's	2023/24	2022/23
General Fund <sup>1</sup>	18,336	15,222
Earmarked Reserves <sup>1,2</sup>	10,935	27,335
HRA <sup>1</sup>	3,608	4,609
Capital Receipts Reserve <sup>2</sup>	6,041	11,509
Capital Grants Unapplied Account <sup>2</sup>	15,283	1,449
Major Repairs Reserve <sup>2</sup>	3,889	4,987
<b>Total</b>	<b>58,092</b>	<b>65,112</b>

\*S106 Reserves moved from Earmark to Capital Grants Unapplied

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

1. Reserve for Revenue purposes
2. Reserve for Capital purposes

## Revenue Reserves

The General Fund is the main revenue fund of the Council. Day-to-day spending on services is met from this Fund. Income and expenditure associated with the provision of Council Housing is charged separately under statute within the Housing Revenue Account (HRA). The HRA has its own reserve.

## Earmarked Reserves

The Council maintains various earmarked reserves for specific purposes. These reserves are used to meet one-off commitments or to spread the cost of more significant expenditure over a number of years, for example, replacement of vehicles and ICT developments. Reserves are also created where income, for example, external contributions, is received in advance of expenditure which may occur beyond one year.

Section 106 contributions were reallocated from Earmarked Reserves to Capital Grants Unapplied during 2023/24, following identification of a misclassification. The reclassification as Capital Grants Unapplied reflects the nature of the funding and the classification of its usage in the Financial Statements. The movement does not affect the overall useable reserve balances.

## 23. Usable Reserves (continued)

£000's	2023/24	2022/23
IT Reserve	782	973
Welfare Reform, Fraud and Compliance	375	407
Committed Expenditure Reserve	256	256
Economic Regeneration Fund	47	826
Rosliston Capital Reserve	217	217
Public Buildings Maintenance	154	156
Fixed Asset Replacement Fund	2,736	944
Homelessness Prevention	919	582
Biodiversity Enhancements - Swadlincote	143	143
Public Open Space Reserves	324	529
COVID-19 Support	-	585
Asset Replacement and Renewal Reserve	221	459
District Growth	951	1,692
NNDR Deficit Provision	-	382
Section 31 Compensation	-	1,672
Urban Country Park	450	469
Discretionary Housing Payments	5	15
DHP Rent Arrears Top up	-	30
HRA Voids	-	133
Crime and Disorder Partnership	306	0
Schools Sport Partnership Project	414	448
Youth Engagement Partnership	570	0
Get Active in the Forest Partnership	126	0

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

Young Peoples Cultural Partnership	7	0
Local Strategic Partnership	11	0
Leisure Centre/Civic Offices Project	250	0
Other Earmarked Reserves	1,673	1,584
S106 Movement to Capital Grants Unapplied	-	14,832
<b>Total</b>	<b>10,935</b>	<b>27,334</b>

## Capital Reserves

These are held to provide new assets or to upgrade existing ones.

### Capital Receipts Reserve

These are cash receipts from the sale of Council assets, which have not yet been used to finance new capital expenditure. This includes a sum contributed from the HRA for repayment of loans due within the next 5 years.

### Capital Grants Unapplied

This generally comprises Government, or other grants and external contributions received to fund expenditure, which is generally incurred beyond one year. A list of unapplied grants is listed below.

£000's	2023/24	2022/23
Public Open Space Not Yet Adopted (Committed Sums)	127	140
S106 Capital Receipts	15,156	0
Crime and Disorder Partnership	-	365
Youth Engagement Partnership	-	669
Get Active in the Forest Partnership	-	147
Other Capital Grants Unapplied	-	128
<b>Total</b>	<b>15,283</b>	<b>1,449</b>

## 23. Usable Reserves (continued)

### Major Repairs Reserve

This reserve is used to finance investment in the housing stock and the reserve is funded by transfers from the HRA (through the Capital Expenditure Requirement).

A full analysis of the movements is provided in the Housing Revenue Account Statements.

## 24. Unusable Reserves

£000's	2023/24	2022/23
Capital Adjustment Account <sup>2</sup>	80,284	69,874
Revaluation Reserve <sup>2</sup>	65,906	49,477

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

Pensions Reserve <sup>1</sup>	8,053	222
Collection Fund Adjustment Account <sup>1</sup>	(2,853)	(2,113)
Deferred Capital Receipts Reserve	-	367
Financial Instruments Revaluation	(606)	(468)
Accumulating Compensated Absences Adjustment Account <sup>1</sup>	(61)	(44)
<b>Total</b>	<b>150,724</b>	<b>117,315</b>

1. Reserve for Revenue purposes
2. Reserve for Capital purposes

## Capital Adjustment Account

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

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

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

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

Note 10 “Adjustments between Accounting Basis and Funding Basis under Regulations” provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

£000's	2023/24
<b>Balance at 1st April 2023</b>	69,874
Charges for depreciation and impairment of non-current assets	(7,989)
Revaluation gains on Property, Plant and Equipment	2,438
Revenue expenditure funded from capital under statute	2,064
Amounts of non-current assets written off on disposal	(466)
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>65,920</b>
Capital financing applied in the year:	
Use of Capital Receipts to finance new capital expenditure	3,449
Use of Major Repairs Reserves to fund new capital expenditure	2,205
Application of grants to capital financing from the Capital Grants Unapplied Account	
Minimum Revenue Provision	168
Voluntary Revenue Provision	21
Debt repayment self financing loan	10,000
Capital expenditure credited to the General Fund and HRA balance	(2,064)

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

Movements in the market value of Investment Properties	585
<b>Balance as at 31st March 2024</b>	<b>80,284</b>

## 24. Unusable Reserves (continued)

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1<sup>st</sup> April 2007, the date that the Reserve was created.

Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

£000's	2023/24
<b>Balance at 1st April 2023</b>	49,477
Upward revaluation of assets	18,867
Downward revaluation of assets	
Amounts of non-current assets written off on disposal	
<b>Surplus on revaluation of non-current assets not posted to the Provision of Services</b>	<b>68,344</b>
Accumulated gains on assets sold	(120)
Revaluation Reserve current excess depreciation	(2,318)
<b>Balance as at 31st March 2024</b>	<b>65,906</b>

## 24. Unusable Reserves (continued)

### Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its instruments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

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

£000's	2023/24
<b>Balance at 1st April 2023</b>	(468)
Upward/(Downward) revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	(138)



# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

<b>Balance as at 31st March 2024</b>	<b>(606)</b>
--------------------------------------	--------------

## Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require a benefit earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

## Collection Fund Adjustment Account

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

## 24. Unusable Reserves (continued)

### Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated 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 entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

## 25. Members' Allowances

During the year Members allowances totalled £439k (2022/23: £436k) as shown in the following table.

£000's	2023/24	2022/23
Basic Allowance	305	300
Telephone Allowance	-	-
Travel and Subsistence	5	4
Special Responsibility Allowances	130	132
	<b>439</b>	<b>436</b>

## 26. Officers' Remuneration

## Notes to the Financial Statements (continued)

For the year ended 31 March 2024

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more is as follows:

	2023/24 Number	2022/23 Number
£50,001 to £54,999	6	
£55,000 to £59,999	1	
£60,000 to £64,999	1	2
£65,000 to £69,999	0	3
£70,000 to £74,999	8	5
£75,000 to £79,999	2	
£80,000 to £84,999	1	1
	<b>19</b>	<b>11</b>

The remuneration of the officers included in the above table is disclosed in more detail below:

### 26. Officers' Remuneration (continued)

£'s		Salary, Fees and Allowances	Expenses Allowances	Pension Contributions	Total
Chief Executive	2023/24	125,635	2,055	25,504	<b>153,195</b>
	2022/23	135,855	1,861	20,107	<b>157,822</b>
Strategic Director (Corporate Resources)	2023/24	80,125	1,019	16,265	<b>97,409</b>
	2022/23	98,442	1,507	14,569	<b>114,519</b>
Strategic Director (Service Delivery)	2023/24	103,064	1,239	21,081	<b>125,384</b>
	2022/23	61,742	934	9,138	<b>71,814</b>

The Chief Executive resigned with effect from 31st March 2023 and was replaced from 2nd May 2023.

The Strategic Director (Corporate Resources) resigned with effect from 17 March 2023 and was replaced from 5th June 2023.

### Exit Packages and Other Departures

£'s	2023/24 Number	2022/23 Number	2023/24 £	2022/23 £
£0 to £20,000	-	-	-	-
£20,001 to £40,000	1	-	18,924	-
£40,001 to £60,000	-	-	-	-
£60,001 to £80,000	-	-	-	-

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

£80,001 to £100,000	-	-	-	-
£100,000 to £150,000	-	-	-	-
	<b>1</b>	-	<b>18,924</b>	-

The total cost of £18,924 in the table above includes £18,924 for exit packages that have been charged to the authority's Comprehensive Income and Expenditure Statement in the current year.

## 27. External Audit Fees

The Council has incurred the following costs relating to the annual audit of the Statement of Accounts and certification of grant claims.

### 27. External Audit Fees (continued)

£000's	2023/24	2022/23
External Audit Fees	144	38
Scale Variation Fee	-	9
Housing Pooling Certification	10	2
Redmond Review Implementation	(20)	(21)
<b>Total</b>	<b>134</b>	<b>28</b>

## 28. Grant Income

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

£'000	2023/24	2022/23
<b>Credited to Taxation and Non-Specific Grant Income (Note 14)</b>		
General Government Grants	3,338	3,085
Government Support for COVID-19	(45)	115
Business Rate Reliefs (Section 31 Grants)	2,823	2,622
	<b>6,116</b>	<b>5,822</b>
<b>Credited to Net Cost of Service</b>		
Department of Works and Pensions (Benefit Subsidy and Welfare Reform)	10,790	10,660
Supported Housing	211	211
Contributions from Developers (section 106 Planning Agreements)	1,400	5,227
Other Grants and Contributions to Service Expenditure	2,995	2,188
	<b>15,397</b>	<b>18,286</b>

The Council has received grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them, which if not met would require the monies or property to be returned to the giver. The balances as at 31 March 2024 are as follows:

£'000	2023/24	2022/23

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

Capital Grants Received in Advance	2,273	2,402
------------------------------------	-------	-------

## 29. Related Parties

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

## 29. Related Parties (continued)

### Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from Government Departments are set out in Note 14 – Taxation and Non-Specific Income. Debtor and Creditor values are analysed in Notes 18 and 22 respectively.

### Elected Members

The Council appoints elected members to sit as representatives in an official capacity on committees of local voluntary and community organisations. Some of these organisations are also grant funded by the Council. In addition, there are some members who also sit on these committees as an independent person not representing the Council, or who may have close family employed by these organisations.

