



CHESTERFIELD
BOROUGH COUNCIL



Statement of Accounts 2023/24

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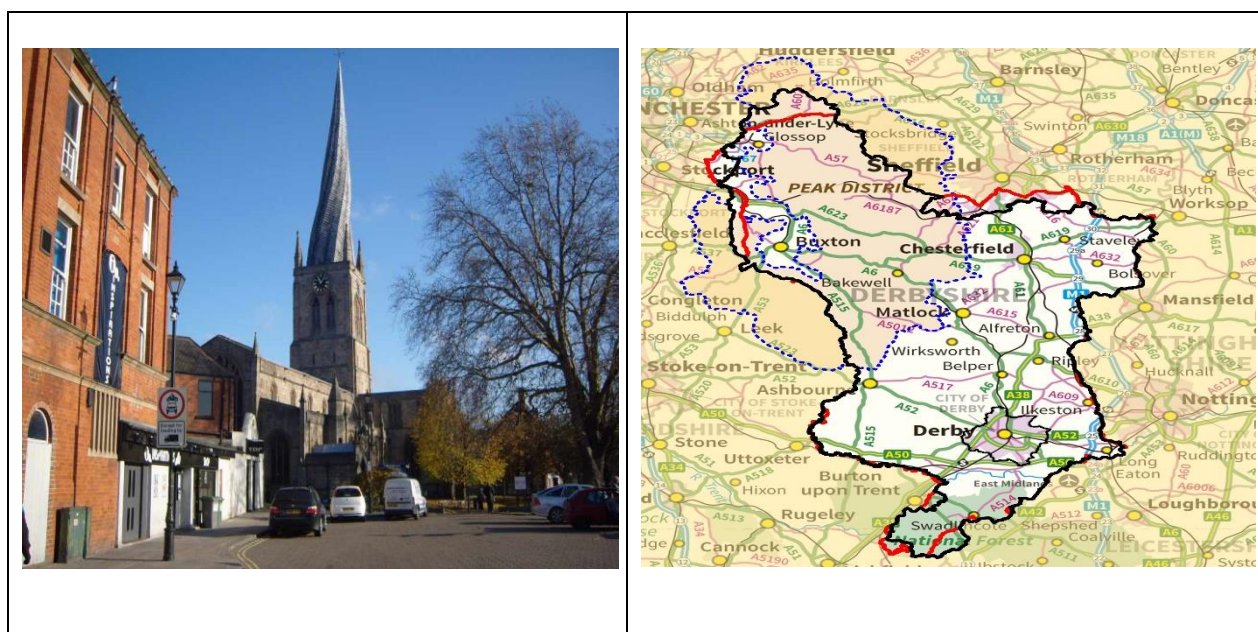
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NARRATIVE REPORT

ABOUT CHESTERFIELD BOROUGH COUNCIL

Chesterfield is a borough council in a two-tier area with seven other district councils and Derbyshire County Council. The Council has 40 elected members serving 16 wards and a population of 103,600 (Census 2021). Chesterfield is the second largest settlement in Derbyshire (Derby City is the largest). Chesterfield borough is relatively compact at 66 square kilometres and is mainly urban. In addition to Chesterfield, there are several other key neighbourhood centres; the largest being Staveley and Brimington. Staveley lies on the eastern side of the borough, approximately five miles from Chesterfield town centre – it is linked to the M1 and Chesterfield by the A619.

The market town of Chesterfield acts as the sub-regional centre for North Eastern Derbyshire and provides a range of retail, commercial, leisure and cultural facilities. The town is well located on the edge of the Peak District National Park and benefits from easy access to the surrounding cities of Sheffield, Derby and Nottingham.



Chesterfield Borough Council provides over 50 services to our residents for a Band D Council Tax of £190.81 – the second lowest in Derbyshire. Whilst the majority of our services are provided in-house, we also have a range of partnership and outsourced provision, with public/public partnership provision for Building Control and Internal Audit and public/private partnership provision for waste and recycling services with Veolia.

Alongside the standard district/borough council services we have worked hard to sustain key assets and facilities for the benefit of our residents, visitors, and businesses. These include:

- Our housing service which provides landlord services to just under 9000 households in the Borough (over 20% of the borough's housing stock)
- An industrial and commercial property portfolio worth over £130 million
- Three innovation centres and incubator offices to support new start-ups with on-site business and innovation advice and support

- Our two sports centres Queen's Park Sports Centre and the Staveley Healthy Living Centre, alongside other sports pitches/facilities, and green gyms
- Our award-winning parks and open spaces
- The Winding Wheel Theatre
- Stephenson Memorial Hall – home of the Pomegranate Theatre and Chesterfield Museum
- Chesterfield's outdoor markets and Market Hall

Political Leadership

The Council's policies are determined by its Politicians and implemented by the Corporate Leadership Team. Chesterfield has 16 wards and 40 councillors. Following the local election on 4 May 2023 the Labour Party remained in control with 28 councillors, with the Lib Dems having 12. Following two by-elections in July 2024, Labour gained an additional seat so now has 29 councillors.

The Council has adopted the Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The Leader of the Council (Councillor Tricia Gilby) has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of Executive Functions. The Deputy Leader of the Council, Councillor Amanda Serjeant is also the Cabinet member for Finance and Asset Management.

Oversight and check and challenge is also performed by the Council's Scrutiny Select Committee – resilient council. This Overview and Scrutiny Committee reviews the Council's financial performance and budget position at regular intervals throughout the year. The Council also has an effective Standards and Audit Committee with both Internal Audit and External Audit represented.

Senior Leadership and Employees

The organisational management structure is headed by the Chief Executive Dr Huw Bowen. The Chief Executive is supported by the Senior Leadership Team, consisting of two Executive Directors (one post is currently vacant). The Senior Leadership Team is in turn supported by six Service Directors, who together with the Monitoring Officer form the Corporate Leadership Team.

Chesterfield Borough Council employees over 940 people. In October the Council was awarded the silver award in the Ministry of Defence Employer Recognition Scheme and in January 2022 achieved the Gold standard for Investors in People. The Council has developed a Workforce Strategy (our People Plan) which recognises the value and importance of Council staff in delivering services and achieving the Council's priorities.

Our 'valuing individual performance' scheme ensures that all employees have a quarterly meeting with their line manager to review their performance against the objectives agreed with them for the previous quarter and to reset their

objectives for the next quarter (if needed). It is also a great opportunity for the line manager and employee to consider the employee's personal development needs and discuss ideas for service improvement. This process is supported by regular team meetings.

Council Plan 2023-2027

The key document that frames the actions of the Council is the four year Council Plan. The Council Plan sets out the Council's Vision and Priorities, defining what we are trying to achieve and why.

A four-year Council Plan was developed and approved at Full Council in February 2023 and covers the period 2023 – 2027. The Council Plan is guided by the Council's Vision which is "Putting Our Communities First". There are also three corporate priorities that underpin the delivery of the Vision, they are:

- Making Chesterfield a thriving borough
- Improving quality of life for local people
- Building a more resilient council

To ensure that we stay on track for delivering on the plan we develop annual delivery plans. A Council Plan delivery plan for 2023/24 was approved by Cabinet in March 2023. The plan has 39 key activities to be delivered in year and also tracks 36 key performance measures.

The Council's performance management framework includes quarterly challenge sessions involving the Corporate Leadership Team and relevant portfolio holder – rising to monthly challenge sessions if performance management issues are identified. The Council's performance is also scrutinised on a half yearly basis by the Scrutiny Select Committee – Resilient Council and Cabinet. Our performance management framework aims to:

- Improve services to and outcomes for our communities
- Identify and rectify poor performance at an early stage
- Ensure the right information reaches the right people at the right time so that effective decisions are made, and action taken
- Enable evaluation, review and learning to help improve future performance
- Ensure everyone is clear about their individual roles and accountable for playing their part in delivering the Council's vision and priorities, and the Council Plan 2023 to 2027
- Demonstrate success and value for money
- Motivate and engage employees to prioritise service performance whilst recognising the need to allocate diminishing resources effectively.

This approach has helped us to achieve full delivery of 71% of our key milestones with the remaining 29% scheduled for completion during 2024/25. 86% of our key measures also achieved their target.

Budget Strategy

In July 2023, Full Council approved a new Budget Strategy which sets out a strategic, productivity-based approach to ensuring that Chesterfield Borough Council continues to

maintain financial sustainability whilst prioritising the delivery of essential services to its communities. The key themes are:

Identifying General Efficiencies

All budget holders review their budgets on a monthly basis to identify pay and non-pay savings / income gains that can be achieved without significant detriment to service delivery e.g., removal of long-term vacant posts, revisiting procurement processes, optimising the availability and use of external grant sources and reducing spend on supplies and services.

Increasing Income and Establishing Stronger Commercial Operating Principles

The Council aims to deliver all its services as efficiently and effectively as possible, embedding commercial operating principles to how budgets are set and managed. As well as minimising costs and waste, the priority is also to maximise income generation opportunities.

Fees and charges are reviewed regularly to ensure that wherever possible the costs of service delivery are recovered, and that there is no cross subsidy from other service areas. This is particularly important for areas of discretionary spend, where the council does not have a statutory responsibility to deliver the service. We also recognise that there are a range of different factors to consider in setting fees and charges including legislative requirements and constraints,

the fees and charges levied by comparator councils and other organisations for delivering the same services, and the importance of concessionary fees and charges being available to encourage take-up and participation

Through its ICT Strategy and ICT Improvement Programme, the Council also routinely takes advantage of new technologies to enable new ways of working, enhance service performance and drive cultural change, drawing on learning from other councils, the wider public sector and beyond.

Reducing Service Offers / Stop Doing – Statutory and Non-Statutory Services

The Council takes a systematic approach to reviewing the value of the services that it provides and is not averse to making difficult decisions in relation to reducing or stopping the delivery of non-statutory services. Alternative delivery models are also routinely explored.

Right-sizing the Organisation

A review of all vacant posts has recently been conducted and 12 long-standing vacancies removed from the establishment. A Voluntary Early Retirement and Voluntary Redundancy scheme during 2023/24 enabled employees to voluntarily leave the Council. This exercise also provided the opportunity to consider whether cashable savings proposals relating to other budget themes e.g. stopping a service, might be more readily achieved by releasing employees on voluntary terms from the Council's employment.

Asset Rationalisation and Effective Asset Management

The Council agreed a new Asset Management Strategy in July 2023 and Delivery Plan in March 2024, which provide an overview of the Council's current land and property

holdings, considers the key drivers and opportunities, and sets out our vision, policies and strategic objectives to direct how the Council should best manage the portfolio over the next four years. It is also important that we maintain a focus on optimising the value of our operational and non-operational (commercial) estate including rationalising the estate where there is a sound business case to do so. This will result in reduced operating expenses e.g., energy use, business rates etc., lower repair and maintenance costs, and opportunities to generate capital receipts or additional revenue through sale or lease arrangements. The overarching principle is that all Council assets should support a strategic need or offer a net financial return.

Productivity Plan

In February 2024, the Local Government Finance Settlement statement for 2024/25 made reference to a new requirement for local authorities to develop and publish productivity plans. On 16 April 2024, the Minister for Local Government at the Department for Levelling Up, Housing and Communities wrote to local authority Chief Executives to give further details on the new productivity plan requirement.

The letter confirmed that the following themes should be considered the development of the plan:

- **Theme 1** - How you have transformed the way you design and deliver services to make better use of resources.
- **Theme 2** - How you plan to take advantage of technology and make better use of data to improve decision making, service design and use of resources.
- **Theme 3** - Your plans to reduce wasteful spend within your organisation and systems.
- **Theme 4** - The barriers preventing progress that the Government can help reduce or remove.

Each theme also included a list of non-prescriptive questions to help local authorities to develop their plans. The Chesterfield Borough Council Productivity Plan follows the themes through and has used the questions supplied to inform our plan.

Chesterfield Borough Council's Productivity Plan for 2024/25 was approved by Full Council on 17 July 2024 and then published on our website and submitted to Government. The Chesterfield Borough Council productivity plan is available [here](#).

Sector Led Improvement

The Council employs a range of improvement tools to ensure our services offer value for money and we can evidence productivity. We actively engage with the Local Government Association sector led improvement offer including exposing

Our own organisation to regular peer challenges and encouraging our elected members and officers to act as peers when other councils are exposed to the offer. LG inform, APSE, Housemark and OFLOG's data explorer are also used for benchmarking the council's services to check and challenge performance and to learn from high performing authorities.

A number of our officers and councillors are Local Government Association trained peers that assist authorities across the country with their peer challenge activity. Chesterfield Borough Council's last Peer Challenge took place in 2021. The report is available [here](#).

In September 2024, Chesterfield Borough Council will be inspected by the Regulator of Social Housing, with the findings expected to be available by November 2024. We will also be taking advantage of the Local Government Association's offer of an annual assurance and support conversation.

FINANCIAL PERFORMANCE 2023/24

Budget Process

The Council approved the General Fund Revenue Budget for 2023/24 on 22 February 2023. The 2023/24 budget was constructed in accordance with the Council's budget principles and the Medium-Term Financial Plan (MTFP) and balanced with the use of £1.000m from the Budget Risk Reserve. This was to enable the Council to take a more strategic approach to reviewing its priorities and balancing its General Fund Revenue budget over the medium term

The use of reserves in this way was in line with the Government's expectations. The Department for Levelling Up, Housing and Communities (DLUHC) encouraged "local authorities to consider how they (could) use their reserves to maintain services in the face of immediate inflationary pressures.". Whilst the Local Government Finance Act 1992 requires the Council to set a legal budget and Council Tax precept for the coming financial year i.e., 2023/24, the Council was not able to set a balanced Medium Term Financial Plan (MTFP) over the 4-year period.

In constructing the budget for 2023/24, priority was given to funding existing and emerging service pressures. In addition, the inclusion of an inflation contingency of £550k in 2023/24, rising to £650k from 2024/25, provided some flexibility to cover additional pressures.

The MTFP assumes the delivery of £1.035m of new savings that were approved as part of the 2023/24 budget process. Savings were captured and coded within Service Budgets to ensure accountability for the delivery of the saving and to enable budget managers to monitor more accurately to ensure delivery. Savings implementation plans have been completed where appropriate and validation of existing savings plans will form part of the monthly budget monitoring exercise.

Effective budget monitoring and forecasting has been critical in understanding emerging budget pressures and ensuring that appropriate plans are implemented to manage and mitigate in-year financial risks. In-year financial management processes were enhanced and strengthened across the Council. The new processes were rolled out to budget managers in June 2023 for period 2 (May 2023). Budget holders were responsible for ensuring that services are delivered within budget and for taking early management actions to resolve emerging financial issues.