In each case, the member is part of a wider decision-making body and cannot on their own materially influence operations or funding, etc. In addition, members concerned are required to declare an interest in any funding decisions made by the Council in which they are in attendance and cannot then participate in any discussion or decision. The Council maintains appropriate records of these related parties in accordance with its Constitution. This applies to both Council Officers and Members.

All members are required to specify relationships that they have such as through employment and directorships, etc. During 2023/24, the Council had no significant dealings with any companies or organisations declared by elected members which would have a bearing on the Financial Statements.

## 30. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following table, together with the resources that have been used to finance it.

The Capital Financing Requirement (CFR) is a measure of the Council's underlying need to borrow for capital purposes. It increases with new borrowing and is reduced as loans are repaid and amounts set-aside to repay future debt. The Council's overall debt outstanding cannot exceed CFR.

The position for 2023/24 is shown in the following table.

## 30. Capital Expenditure and Capital Financing (continued)

£000's	2023/24	2022/23
--------	---------	---------

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

Capital Financing Requirement at 1 April	58,453	58,648
<b>Add: Capital Expenditure</b>		
Property, Plant and Equipment	5,631	4,355
Investment Properties	23	0
Revenue Expenditure Funded from Capital under Statute	2,064	2,122
<b>Total Expenditure</b>	<b>7,718</b>	<b>6,477</b>
<b>Less: Source of Finance</b>		
Capital Receipts	(628)	(532)
Government Grants and External Financing	(2,505)	(2,225)
Other External Contributions	0	0
General Fund Revenue Contributions	(1,638)	(948)
Housing Revenue Account Contributions	(2,485)	(2,091)
Planning Agreements - S106 Developer Contributions	(462)	(681)
<b>Total Financing</b>	<b>(7,718)</b>	<b>(6,477)</b>
Minimum Revenue Provision	(168)	(175)
Voluntary Revenue Contribution	(21)	(21)
Actual Loan Principal Repaid	(10,000)	0
<b>Total Repayments and Revenue Provisions</b>	<b>(10,189)</b>	<b>(195)</b>
<b>Capital Financing Requirement at 31 March</b>	<b>48,264</b>	<b>58,453</b>
<b>Actual Borrowings Outstanding - Gross (Note 17)</b>	<b>37,512</b>	<b>47,512</b>
<b>Investments</b>		
Short-term Investments Outstanding	(50,170)	(61,934)
Long-term Investments Outstanding	(3,434)	(3,572)
<b>Net Borrowings Outstanding (Gross less Investments)</b>	<b>(16,092)</b>	<b>(17,994)</b>

## 31. Leases

Other land and building leases primarily consist of the lease of an Industrial Estate where the rental payable in 2023/24 was £50k (2022/23: £50k) plus some other minor commercial properties. The total future cash payments required under these leases are estimated at £131k (2023: £193k).

The future adoption of IRFS16 Leases requires the Council to recognise the value of lease payments as a right of use asset at an approximate value of £68k. Adoption of the standard is mandatory from 1<sup>st</sup> April 2024.

## 32. Defined Benefit Pension Schemes

### Nature of the Scheme

The Local Government Pension Scheme is available for Local Government in England and Wales. All employees are brought into the scheme unless they choose the option to opt out. South Derbyshire District Council is part of the Derbyshire Local Government Pension Scheme which is administered by the Derbyshire County Council Pension Section. Income and expenditure of the Scheme is accounted for in a Pension Fund managed by the County Council's Pensions Committee.

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

The Fund complies with Local Government Pension Scheme (Administration) Regulations 2008 and the draft statutory guidance issued on 21 July 2008 and incorporates changes approved by the Pensions Committee on 26 September 2008.

As the administering body, Derbyshire County Council has a statutory responsibility for administering the pension scheme under the Local Government Pension Scheme Regulations and associated legislation under Sections 7.12 & 24 of the Superannuation Act 1972; this is delegated to the Pensions Committee.

## Participation in the Local Authority Pension Scheme

As part of the terms and conditions of employment of its officers the Council makes contributions towards the cost of post-employment benefits. Although their benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

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

## Governance of the Council's Pension Scheme

The Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the Scheme is the responsibility of the Pensions Committee. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the Fund are appointed by the Pensions Committee.

## Pensions Risk

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

## 32. Defined Benefit Pension Schemes (continued)

### Discretionary Post Retirement Benefits

These are unfunded defined benefit arrangements for which liabilities are recognised when awards are made. There are no investment assets built up to meet these pension liabilities and cash must be generated to meet actual pension payments as they eventually fall due.

### Transactions relating to retirement benefits – CIES Charges

The Council recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against Council Tax and Housing Rents is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis and funding basis under regulations in the Movement in Reserves Statement. The following transactions have been made in the CIES and the adjustments between accounting basis and funding basis under regulations line, in the Movement in Reserves Statement during the year.

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

£000's	2023/24	2022/23 (Restated)
<b>Included in Net Cost of Services:</b>		
Current Service Cost	(2,291)	(4,467)
Past Service Cost/(Gain) including curtailments	-	-
Pension Strain	-	-
	(2,291)	(4,467)
<b>Included in Financing and Investment Income and Expenditure</b>		
Interest income on plan assets	4,617	2,724
Interest cost on defined benefit obligations	(4,592)	(3,657)
	25	(933)
<b>Net charge/(credit) to the Comprehensive Income and Expenditure Account</b>	(2,266)	(5,400)
<b>Other Comprehensive Income and Expenditure</b>		
Changes in demographic assumptions	621	917
Changes in financial assumptions	5,376	49,158
Other Experience	(3,062)	(7,460)
Return on assets excluding amounts included in net interest	4,456	(5,625)
<b>Total</b>	7,391	36,990
<b>Adjustments Between Accounting Basis and Funding Basis under Regulations</b>		
Reversal of items relating to retirement benefits debited or credited on the Provision of Services in the CIES	(2,266)	(5,400)
<b>Actual Amount Charged Against the General Fund Balance for Pensions in the Year</b>		
Employers' Contributions Payable to the Scheme	2,586	2,283
<b>Net (credit)/charge to the General Fund</b>	<b>320</b>	<b>(3,117)</b>

The Current Service Cost figures include an allowance for administration expenses of 0.40%.