The principal funding sources to pay for the General Fund Services (i.e. excluding Council Housing) are Government grant, the retained share of Business Rates income, Council Tax, fees, charges and rental income from the Council's industrial & commercial property portfolio.

The 2023/24 Council Budget was set **at £12.5m** and financed as follows:

	Amount £'000	Proportion of total
Government Funding (Revenue Support Grant, retained business rates and other grants)	6,897	55%
Council Tax	5,592	45%
Total Budget (after savings target)	12,489	100%

Revenue Budget Outturn

In the months after the 2023/24 budget was approved, the national fiscal and economic situation continued to change and a number of in-year spending pressures emerged particularly in relation to levels of inflation on contracts and pay (leading to increased costs of service delivery), increased demand for services and a challenging employment market leading to recruitment and retention issues.

The rate of Consumer Price Inflation (CPI) at the start of 2023 was 10.5% (end of December 2022) and at that point was forecast by the Bank of England to gradually fall to 5.2% by the end of 2023. As at the end of December 2023 inflation had fallen below this estimate to 4%, showing that the rate at which prices are increasing has slowed, however, the legacy impact of high inflation rates continued to drive upward pressure across a range of expenditure budgets. For example, many of the Council's contracts attract inflationary uplifts for the financial year ahead based on the inflation rate in the preceding September and October. For information, CPI at the end of March 2024 was 3.2% which was above the Bank of England target of 2%.

The Local Government Employers pay offer, which was made in February 2023 and accepted late 2023, set out an increase for 'Green Book' employees of £1,925 for 2023/24. This equated to a circa 5.6% increase in the 2023/24 pay budget. The 2023/24 base budget included provision for a 4% pay award. The additional 1.6% required therefore created an in-year pressure of c£300k.

Despite these pressures the Council remained committed to delivering services within the approved budget, as a minimum. The Corporate Leadership Team (CLT) worked collectively with budget managers to agree clear, robust, and immediate management action plans to address the adverse forecast. These activities included:

- Forensic focus on budgetary control - to continue to work with services to minimise spending and identify savings.
- Deep dive / spotlight reviews on income from fees and charges, to review these on a regular basis to ensure that wherever possible the cost-of service delivery is recovered and to take account of emerging factors including the prevailing economic conditions.
- Maximising the use of grant funding and substituting revenue funding with that received from other sources where appropriate.
- Robust and effective vacancy control measures.
- Review of reserves and provisions balances and annual contributions

The position at the end of the year was a General Fund surplus of **£204k** for 2023/24 and the main variance are set out in the table below:

Outturn Variances 2023/24			
Service/ Area	Period 8 Variance £'000	Outturn Variance £'000	Movement between period 8 and Outturn £'000
Chief Executives / Corporate	(134)	(267)	(131)
Development Control	4	287	283
Economic Promotion	0	(94)	(94)
Innovation Centres/ Industrial units/ Commercial properties	(196)	(360)	(164)
Town Centre Properties	120	8	(112)
Pavements – income reduction and non-recovery of service charge	443	370	(73)
Asset Management/ Legal services	(257)	(106)	151
Economic Growth	114	105	(9)
Finance	82	20	(62)
Customer Services/ Revenues	36	(98)	(134)
Human Resources/ Organisational Development/ Payroll	(4)	(59)	(55)
ICT	343	444	101
Digital, Customer and HR	375	286	(88)
Housing	(109)	(95)	14
Waste (domestic / recycling / commercial)	495	541	49
Car Parks net income reduction	99	155	56
Markets - Market Hall/ Open Markets/ Catering	0	34	34
Leisure Centres	(243)	(348)	(105)
Parks	48	149	101
Net other (Cultural and other)	76	(21)	(97)
Leisure, Culture and Community Wellbeing	504	554	50
Corporate Items			
Interest Payable and receivable	0	(345)	(345)
Bad Debt Provision	0	87	87
Inflation Contingency	(550)	(550)	0
Total variance 2023/24	282	(204)	(486)

In addition to the above the Council received two one off receipts which were transferred to reserves:

- VAT non-business leisure claim windfall – in November 2020 the Council submitted a claim to HMRC in respect of recovery of output tax previously declared on supplies of leisure services, which was subsequently subject to a change of policy by HMRC. In February 2024 HMRC approved the claim and the Council received a one-off windfall amount of £311k. The MTFP includes savings proposals of circa £100k per annum in respect of applying the VAT cultural exemption, however due to the impact of the

ongoing capital works at the Stephenson Memorial Hall on the council's VAT position, it will not be possible to achieve. It is proposed that this undelivered saving be met from the windfall amount in 2023/24 and recommended that the remaining balance be transferred to reserves to meet the same level of undelivered saving in 2024/25.

- Business Rates Pool – Chesterfield is a member of the Business Rates Pool which consists of eight Derbyshire district and borough councils, Derbyshire County Council and Derbyshire Fire Authority. Instead of each borough and district council paying 50% of their growth above the baseline over to the Government, it is kept within the pool and distributed amongst all the members on an agreed basis. The 2023/24 distribution is still subject to audit and has not to date been included within the above outturn figures. It is expected that there will be a further distribution to Chesterfield from the pool and, when this is confirmed, it is recommended that any surplus, over and above the budgeted £390k, be transferred to the Business Rate Risk Reserve.

The General Fund Working Balance was maintained at £1.5m during 2023/24.

Housing Revenue Account Outturn

The Council continues to be the major provider of rental accommodation in the Borough, with 8,844 dwellings. All income and expenditure relating to the landlord function of providing council housing must be accounted for within a ring-fenced account called the Housing Revenue Account (HRA). The ring-fencing means that the account cannot be used to subsidise other Council activities and similarly other activities cannot be used to subsidise the HRA.

The HRA for 2023/24 is set out on pages 104 to 110 and shows a decrease to the HRA balance of £418k. The main variances are set out below:

- Rents income has reduced by £0.3m due to an increase in the level of void properties
- Supervision and Management costs have decreased by £0.1m due primarily to in year salary savings from vacancies.
- Repairs and Maintenance - an underspend of £0.4m has arisen primarily from in year salary savings from vacancies.
- Interest and Debt Management Expenses underspent by £0.2m. This was due to savings on borrowing and additional interest on investments.
- Provision for the Repayment of Debt. As agreed by Council on 18th October 2023, the voluntary annual provision for debt repayment (£1.8m) has been paused for 2023/24 and 2024/25 to provide funds to enable the council's Housing Service to take forward a number of transformation projects to address the ongoing financial challenges facing the Service and the social housing sector more widely.
- Direct Revenue Financing. Direct Revenue Financing relates to the funding of the HRA Capital Programme. The planned direct revenue financing contribution of £3.4m towards the HRA Capital Programme in 2023/24 was not deemed affordable due to the scale and nature of the in-year pressures on the Housing Revenue Account and was removed from the Revenue budget in February 2024.

Capital Spending in 2023/24

A summary of the capital expenditure and financing is shown in Note 24 to the core financial statements.

Capital expenditure on General Fund services totalled £9.1m. The main projects included:

- ◆ House Renovation, Disabled Facilities and Green Homes Grants - £1.6m
- ◆ Stephenson Memorial Hall refurbishment - £3.4m
- ◆ ICT development - £0.3m
- ◆ Waterside Basin Square Development - £1.4m
- ◆ Parks/Play/ tennis Court area upgrades - £0.4m
- ◆ Staveley Town Deal - £0.5m
- ◆ Town Centre transformation - £0.6m
- ◆ Hollis Lane Link Road - £0.1m
- ◆ Vehicles - £0.4m

A large proportion of the General Fund Capital Programme was funded from grants and contributions (£6.5m) in 2023/24. The remainder was financed from borrowing (£1.8m), capital receipts (£284k) and reserves (£347k).

Capital expenditure on Council Housing, aimed particularly at maintaining dwellings at the decent homes standard, was £24.3m.

Our housing stock continues to see a number of 'Right to Buys' and these receipts are reinvested in line with government policy.

Total long-term debt outstanding at the end of the year amounted to £126.4m. This should be viewed in relation to the Council's assets which have a net book value of £594m.

The approved capital programme for the next three years will be financed from borrowing, earmarked reserves, anticipated capital receipts and grants.

Pension Costs

The Balance Sheet shows the Pension Fund surplus as a Pension Reserve (£31.5m) which is matched by an equal and opposite entry on the other side of the balance sheet described as the Pension Scheme Assets/Liabilities. Changes in pension scheme valuations and the scheme assumptions can have a material effect on the reserve. A triennial revaluation of the Derbyshire County Council Local Government pension scheme was conducted in 2022/23. Note 16 provides more information along with pension assets and liability details.

The pension deficit will be addressed in future re-valuations of the fund and by the revision of employers' contributions. Changes to the scheme were introduced in April 2014 to make the scheme more affordable.

Staveley Town Deal

In October 2019, Staveley was one of 101 locations invited to bid into the Towns Fund. In March 2021, the Town Investment Plan for Staveley was approved by Government, securing funding of £25.2m to deliver a range of projects that will have a transformational impact on

Staveley, driving economic growth, offering quality skills and employment opportunities, and improving the Town Centre, green spaces and canal network around Staveley.

The Staveley Town Deal Board provide strategic direction to the development and implementation of the Staveley Town Deal and work in partnership with Chesterfield Borough Council who act as the Accountable Body.

The allocation of the funding is overseen by the Staveley Town Deal Board and 10 projects have been approved for receipt of this grant subject to satisfactory business cases being received by the Board. Across the 10 projects there are 7 different sponsor organisations, a far greater diversity than is typically the case for other Town Deals. This council is the sponsor organisation for 3 of the projects and these have been included in our approved capital programme.

The Staveley Town Deal income and expenditure is accounted and administered independently from the Council's accounts and therefore, do not form part of the financial statements which appear later in this Statement of Accounts with the exception in respect of cash collected or expenditure incurred by the agent on behalf of the principal, in which case there is a debtor or creditor position. This is in accordance with the principles set out in the Local Authority Accounting Code of Practice where the Council is acting as an intermediary and is therefore following the agent principle as set out in section 2.6.2.1 of the Code.

Levelling up Funding

The Council submitted a £19.98m bid for round one of the Levelling Up Fund (LUF) in June 2021. The bid sought £11.4m of funding for projects to remodel and refurbish George Stephenson Memorial Hall extending the Pomegranate Theatre, reconfiguring and modernising Chesterfield Museum and introducing new gallery space, a café bar, education and community facilities. The remaining £8.5m was to be allocated to further regenerate Chesterfield's historic town centre, with investment centred on four key public spaces and the connections between them – Corporation Street, Rykneld Square, Market Square and New Square. The bid was confirmed as part of the Autumn Budget and Spending Review 2022 and work is well underway on delivery of the two projects.

Reserves & Balances

The Council reserves are set out in Note 11. The level of reserves and annual contributions to those reserves were reviewed during 2023/24.

The Council has set money aside in a number of earmarked reserves to meet planned future commitments. The earmarked reserves include:

- £2.6m as a provision for significant revenue budget risks
- £0.2m in a Service Improvement reserve and
- £0.4m in a Service Redesign reserve

A reserve has been created to meet the Council's share of the Collection Fund deficit on business rates. The balance on this reserve is £2.3m.

The revenue working balance for the General Fund is £1.5m. The balance is prudently based on an assessment of the key income and expenditure risks facing the Council.

There is a balance of £6.2m on the Housing Revenue Account at the year-end which will be needed in future years to finance capital improvement works. The Council has a policy of maintaining a minimum £3.5m HRA working balance.

Medium Term Outlook

General Fund

Like all local authorities, Chesterfield Borough Council continues to face significant financial challenges. The sustained period of austerity since 2010, the ongoing risks and uncertainties over future funding arrangements, the budgetary impacts of the Covid-19 pandemic and a sustained period of exceptionally high inflation, have all impacted on the Council's financial position.

In response to these challenges, the Council has already made significant savings over many years and taken steps to manage demand and deliver services in the most economic, efficient, and effective way. It is against this context that the Council has developed its approach to balancing the 2024/25 budget, and the Medium-Term Financial Plan (MTFP).

The financial impact of Covid-19 and the cost-of-living crisis on Council services has been and continues to be significant, resulting in new cost pressures and reductions in income, particularly in areas such as car parking, markets and town centre retail units. Income remains significantly below pre-pandemic levels and may never fully recover.

These challenges are exacerbated by the uncertainty of future financial settlements for local government and how available funding will be shared. Local authorities continue to be provided with one-year financial settlements, which provide little financial certainty and security. Longer-term reform of local government funding has been delayed and a structural solution is needed to meet the many statutory duties and demands placed on local authorities

The Council has well-established and robust budget processes. These have been followed when compiling the 2024/25 budget and medium-term projections. A prudent approach was taken to the estimates and assumptions used in the preparation of the budgets. In constructing the budget estimates, priority has been given to funding existing and emerging service pressures. These were subject to rigorous review, scrutiny and challenge by budget holders, Corporate Leadership Team and members.

The Council approved the General Fund Revenue Budget for 2024/25 on 27 February 2024. The 2024/25 budget was constructed in accordance with the Council's budget principles and balanced with the use of £214k from the Budget Risk Reserve. In developing the budget, the focus was to deliver a balanced 2024/25 budget in line with legal requirements rather than to deliver a medium-term financial plan in the face of so much uncertainty.

The MTFP assumes the delivery of £3.1m of new savings that were approved as part of the 2024/25 budget setting process. These savings were developed in accordance with the thematic interventions set out in the Budget Strategy. These interrelated interventions were designed to support the development of proposals that would enable a balanced budget to be achieved whilst also providing information to enable the Council to reconsider how best to continue to deliver the priorities and outcomes in the Council Plan within the available resources. The thematic interventions are:

- Identifying General Efficiencies

- Increasing Income and Establishing Stronger Commercial Operating Principles
- Transforming how we Deliver Services
- Reducing Service Offers / Stop Doing – Statutory and Non-Statutory Services
- Rightsizing the Organisation
- Asset Rationalisation and Effective Asset Management

The gaps over the MTFP are £2.2m in 2025/56 rising to £4.2m by 2027/28. It was acknowledged that the Council would not be in a position to set a balanced MTFP over the 4-year period. Instead, the Council focused on the delivery of ongoing, sustainable savings in 2024/25 that will go some way to addressing the gaps in future financial years.

Housing Revenue Account

The financial strategy for the HRA is to deliver a balanced and sustainable budget which is self-financing in the longer term, and which reflects both the requirements of tenants and the strategic vision and priorities of the Council.