The following tables show the changes between the value of the liabilities and assets (investments) of the Council's Pension Scheme in the year and the overall liability in the longer term. These figures are based on an independent actuarial valuation of the Pension Fund as at 31 March 24.

Reconciliation of the Present Value of the Scheme Liabilities £000's	2023/24	2022/23
Balance at 1 April 23	(97,421)	(134,709)
Current Service Cost	(2,291)	(4,467)
Past Service Cost	-	-
Interest Cost on Defined Benefit Obligation	(4,592)	(3,657)
Contributions by Members	(731)	(644)
Changes in Demographic Assumptions	621	917
Changes in Financial Assumptions	5,376	49,158
Past Service (Costs) including curtailments	-	-
Effect of business combinations and disposals	-	-
Other Experience	(3,062)	(7,460)
Estimated Benefits Paid	4,400	3,299
Unfunded Benefits	143	142
<b>Balance at 31 March 24</b>	<b>(97,557)</b>	<b>(97,421)</b>

## 32. Defined Benefit Pension Schemes (continued)

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

Reconciliation of the Present Value of the Scheme Assets £000's	2023/24	2022/23
Balance as at 1 April	97,816	101,231
Interest Income on Plan Assets	4,617	2,724
Contributions by Members	731	644
Contributions by Employer	2,443	2,141
Contributions in respect of unfunded benefits	143	142
Return on Assets excluding amounts included in net interest	4,456	(5,625)
Effect of business combinations and disposals	-	-
Other Experience	-	-
Estimated Benefits Paid	(4,400)	(3,299)
Unfunded Benefits Paid	(143)	(142)
Balance at 31 March	<b>105,663</b>	<b>97,816</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets from the current investment policy. Expected yields on fixed interest investments are based on gross redemption.

## Analysis of scheme assets and liabilities

£000's	2024	2023	2022	2021	2020	2019
Fair Value of Assets in Pension Scheme	105,663	97,816	101,277	94,654	78,560	93,787
Present Value of Defined Benefit Obligation	(97,557)	(97,421)	(132,021)	(137,073)	(106,165)	(135,436)
(Deficit) in the Scheme	8,106	395	(30,744)	(42,419)	(27,605)	(41,649)

The table shows that there is a continuing deficit on the Pension Scheme. This can fluctuate between years due to changes in assumptions and the value of annual payments into the Fund. The liabilities show the underlying commitments that the Council has in the long-term to pay retirement benefits. The total liability of £97m (2023: £97m) has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net asset of £8.1m (2023: asset £275Km).

## 32. Defined Benefit Pension Schemes (continued)

However, statutory arrangements for funding the deficit meant that the financial position of the Council is not materially affected in any one year. Plans are in place to reduce the deficit on the Pension Fund over time through various pension reforms affecting the Local Government Pension Scheme at a national level.

The net increase in the surplus in 2023/24 is approximately £7.5m. The real discount rate has fallen from the previous year due to the combination of a lower discount rate and higher CPI assumptions. Alongside this, longevity assumptions have been updated resulting in a further loss to obligations. Investment returns however have been significantly greater than the previous year which partially offsets the increased obligations.

### Major categories of plan assets

The Pension Fund's assets consist of the following categories, by proportion of the total assets held:

### Basis for Estimating Liabilities

Liabilities have been assessed by the Actuary 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. Estimates have been based on data pertaining to the latest full valuation of the Pension Scheme as at 31 March 2024. The assumptions are shown in the following table.



# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

£000's	2024	2024	2024	2024	2023	2023	2023	2023
	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	Percentage of Total Assets	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	Percentage of Total Assets
<b>Equity Securities:</b>								
Consumer	0	0	0	0%	212	0	212	0%
Manufacturing	0	0	0	0%	172	0	172	0%
Energy & Utilities	0	0	0	0%	95	0	95	0%
Financial Institutions	0	0	0	0%	106	0	106	0%
Health & Care	0	0	0	0%	186	0	186	0%
Information Technology	0	0	0	0%	195	0	195	0%
Other	2,899	0	2,899	3%	2,869	0	2,869	3%
<b>Government Bonds:</b>								
Corporate Bonds (investment grade)	6,154	7,928	14,082	13%	5,526	6,870	12,396	13%
UK Government	9,151	0	9,151	9%	7,390	0	7,390	8%
Other	1,521	0	1,521	1%	1,709	0	1,709	2%
<b>Private Equity:</b>								
All	1,817	3,647	5,464	5%	1,648	3,255	4,903	5%
<b>Real Estate</b>								
UK property	286	7,375	7,661	7%	343	7,426	7,768	8%
<b>Investment Funds &amp; Unit Trusts</b>								
Equities	18,888	31,591	50,479	48%	16,656	28,783	45,439	47%
Bonds	0	0	0	0%	0	0	0	0%
Infrastructure	1,887	9,367	11,254	11%	2,055	8,494	10,548	11%
<b>Cash &amp; Cash Equivalents</b>								
All	0	3,154	3,154	3%	0	3,529	3,529	4%
	42,603	63,061	105,663	100%	39,160	58,357	97,516	100%

## 32. Defined Benefit Pension Schemes (continued)

The Accounts have been prepared on the basis of the Actuary's IAS19 valuation report and take into account their assessment of the outcome of the McCloud judgement relating to the 2014 reforms of the Local Government Pension Scheme benefit structure.