The HRA is not permitted to run at an overall deficit and risks will continue to be identified and managed effectively. A minimum balance of £3.5m is maintained to avoid the risk of a negative balance in the event of an exceptional cost arising. The HRA balance was anticipated to fall to £5.1m in 2024/25.

New pressures of £3.7m were included within the budget for 2024/25, some of which are one off, whilst £1.6m are ongoing and have been built into budgets from 2025/26. These pressures are essential activities but in the short-term represent costs over and above the base budget. However, many of the activities are transformational in nature and will deliver savings in future financial years.

The HRA balance at the end of 2023/24 is in line with expectations, primarily by reducing the direct financing of the capital programme and can be maintained at or above the minimum set by Council of £3.5m over the period of the business plan. However, the increase in costs set out in the MTFP, lower than inflationary increases in income, increase costs from inflationary pressures and i spending on the capital programme, will have a detrimental impact on HRA balances and reduce the ability to provide further revenue contribution to capital spending. This will necessitate the requirement for additional borrowing (if within the parameters of the business plan) or scale back spending either on service provision or within the capital programme.

The Council does have an adequate level of reserves given the risks and investment needs it faces, but reserves are coming under increasing pressure and can only be used once. Further borrowing (alongside asset disposals) will be required to make capital and operational investments to transform services and grow new income sources. The focus will continue to be on reducing the base budget, by both reducing expenditure and increasing income.

Corporate Risks and Uncertainties

The Council has established procedures for managing risk. Operation level risks are managed at the service level through the service planning and monitoring arrangements.

The higher level, corporate risks, which can impact on the Council's ability to deliver its strategic priorities, are managed through the Corporate Risk Register arrangements. The Corporate Risk Register is approved and monitored at the highest levels within the Council, by the Corporate Leadership Team, the Cabinet, Standards & Audit Committee and the full Council.

Summary

In 2023/24 the Council continue to make progress in addressing the financial challenges it faced and in meeting its Council Plan targets

The General Fund revenue outturn with a £204k surplus was £2046k above the original forecast position for the year. The HRA ended the year with a working balance of £6.2m. An adequate level of General Fund reserves has been maintained which will help to provide financial resilience for 2024/25 and future years.

Further Information

If you would like to receive further information about these accounts please contact the Head of Accountancy & Finance at the Town Hall, Rose Hill, Chesterfield, Derbyshire, S40 1LP. Interested members of the public have a statutory right to inspect the accounts. The dates on which the accounts are available for inspection are advertised annually on the Council's website.

Further information on non-financial performance data is available from the Service Director - Corporate.



27 Feb 2025

**T Channell FCPFA
SERVICE DIRECTOR - FINANCE**



27 Feb 2025

**Councillor S Blank
CHAIR OF STANDARDS AND AUDIT COMMITTEE**

INTRODUCTION TO THE STATEMENTS

The Statement of Accounts is prepared using the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), which defines proper accounting practices for local authorities in England. The pages that follow are the Council's final accounts for 2023/24 and comprise:

Comprehensive Income & Expenditure Statement (CIES) – This reports the cost for the year of providing the services for which the Council is responsible rather than the amount to be funded from taxation. The taxation position is shown in the Movement in Reserves Statement.

Movement in Reserves Statement (MIRS) – provides a summary of the changes that have taken place in the 'reserves' section of the Balance Sheet over the financial year as a result of incurring expenditure and generating income, movements in the fair value of assets and movements in reserves that will affect the availability of resources to the authority.

Balance Sheet – This explains the Council's year-end financial position. It shows the balances and reserves at the Council's disposal and its long term indebtedness, the net current assets employed in its operations, and summarised information on the non-current assets held.

Cash Flow Statement – This summarises the inflows and outflows of cash arising from both revenue and capital transactions with third parties.

Statement of Accounting Policies – This explains the basis of the figures in the accounts. The accounts can be properly appreciated only if the policies, which have been followed in dealing with material items are explained.

Expenditure & Funding Analysis (EFA) – shows how annual expenditure is spent and funded and how it is split for decision making purposes between the council's portfolios.

Housing Revenue Account (HRA) – This reflects a statutory obligation to account separately for local authority housing provision. It shows the major elements of housing revenue expenditure – maintenance, administration and capital financing costs – and how these are met by rents and other income.

Collection Fund – This shows the transactions of the Council as a billing authority in relation to the collection from taxpayers and distribution to Local Authorities and the Government.

RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In this authority, that officer is the Service Director – Finance.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

The Service Director - Finance Responsibilities

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

In preparing this Statement of Accounts, the Service Director - Finance has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code;
- Kept proper accounting records which were up-to-date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

SERVICE DIRECTOR - FINANCE CERTIFICATE

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its income and expenditure for the year ended 31st March 2024.



27 Feb 2025

T Channell FCPFA
SERVICE DIRECTOR - FINANCE

CHESTERFIELD BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2023/24

Scope of Responsibility

Chesterfield Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

Chesterfield Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government Framework 2016 edition*. This Statement explains how the Council has complied with the code and meets the requirements of Accounts and Audit (England) Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

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

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

The governance framework

The Council Plan 2023 -2027 was agreed by Council in February 2023. The Plan identifies the Council's key priorities and aspirations over a four year period.

The Council's vision is "Putting our communities first". Chesterfield Borough Council identifies and communicates the authority's vision of its purpose and intended outcomes for citizens and service users via its Council Plan and Vision statement.

The Council Plan consists of 3 priorities: -

To make Chesterfield a thriving borough
To improve the quality of life for local people
To build a more resilient council

The Council's values reflect the way the council wants to achieve its vision, these are: -

Customer focused: delivering great customer service, meeting customer needs,
Can do: striving to make a difference by adopting a positive attitude,
One council, one team: proud of what we do, working together for the greater good,
Honesty and respect: embracing diversity and treating everyone fairly.

Governance Arrangements

The Council Plan is cascaded down through, managers, meetings, directorate plans, team plans, budgets, the medium- term financial plan and valuing individuals and performance quarterly reviews. This flow ensures that resources are utilised for the achievement of the Council Plan and vision.

Chesterfield Borough Council has a formal Constitution in place that sets out how it operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. In addition, the Constitution sets out the roles and responsibilities of Members and Senior Managers.

- The Cabinet is the part of the authority which is responsible for most day to day decisions.
- The Overview and Scrutiny committees support the work of the Council by scrutinising the decisions made.
- The Standards and Audit Committee are responsible for maintaining and promoting high standards of conduct and for considering the effectiveness of the Council's risk management arrangements and the control environment. The Committee also reviews reports from internal and external audit and other inspection agencies and seeks assurance that action has been taken where necessary.

Electoral Arrangements

Following a review by the Local Government Boundary Commission the following changes came into force from the 4 May 2023 election:

- A reduction in Council size from 48 to 40 members,
- The average number of electors per councillor rose from an average of 1,633 to 1,960 based on the reduction in councillor numbers and then rise year on year to 2,108 by 2027 due to housing and population growth,
- Move from 19 wards to 16 wards with extensive ward boundary changes.

Codes of Conduct / Standards

Formal Codes of Conduct are in place for Members and Officers and are available on the intranet and form part of induction procedures. To further enhance these high standards the Council has in place: -

A Comments, Complaints and Compliments procedure,
A Customer Services Charter,
An Anti- Fraud, Bribery and Corruption policy
A Whistleblowing Code.

Statutory Responsibilities

Officer	Role
The Chief Executive	Designated Head of Paid Service, with the statutory responsibility for the overall review of the Council's staffing and operation. The Chief Executive is monitored for performance in the delivery of political priorities which are in turn monitored and measured across all staff.
The Monitoring Officer	The Monitoring Officer is responsible for all matters relating to the conduct of councillors and officers and to be responsible for the operation of the Council's Constitution. The Monitoring Officer attends Corporate Leadership team meetings and is suitably qualified.
The Chief Financial Officer	The Chief Financial Officer ensures compliance with S151 requirements. The Chief Financial Officer is professionally qualified and experienced to undertake their roles and responsibilities and is supported by an experienced and appropriately qualified finance team. The Chief Financial Officer is a key member of the Corporate Leadership team and leads and directs a finance function that is fit for purpose. The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

Financial Management

The Council has assessed its arrangements against the CIPFA Financial Management Code and is broadly compliant with these. Further work is being undertaken to embed the principles within the Code. CIPFA's Financial Management Code (**FM Code**) was published in **October 2019** and provides guidance for good and sustainable financial management in local authorities. The FM Code offers assurance that authorities are managing resources effectively, regardless of their current level of financial risk. The Code provides six principles against which to judge financial management (leadership, accountability, transparency, standards, assurance and sustainability). The principle of proportionality is embedded within the code and reflects a non-prescriptive approach.

The best use of resources and value for money challenge and assurance are obtained by scrutiny reports and reviews, reviewing service performance, benchmarking and monitoring budgets.

Internal Audit

Internal Audit is provided on a Consortium basis for Bolsover District Council, North East Derbyshire District Council and Chesterfield Borough Council. The Internal Audit function operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and conforms to the requirements of the CIPFA statement on the Role of the Head of Internal Audit 2019. The Head of the Internal Audit Consortium is a senior manager, professionally qualified and leads an appropriately resourced and experienced audit team. The latest external review of internal audit confirmed that the Consortium is compliant with the PSIAS.

Risk Management

Chesterfield Borough Council has a risk management strategy, a risk management group and risk is considered as part of all Cabinet reports. The Strategic risk register is regularly reviewed and service risk registers are in the process of being reviewed and updated. The risk management process includes horizon scanning to identify new threats and opportunities at an early stage.

Business Transformation

The Council has a programme of change which is focused around key strategic areas. These include change initiatives focused on budget savings, housing transformation, customer services improvements and ICT improvements.

Several projects have already been completed, including implementing hybrid working, relocating the Customer Service Centre, redesigning service teams, introducing new IT systems and introducing new ways to monitor our financial position.

Training and staff Development

To ensure compliance with relevant laws and regulations, internal policies and procedures Chesterfield Borough Council has a comprehensive induction package and provides training for staff and Members on a regular basis. Training needs are identified through Elected Member and employee valuing individuals and performance (VIP) reviews and continuous professional development is encouraged. Apprenticeship training schemes are available for new employees and for the existing workforce. There is an online learning tool that records all training and includes a comprehensive bank of training modules. Policies are readily available on the intranet to view.

Partnerships

The Council works with many partnerships to deliver its aims. Where the Council has entered partnership arrangements it seeks to ensure that these promote the Council's vision, its purpose and intended outcomes for citizens and service users and that they are subject to appropriate governance and performance management arrangements.

The Council works actively in a number of partnerships aimed at improving quality of life outcomes through a range of community wellbeing activities across the borough. At a county level, these partnerships include, the Integrated Care Partnership, the Derbyshire Health and Wellbeing Board and the Safer Derbyshire partnership. At a Chesterfield borough level the council has a lead role within the Health and Wellbeing Partnership, Community Safety Partnership, Local Place Alliance, the Childrens Locality partnership and the Skills and Employment partnership. The activities are progressed with local partners, across the public, private and community and voluntary sector.

Building Control are part of a limited company (The Derbyshire Building Control Partnership). There are a series of legal agreements that support the company including a shareholder agreement and a service level agreement. A separate Board has been set up to govern the company. The company continues to perform well.

A new partnership that highlights the risk of underage drinking and alcohol-related harm has launched. The Chesterfield Community Alcohol Partnership (Chesterfield CAP) has seen us team up with Derbyshire Constabulary, local schools and retailers, neighbourhood groups and health providers to highlight the risks of underage drinking, reduce anti-social behaviour, and improve the health and wellbeing of children and young people.,

A strategic partnership agreement has been reached with the University of Derby. Work is now progressing to develop and implement a delivery plan to realise the outcomes set out in the agreement.

The Council is a member of D2N2 Local Enterprise Partnership (LEP) and a non -constituent member of the Sheffield City Region mayoral combined authority. The LEP has now been incorporated into the East Midlands Combined County Authority.

The Council has also been actively engaged in the development and establishment of the East Midlands Combined County Authority, which had its inaugural meeting on 20 March 2024, at the Chesterfield Town Hall. The mayoral election is due to take place on 2 May 2024.

Economic Development

There is a large amount of economic development in the Borough aimed at increasing economic prosperity, creating jobs and revitalising the heart of Chesterfield. Regeneration projects currently underway include Chesterfield Waterside, Peak Resort, Northern Gateway, Staveley Corridor and Stephenson Memorial Hall refurbishment.

The Northern Gateway Enterprise Centre was officially opened in July 2022 and has a full complement of staff and services. The centre is now 85% let. The centre aims to provide space for new and small businesses where they can access a range of support that will help them to grow. Sustainability sits at the heart of the building, with built in energy efficient systems that help businesses keep costs down whilst also reducing their carbon footprint. The Northern Gateway Enterprise Centre was part funded through a grant from the South Yorkshire Mayoral Combined Authority Investment Fund, with additional funding provided by Chesterfield Borough Council.

Chesterfield Borough Council also owns Dunston Innovation Centre and Tapton Innovation Centre, both of which are also over 85% let.

One Waterside Place opened in January 2023 and within six months all six floors of office space had been let. One Waterside Place offers established businesses space to expand into, within sight of the railway station. Waterside Place delivers Grade A, large floorplate office accommodation, which doesn't exist elsewhere in Chesterfield. The building incorporates two passenger lifts, raised access flooring, air conditioning, LED lighting, a high-quality entrance foyer, showers, on-site cycle parking facilities as well as attractive public realm and landscaping.

Plans to revitalise Chesterfield town centre and refurbish our historic theatre and museum are moving ahead. The £10.28 million Revitalising the Heart of Chesterfield scheme will improve

the look, feel and flow of key areas, to create a more contemporary market town built on our proud history and heritage helping it thrive for generations to come. Detailed planning to transform key public spaces is now well underway, and includes Market Place, New Square, Corporation Street, Rykneld Square, and Burlington Street plus improvements that have already been carried out on Packers Row.

Our multi-million pound renovation and remodelling project at the historic Stephenson Memorial Hall home to Chesterfield Museum and the Pomegranate Theatre is also pressing ahead.

The Staveley Town Deal is a £25.2 million investment in the future of the town. The funding is being used to deliver ten projects which aim to create economic growth, support health and wellbeing and to also improve the town.