	2023/24	2022/23
<b>Mortality Assumptions (years):</b>		
Men	21.0	21.1
Women	24	23.8
<b>Longevity at 65 for Future Pensioners:</b>		
Men	21.8	22.2
Women	25.5	25.6
<b>Principal Assumptions in the Valuation of the Liability</b>		

# Notes to the Financial Statements (continued)

For the year ended 31 March 2024

Inflation / Rate of Increase in Pensions	2.95%	3.20%
Rate of Increase in Salaries	3.95%	3.90%
Discount Rate	4.75%	2.70%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>		
Service to April 2008	60%	50%
Service post April 2008	60%	75%

## Information about the Defined Benefit Obligation

Defined benefit obligation illustrates the profile of the scheme liabilities between types of member, including the weighted average duration of the pension obligation.

Change in assumptions at 31 March 2023	Liability Split %	Weighted Average Duration
Active Members	40.30	23.10
Deferred Members	25.20	22.90
Pensioner Members	34.50	11.80
	<b>100.00</b>	<b>17.60</b>

## Sensitivity Analysis

The sensitivity analysis shows the effect a change in financial assumptions used would have on the value of the scheme liabilities as at 31 March 2024 on varying basis.

To quantify the uncertainty around life expectancy a calculation was completed on a one-year increase in life expectancy for sensitivity purposes giving an around 3 - 5% increase in cost of benefits. In practice the actual cost of a one-year increase would depend on the structure of the revised assumption, for example, do survival rates predominantly apply at younger or older ages.

## 32. Defined Benefit Pension Schemes (continued)

Change in assumptions at 31 March 2024	Approximate % Increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2.0	1,641
1 year increase in member life expectancy	4.0	3,902
0.1% increase in the Salary Increase Rate	0.0	156
0.1% increase in the Pension Increase Rate CPI)	2.0	1,558

## Projected Defined Benefit Cost for the Period 31 March 2025

The Projected Defined Benefit is an analysis of the projected amount to be charged to the operating profit for the period to the 31 March 2025 and is shown in the following table.

Period Ended 31 March 2025	Assets		Obligations		Net (Liability)/asset	
	£000	£000	£000	£000	% of pay	
Projected Service Cost	0	2,033	(2,033)		18.2%	
Past Service Cost including curtailments	0	0	0		0	
Effects of settlements	0	0	0		0	

## Notes to the Financial Statements (continued)

For the year ended 31 March 2024

<b>Total Service Cost</b>	<b>0</b>	<b>2,033</b>	<b>(2,033)</b>	<b>18.2%</b>
Interest Income on plan assets	5,103	0	5,103	45.7%
Interest cost on defined benefit obligation	0	4,696	(4,696)	-42.0%
<b>Total Net Interest Cost</b>	<b>5,103</b>	<b>4,696</b>	<b>407</b>	<b>3.7%</b>
<b>Total Included in Profit &amp; Loss</b>	<b>5,103</b>	<b>6,729</b>	<b>(1,626)</b>	<b>-14.5%</b>

# Housing Revenue Account

For the year ended 31 March 2024

## Expenditure and Income Account

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

£000's	2023/24	2022/23
General	2,093	2,238
Special	1,114	1,020
Rents, rates & taxes	105	104
Depreciation & Impairment of NCA's	4,810	4,131
Provision for Expected Credit Loss	8	(27)
<b>Supervision &amp; Management</b>	<b>8,129</b>	<b>7,466</b>
Repairs & Maintenance	4,970	3,348
<b>Total Expenditure</b>	<b>13,099</b>	<b>10,814</b>
Dwelling Rents	(13,031)	(12,443)
Non-Dwelling Rents	(103)	(98)
Charges for Services & Facilities	(205)	(177)
Contributions towards Expenditure	(114)	(12)
Supporting People	(211)	(211)
<b>Total Income</b>	<b>(13,663)</b>	<b>(12,941)</b>
<b>Net Cost of HRA Services as included in the Comprehensive I&amp;E</b>	<b>(563)</b>	<b>(2,127)</b>
HRA share of Corporate & Democratic Core	174	125
<b>Net Cost of HRA Services</b>	<b>(389)</b>	<b>(2,002)</b>
Losses/(Gains) on sale of HRA non-current assets	(490)	(165)
Interest payable and similar charges	1,511	1,508
HRA investment income	(1,303)	(388)
Pensions interest cost & expected return on pension assets	(4)	116
<b>Surplus for Year on HRA Services</b>	<b>(675)</b>	<b>(931)</b>

# Housing Revenue Account

For the year ended 31 March 2024

## Movement on the Housing Revenue Account

The Movement on the HRA Statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

£000's	2023/24	2022/23
Balance at the beginning of the year	4,609	6,494
Surplus/(Deficit) for the year on the HRA Income and Expenditure Statement	675	931
Transfers in Reserves	587	(45)
Adjustments between accounting and funding basis under regulations	(2,262)	(2,771)
Increase for the year on the HRA	(1,001)	(1,885)
<b>Balance at the end of the year</b>	<b>3,608</b>	<b>4,609</b>