Climate Change

Climate change is one of the biggest challenges facing today's world and we are playing our part, changing the way we do business to meet our target of becoming a carbon neutral organisation by 2030, while working with our communities to create a carbon neutral borough by 2050. Our climate change strategy (2023 to 2030) focusses on where we can make the biggest difference, and since we declared a climate emergency in 2019 our organisational emissions have fallen by 36%. This includes switching to cleaner energy, using greener vehicles, making our homes and buildings more energy efficient and changing the way we manage our green spaces. But we know there is more to do.

Our new Climate Change Strategy 2023 – 2030 was approved by Full Council in February 2023 and sets out our priorities and direction of travel to achieve our carbon neutral ambitions. To monitor progress, we develop annual Climate Change Strategy delivery plans which are approved by Cabinet. Performance is monitored quarterly by the Corporate Leadership Team and via portfolio holding meetings with challenge on a half yearly basis via Scrutiny and an annual report to Cabinet.

Examples of key activities completed in the 2023/24 delivery plan include:

- Adoption of a fleet decarbonisation plan,
- Research and policy recommendations to support the development of a new natural burial site,
- Stock condition surveys of 3 key assets,
- A decarbonisation feasibility study completed on a shared housing scheme,
- Improved climate change monitoring,
- Submission of funding bids for tree planting and maintenance.

The full Climate Change annual report for 2023/24 will be presented to Cabinet in summer 2024.

Communication

Chesterfield Borough Council has a variety of means of communicating with all sections of the community and stakeholders including an internal and external Communication and Engagement Strategy, the Council's website, the publication of "Your Chesterfield" three times a year which includes "Our Homes" for tenants and leaseholders and an annual Community Engagement Programme.

We continue to improve our website accessibility and use a wide range of social media channels to increase communication channels.

Our new Customer Service Centre opened its doors in the Town Hall for the first time on Wednesday 20 December 2023 following its relocation to create a one-stop-shop for a wide range of public services. The move will allow customers to access many public services in one location including all revenue and benefits services, as well as licensing, planning, environmental services and housing services.

Grants

This year the Council successfully administered a number of grants including the community recovery grant and business recovery grant following storm Babet in October 2023.

Funding has successfully been procured from the Government's UK Prosperity Fund (UKSPF). Over £114,000 of funding has now been awarded to community groups and local voluntary organisations in Chesterfield as part of a scheme to deliver grass roots projects that will improve life for local people.

Housing

Chesterfield Council owns and manages approximately 8,800 homes, and governance arrangements in place include a Strategic Housing Board comprising the Chief Executive, Executive Director and senior managers, which oversees performance and landlord compliance information. A range of tenant engagement groups are also in place to ensure customers are at the heart of planning housing service improvements.

During 2024/25 the Housing Service will come under the Regulator of Social housing revised regulatory regime. The Social Housing (Regulation) Act 2023 became law in July 2023, providing the regulator with additional powers to deliver enhanced consumer regulation. The consumer standards are a key part of the new regulatory framework, setting the outcomes that landlords must deliver to ensure that homes are decent, safe and well maintained, and tenants receive quality landlord services and are treated with fairness and respect.

The Housing Ombudsman's Complaint Handling Code becomes statutory from 1st April 2024 and requires landlords to have a Member Responsible for Complaints on their governing body. This role will be performed by the Cabinet Member for Housing. In February 2024 a complaints performance report covering the first three quarters of 2023/24 was presented at Cabinet to demonstrate compliance with the Housing Ombudsman's Code of Practice. This included a copy of the full self-assessment against the Ombudsman's Code of Practice.

All major financial and operational decisions affecting the housing service are reported to the Council's Cabinet. The Annual rent and service charge report was approved by Cabinet in January 2024 to increase rents to council properties by 7.7%, in accordance with the Regulator of Social Housing's Rent Standard. Service charges for heating, cleaning and other services were increased to ensure that revenue collected covers the costs of providing the services.

In February 2024 the Housing Service Capital and Revenue Reports (including Medium Term-Financial Plan) were approved at Cabinet to set the budgets for 2024/25 and ensure investment in our properties and ongoing frontline services to tenants. The reports provide the necessary authority for the council's Housing Service to take forward a number of transformation projects and other response measures to address the ongoing financial challenges facing the social housing sector.

As well as its social landlord function, the Housing Service manages homelessness and the Housing Register, and is responsible for facilitating improvements to private sector homes, including Green Homes Grants to improve energy efficiency, and aids and adaptations to help people live independently. It also delivers enforcement activity to improve the quality of private rented homes and produces the Chesterfield Housing Strategy every three years (the 2024-27 Strategy will be presented to Cabinet in April 2024).

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Corporate Leadership Team within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and by comments made by the external auditors and other review agencies and inspectorates.

The processes that have been applied in maintaining and reviewing the effectiveness of the governance framework include:

- Internal audit reviews of the governance, risk and control arrangements in place in accordance with the agreed internal audit plan.
- Monitoring Officer reviews and monitoring of the operation of the Council's Constitution.
- The work of the Risk Management Group.
- The Chief Financial Officer providing the Council and the leadership team, with financial reports and financial advice covering the whole range of Council activities.
- Reviews by external agencies such as the Council's external auditor
- The work of the Council's Standards and Audit Committee.
- The annual review of the Local Code of Corporate Governance.
- Reports received and considered by Cabinet in relation to the outcome of reviews by the external auditor and other review agencies.

Internal Audit Opinion 2023/24

The Head of the Internal Audit Consortium is responsible for the delivery of an annual audit opinion that can be used by the council to inform its governance system. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

"In my opinion reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework for governance, risk management and control for the year ended 2023/24. Sufficient work has been completed and assurances ascertained to be able to provide an unlimited opinion on the systems of governance, risk management and control in place. This year to date 5 substantial, 8 reasonable, 4 limited and 1 inadequate assurance reports have been issued. Managers have either already implemented or are in the process of implementing the audit recommendations made.

Assurance can never be absolute. In this context "reasonable assurance" means that arrangements are in place to manage key risks and to meet good governance principles, but there are some areas particularly in respect of the limited and inadequate assurance reports where improvements are required.

A Review of 2022/23 Governance Issues

As part of formulating the 2023/24 Annual Governance Statement a review of progress against the issues raised in 2022/23 has taken place. Positive progress has been made and is summarised in the table below.

No.	2022/23 Governance Issue	Actions taken in 2023/24 to address
1.	<p>Financial Sustainability</p> <p>The Council's financial position is being impacted by many factors including: -</p> <ul style="list-style-type: none"> • risks and uncertainties over future funding, • the cost-of-living crisis, • a period of exceptionally high inflation impacting on the cost of large scale projects and service procurement of supplies and services, • Significant increase in utilities and fuel prices, • Substantial increase in salary costs following the in – year pay award and the rise in the living wage, • reductions across the Council's income streams, particularly in areas such as, car parking, markets and town centre retail units, • Costs associated with climate change initiatives. <p>The Housing Revenue Account is also</p>	<p>The Budget Strategy Implementation Plan was presented to Cabinet on 14 November 2023. This report set out a detailed approach to addressing the budget gap following extensive work with the Council's Corporate Leadership Team (CLT) and Cabinet Portfolio Holders, drawing on the thematic interventions set out in the Budget Strategy.</p> <p>Given the considerable size of the budget gaps all Council services, corporate and front line, were asked to develop savings proposals in relation to each of the 5 thematic interventions set out within the Council's Budget Strategy.</p> <p>Stage 1 savings proposals were built into the draft MTFP. These are largely officer operational decisions or decisions delegated to Cabinet members. These are proposals that will have little or no impact on service delivery and limited policy implications if at all.</p> <p>The Stage 2 savings proposals however required further development. Following on from the approval of the Budget Strategy Implementation Plan in November, officers have progressed the development of these proposals through to appropriate decision-making, in line with the Council's constitution, including carrying out specific engagement and consultation activities as required to support decision making.</p> <p>The Council has well established and robust budget processes. These have been followed when compiling the 2024/25 budget and medium-term projections. A prudent approach has been taken to the estimates and assumptions used in the preparation of the budgets.</p> <p>A number of funding and financing adjustments have taken place such as removing the</p>