## Note to the Statement of Movement on the Housing Revenue Account

£000's	2023/24	2022/23
<b>Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year</b>		
Revaluation and impairment of non-current assets <sup>1</sup>	4,922	4,131
Retirement benefits charged/(credited) <sup>2</sup>	319	723
Adjustments in relation to Short Term compensated absences	(0)	(1)
(Gains)/losses on sale of HRA non-current assets <sup>1,3</sup>	(245)	(155)
	<b>4,995</b>	<b>4,697</b>
<b>Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year</b>		
Revenue contribution to finance major repairs	(1,107)	(2,620)
Revenue contributions to finance new build	-	-
Revenue contributions to finance debt repayment and capital	(5,172)	(4,459)
Employer's contributions payable to the Pensions Fund and retirement benefits payable direct to pensioners <sup>2</sup>	(364)	(307)
	<b>(6,643)</b>	<b>(7,386)</b>
<b>Net additional amount required by statute to be debited or (credited) to the HRA for the year</b>	<b>(1,648)</b>	<b>(2,689)</b>

### Notes

1. Transfers to / from Capital Adjustment Account
2. Transfers to / from Pensions Reserve
3. Transfers to / from Capital Receipts Reserve

# Notes to the Housing Revenue Account

For the year ended 31 March 2024

## 1. Introduction

The Housing Revenue Account is a record of expenditure on, and income from, the provision of local council housing, and the form and content of the Account is prescribed by statute.

The Housing Revenue Account is “ring-fenced” and must be self-supporting. Contributions both to and from the Housing Revenue Account (e.g. from the General Fund) are limited to special circumstances.

## 2. Housing Stock

The number of dwellings in the Council's housing stock, as at 31 March 2024, totalled 2,947 (2023: 2,945) properties. The type of properties were as follows:

	2023/24	2022/23
Houses	1,507	1,508
Flats	793	792
Bungalows	647	645
	<b>2,947</b>	<b>2,945</b>

Dwelling houses 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 MHCLG, including the regional adjustment to be adopted within the EUV-SH valuation.

The vacant possession value (open market value) of Council dwellings as at 31 March 2024 was £352,735 (2022: £351,846k). This does not compare to the Balance Sheet, which shows the Existing Use Value, the difference being an indication of the economic and social costs of providing Council housing at less than market rent. Details of the HRA's property plant and equipment can be found in Note 15 of the Notes to the Financial Statements.

## 3. Major Repairs Reserve

The Major Repairs Reserve is used to fund major improvements to Council properties. Expenditure financed from this Reserve is shown in Note 5. The movement on the Reserve during the 2023/24 is summarised below:

£000's	2023/24	2022/23
Balance at the beginning of the year	4,987	4,458
Add Depreciation Provision	5,880	5,145
Use of Capital Receipts Reserve	-	-
Revenue Contribution for Capital	1,107	2,620
<b>Amount available for capital expenditure on HRA Land, Houses and Other Property</b>	<b>11,974</b>	<b>12,222</b>
Less Capital expenditure in the year (including Depreciation)	(8,085)	(7,235)
Transfer to Debt Repayment Reserve	-	-
<b>Balance at the end of the year</b>	<b>3,889</b>	<b>4,987</b>

# Notes to the Housing Revenue Account

For the year ended 31 March 2024

## 4. Capital Expenditure

£000's	2023/24	2022/23
<b>Capital Investment</b>		
Operational Assets	3,682	2,456
	<b>3,682</b>	<b>2,456</b>
<b>Sources of Funding</b>		
External Grants	511	366
Capital Receipts in year	245	-
Revenue contribution	1,108	2,091
S106 Contributions	440	
Capital Receipts Reserve	280	-
Major Repairs Reserve	1,097	-
	<b>3,682</b>	<b>2,456</b>

## 5. Capital Receipts from Disposal of Land, Houses and Other Property

£000's	2023/24	2022/23
Land	(215)	-
Council Homes	(616)	(589)
<b>Total Receipts</b>	<b>(831)</b>	<b>(589)</b>
Less: Pooled payments to Central Government	-	-
<b>Net Receipts Retained (transferred to Capital Receipts Reserve)</b>	<b>(831)</b>	<b>(589)</b>

The retained receipts are earmarked in the Housing Capital Receipts Reserve to fund the Council's New Build and Acquisition Programme, which is to provide new Council Housing for rent.

## 6. Rent Arrears

A summary of rent arrears and prepayments is shown in the following table:

£000's	2023/24	2022/23
Current Tenant Arrears	335	383
Former Tenant Arrears	192	155
<b>Total Tenant Arrears</b>	<b>527</b>	<b>538</b>

## 7. Provision for Expected Credit Loss

The provision for expected credit loss relating to rents and other charges, made against the Rent Arrears in Note 7 above, is £435k (2023: 419k).

# The Collection Fund

For the year ended 31 March 2024

## 8. Depreciation and Impairment of Fixed Assets

The Dwellings in the Housing Revenue Account were valued as at £352,7356k. After taking account of houses sold in 2023/24 and the Social Housing Discount Factor, the vacant possession value of the remaining dwellings at 31 March 2024 was £148,149k (2023: £147,775k). The lower figure of £148,149k shown in the accounts represents the cost to the Council of providing housing at less than open market rents. As a result of the valuation the CIES was debited with £512k (21/22: £1,035k credit) for the reversal of previous year impairments. This gain has been transferred to the Capital Adjustment Account.

The Housing Revenue Account assets were valued as at 31 March 2024; the balance sheet value reflects sales of dwellings and depreciation in the year. The revaluation was in accordance with the Government's resource accounting policy, at Existing Use Value - Social Housing. The Social Housing Discount Factor is 42%.

As shown in Note 15, Depreciation of £5,732k (2022: £5,152k) has been charged to the HRA. This figure is made up of £5,444k (2023: £4,920k) for Council Dwellings and £288k (2023: £232k) is in respect of garages, shops and other assets. These amounts have been credited back to the HRA below the net operating expenditure as a transfer from the Major Repairs Reserve.

## 9. Pension Costs

As part of the terms and conditions of employment of its officers, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme administered by Derbyshire 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.

The cost of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

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.

This account reflects the statutory requirements for the Council as a "Billing Authority" to maintain a separate Collection Fund Account. This shows the transactions of the Council in relation to Non-Domestic Rates and the Council Tax and illustrates the way in which these have been distributed to preceptors and the Council's General Fund.

Council Tax income increased marginally in year and as did Business Rates. Details as referenced in Note 14 of these Accounts.

Approximately 90% of Council Tax income and 60% of Business Rates income is passed over to other Preceptors which is reflected in the above table.

During 2023/24, decrease in the appeals provision was made due to a the high level of check and challenge claims being rejected from the 2017 valuation listing.



## Notes to the Financial Statements (continued)

For the year ended 31 March 2024

A provision is required under accounting regulations, to recognise that some larger businesses have lodged appeals with the District Valuer against their rating assessment. The provision is made as a contingency should their appeals be successful, and a refund of rates becomes due.

Expected Credit Loss provisions were also increased to ensure the Council is protected from future credit losses that may arise.

£000's	2023/24	2022/23
<b>Income</b>		
Council Tax Income	(77,755)	(73,180)
Business Rates Income	(27,310)	(26,074)
Transitional Protection Payments	(1,469)	44
<b>Total Income</b>	<b>(106,534)</b>	<b>(99,210)</b>
<b>Expenditure</b>		
Council Tax Precepts (Note 4)	76,554	71,818
Business Rates Precepts (Note 6)	30,327	27,097
Previous Year's Surplus/(Deficit) Paid to/by Preceptors (Notes 4 & 6)	(743)	(2,641)
Cost of Collection	96	95
Interest on Refunds	2	-
Provision for Bad and Doubtful Debts	8	232
Provision for Business Rates Appeals	(500)	(209)
<b>(Surplus) / Deficit on the Fund</b>	<b>(791)</b>	<b>(2,817)</b>
Fund Balance Brought Forward	(994)	1,823
(Surplus) / Deficit in Year	(791)	(2,817)
<b>Fund Balance as at 31 March</b>	<b>(1,785)</b>	<b>(994)</b>
Council Tax Element (Note 1)	(2,875)	(2,180)
Business Rate Element	1,090	1,186

# Notes to the Collection Fund

For the year ended 31 March 2024

## 1. Council Tax

The introduction of Council Tax on 1 April 1993 revised the method of accounting for the Council's Collection Fund. The main features of the arrangements are:

- a) Interest is not payable between the General Fund and the Collection Fund on cash-flow deficits/surpluses. All interest is payable directly to the General Fund, as shown on the Income and Expenditure Account.
- b) The year end surplus or deficit on the Collection Fund is distributed to the Billing and Precepting Authorities on the basis of estimates, made in January of each year-end balance. This also applies to the Business Rates element.

The balance has been disaggregated for the purpose of these Accounts to attribute relevant amounts to the Precepting Authorities and the Council, as the Billing Authority as follows:

	2023/24	2022/23
Derbyshire County Council	(2,090)	(1,587)
Derbyshire Police and Crime Commissioner	(377)	(280)
Derbyshire Fire and Rescue Authority	(121)	(90)
	(2,589)	(1,957)
South Derbyshire District Council	(286)	(223)
	<b>(2,875)</b>	<b>(2,180)</b>

## 2. Council Tax Valuation Bands

Most domestic Dwellings (including flats) whether rented or owned, occupied or not, are subject to Council Tax. Each Dwelling is allocated to one of eight bands according to their open market capital value at 1 April 1991.

Band				
A	Between	0	and	40,000
B	Between	40,001	and	52,000
C	Between	52,001	and	68,000
D	Between	68,001	and	88,000
E	Between	88,001	and	120,000
F	Between	120,001	and	160,000
G	Between	160,001	and	320,000
H	Greater than	320,001		

## 3. Council Tax Base

The amount of Council Tax payable is calculated by establishing a 'Council Tax Base'. This is the Council's estimated number of chargeable dwellings subject to Council Tax, expressed in relation to those dwellings in Band D. The Tax Base for 2023/24 was based on 38,809 chargeable dwellings (37,663 in 2022/23).

After allowing for national exemptions and local discounts, such as the Single Persons Discount, the Tax Base for 2023/24, on which the Council Tax rate was set, is shown in the following table.

# Notes to the Collection Fund

For the year ended 31 March 2024

## 3. Council Tax Base (continued)

Band	Calculated number of Dwellings	Ratio to Band D	Equivalent number of Dwellings 2023/24	2022/23
X	23	5/9	13	12
A	8,130	6/9	5,420	5,406
B	9,034	7/9	7,026	6,930
C	7,864	8/9	6,990	6,760
D	7,310	1	7,310	7,098
E	4,948	11/9	6,048	5,756
F	2,194	13/9	3,170	3,076
G	929	15/9	1,548	1,530
H	69	18/9	138	135
			<b>37,663</b>	<b>36,702</b>

The Band D Council Tax rate for South Derbyshire District Council was £2,099 (2022/23: £2,005).

## 4. Council Tax Precepts and Demands

2023/24 £000's	Precept	Surplus	Total
Derbyshire County Council	55,665	364	56,029
Derbyshire Police and Crime Commissioner	10,041	64	10,105
Derbyshire Fire and Rescue Authority	3,233	21	3,254
South Derbyshire District Council	7,615	51	7,666
	<b>76,554</b>	<b>500</b>	<b>77,054</b>

2022/23 £000's	Precept	Surplus	Total
Derbyshire County Council	52,284	1,457	53,741
Derbyshire Police and Crime Commissioner	9,234	255	9,489
Derbyshire Fire and Rescue Authority	2,967	84	3,051
South Derbyshire District Council	7,333	205	7,537
	<b>71,818</b>	<b>2,000</b>	<b>73,818</b>

# Notes to the Collection Fund

For the year ended 31 March 2024

## 5. Non-Domestic Rates

Non-Domestic Rates are managed on a National basis. The Government specifies an amount and subject to the effects of transitional arrangements and any other prevailing reliefs, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2022/23 the amount was 49.9p in the pound (2022/23: 49.9p). The Council is responsible for collecting rates due from the ratepayers in its area.

The total rateable value of business premises in South Derbyshire at 31 March 2023 was £36,596,003 (2023: £33,373,862). The total amount of Non Domestic Rates collected is shared on the following basis:

Public Body	%
Central Government	50%
South Derbyshire District Council	40%
Derbyshire County Council	9%
Derbyshire Fire and Rescue Authority	1%

The deficit balance on the Business Rates element of £1,089k on the Collection Fund Account, has been disaggregated for the purpose of these Accounts to attribute relevant amounts to the precepting authorities and the Council as the Billing Authority as follows:

£000's	2023/24	2022/23
Central Government	545	593
Derbyshire County Council	98	107
Derbyshire Fire and Rescue Authority	11	12
	654	711
South Derbyshire District Council	436	474
	<b>1,090</b>	<b>1,186</b>

## 6. Non-Domestic Rates Demands

These are the amounts (precepts) paid into the General Funds of the preceptors under statute.

2023/24 £000's	Precept	Surplus	Total
Central Government	15,163	(621)	14,542
Derbyshire County Council	2,729	(112)	2,618
Derbyshire Fire and Rescue Authority	303	(12)	291
South Derbyshire District Council	12,131	(497)	11,634
	<b>30,327</b>	<b>(1,243)</b>	<b>29,084</b>

# Notes to the Collection Fund

For the year ended 31 March 2024

## 6. Non-Domestic Rates Demands (continued)

2022/23 £000's	Precept	Surplus	Total
Central Government	13,548	(2,320)	11,228
Derbyshire County Council	2,439	(418)	2,021
Derbyshire Fire and Rescue Authority	271	(46)	225
South Derbyshire District Council	10,839	(1,856)	8,982
	<b>27,097</b>	<b>(4,641)</b>	<b>22,456</b>

# Glossary

## **ACCOUNTING PERIOD**

The period of time 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, 31 March each year.

## **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 Council in monetary terms. Assets are categorised as either current or fixed:

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock).
- A fixed asset provides benefits to the Council 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 Council's financial affairs.

## **BALANCE SHEET**

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

## **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.

## **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 Council intends to carry out over a specific period of time.

# Glossary

## **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.

## **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 Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

## **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 wholly within the Council'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 wholly within the Council'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 Council 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.

## **DEBTOR**

# Glossary

Amount owed to the Council 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 Council'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 Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations, 1996 eg benefits would be released if an employee was terminally ill.

## **EQUITY**

The Council's value of total assets less 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.

## **EXCEPTIONAL ITEMS**

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

## **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.

## **EXTRAORDINARY ITEMS**

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

## **FAIR VALUE**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

## **GENERAL FUND**



# Glossary

The main revenue fund of the Council. Day-to-day spending on services is met from this fund. Spending on the provision of Council housing however must be charged to a separate Housing Revenue Account (HRA).

## **GOING CONCERN**

The concept that the Statement of Accounts is prepared on the assumption that the Council 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 Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council 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 covers the income and expenditure arising from the provision of Council housing accommodation.

## **IMPAIRMENT**

A reduction in the value of a fixed asset to below its carrying amount on the Balance Sheet.

## **INCOME AND EXPENDITURE ACCOUNT**

The revenue account of the Council 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.

## **INFRASTRUCTURE ASSETS**

Fixed assets belonging to the Council 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 Council'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 Council owes payment to an individual or another organisation.

# Glossary

- 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 Council 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.

## **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 in order to provide for the repayment of loans and other amounts borrowed by the Council.

## **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 Council'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.

## **NATIONAL NON-DOMESTIC RATES (NNDR)**

The National Non-Domestic Rate is a levy on businesses, based on a National rate in the pound set by the Government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of Central Government and then redistributed back to support the cost of services.

## **NON-OPERATIONAL ASSETS**

Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, 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 Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

# Glossary

## **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 as a result of the introduction of, or improvement to retirement benefits.

## **PENSION SCHEME LIABILITIES**

The liabilities of a Defined Benefit Pension Scheme in respect of 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 very 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.