	under pressure as rents increase by less than inflation.	planned revenue contribution to fund the capital programme and pausing the voluntary repayment of debt.
2	<p>Asset Management</p> <p>The Council needs to continue to improve the way in which it manages its assets: -</p> <ul style="list-style-type: none"> • Introduction of a new IT system, • Development of a 10-year maintenance plan based on condition surveys and supported by the budget, • Inclusion of climate change assessments, • Disposal of assets that are no longer required. 	<p>An Asset Management Strategy, AMS, was approved by Council on the 19th July 2023. The strategy seeks to provide a clear direction of travel for the successful and effective management of the councils non housing assets over the next four years.</p> <p>An AMS delivery plan for 2024/25 was approved by Cabinet on 19 March 2024, setting out a range of activities to improve the way in which assets are managed. Condition surveys and zero carbon reduction surveys have been completed for HLC, VIC and former Customer Service Centre.</p>
3	<p>Workforce Capacity and Capability</p> <p>Ongoing budget challenges and service demands increasing due to the cost of living crisis mean that the Council will need to continue to manage workforce capacity and capability to be able to deliver the Council Plan.</p> <p>Throughout 2022/23 there have been recruitment difficulties and the loss of some key people within the organisation.</p> <p>The cost of living crisis has contributed towards workloads exceeding staff capacity.</p>	<p>Workloads have been closely monitored and vacancy control processes have continued to be followed, ensuring that service demands can be met whilst managing budget shortfalls. Where it has not been prudent to delete vacant posts, vacancies have been held.</p> <p>The people plan 2019 – 23 has largely been implemented and the next people plan is under development. Learning and development opportunities have been provided enabling cross skilling of employees. In addition, employees have been provided with redeployment opportunities as service areas have been redesigned or stopped.</p> <p>A voluntary redundancy and voluntary early retirement scheme were launched in 2023. This scheme has helped the council to reduce its workforce by approximately 30 FTE on a voluntary basis, reducing the need for compulsory redundancies at this time. Acceptance for the scheme was assessed against workforce demands and key skills and knowledge.</p> <p>Staffing structures have continued to be reviewed during 2023/24.</p>
4	<p>Procurement</p> <p>Work is still underway to improve</p>	<ul style="list-style-type: none"> • A Head of Procurement has been

	<p>procurement processes.</p> <p>A recent internal audit identified the following key issues: -</p> <ul style="list-style-type: none"> • The Head of Procurement post in the new structure was not filled during 2022/23, • The Procurement Service cannot prevent non-compliant spending due to Unit 4 (the accounting system) requiring development, • Services are not always involving the Procurement Unit with major spends, • Insufficient training of budget officers in respect of procurement legislation (internal and external). 	<p>appointed and started in April 2023</p> <ul style="list-style-type: none"> • An improvement plan is in development. • The Senior Procurement Officers have completed face to face training sessions with budget officers resulting in increased engagement. • Aspire (Council's intranet) has been updated to reflect current processes and to assist budget officers in identifying when to liaise with the Procurement Section (e.g., procurement decision tree). • Regular procurement meetings have been implemented across all key service areas. • New reporting has been developed which targets noncontract spend.
5	<p>Health and Safety</p> <p>Good headway has been made this year with the appointment of a Strategic Health, Safety and Risk Manager that has increased capacity. Health & Safety issues are now at a more localised level. The new Strategic Health, Safety and Risk Manager has undertaken a review to ensure that there is a comprehensive corporate health and safety function in place. All managers have completed accident and investigation training.</p>	<p>The Health, Safety and Risk Service is currently being reshaped and capacity within this service will be increased during the 1st quarter of 2024/25.</p> <p>A schedule has been developed for the systematic review of policies and several new or revised policies are being implemented, including an asbestos policy and management plan, operational policies and procedures, the introduction of dynamic risk assessments and councillor safety guidance.</p> <p>Regular Service Director reports have been presented to the Health and Safety Committee, who also receive regular oversight of accidents and incidents and occupational health activity.</p>
6	<p>Cyber Risk and Network Security</p> <p>Whilst the IT Improvement Programme has progressed well the ever changing IT environment means that there is still work to be completed to manage the inherent risks.</p>	<p>Good progress has been made to strengthen the council's network security and weekly vulnerability reporting has been introduced.</p> <p>A vulnerability management policy has been developed and will be presented for adoption in May 2024. Other ICT policies have been reviewed, refreshed, and publicised.</p> <p>The council has achieved PSN accreditation and undertakes annual external audits to provide reassurance against cyber risks.</p> <p>Work has been undertaken to implement cloud-</p>

		<p>based disaster recovery, providing greater resilience.</p> <p>Work has continued towards obtaining ISO 27001 although external assessment against the standard is not scheduled to be undertaken until the 2nd half of 2024 due to changing contractor resources.</p>
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Significant governance issues 2023/24

Whilst there are many areas of the Governance Framework that are operating satisfactorily, the work of internal audit and discussions with the Corporate Leadership Team have identified that there are some areas where action can be taken to improve the governance arrangements in place. Whilst progress has been made on the 2022/23 significant governance issues identified work is still ongoing to drive forward further improvement and so these areas have been raised again.

The areas identified below either present significant future challenges and/or require further targeted improvements.

No.	Issue Identified	Action to address
1.	<p>Financial Sustainability</p> <p>Like all local authorities, Chesterfield Borough Council continues to face significant financial challenges. The sustained period of austerity since 2010, the ongoing risks and uncertainties over future funding arrangements, the budgetary impacts of the Covid-19 pandemic, the cost-of-living crisis and a sustained period of exceptionally high inflation, have all impacted on the Council's financial position. In response to these challenges, the Council has already made significant savings over many years and taken steps to manage demand and deliver services in the most economic, efficient, and effective way.</p> <p>The financial impact of Covid-19 and the cost-of-living crisis on Council services has been and continues to be significant, resulting in new cost pressures and reductions in income, particularly in</p>	<p>The Council is committed to making the changes needed in response to these challenges and to maintain the stability of services needed in extremely difficult circumstances by the careful management of the Council's finances and the strengthening of financial resilience.</p> <p>Delivery of planned budget savings</p> <p>Further work will be undertaken to ensure a balanced and financially sustainable Medium Term Financial Plan.</p> <p>The CFO will undertake rigorous training for elected members and officers on the implications and actions needed to meet the requirements of the CIPFA Financial Management code as part of a programme to enhance financial management skills and accountabilities across the organisation.</p>

<p>areas such as car parking, markets and town centre retail units. Income remains significantly below pre-pandemic levels and may never fully recover. These challenges are exacerbated by the uncertainty of future financial settlements for local government and how available funding will be shared. Local authorities continue to be provided with one-year financial settlements, which provide little financial certainty and security.</p> <p>The Council is required to keep a separate account for its activities as a housing landlord. This is called the Housing Revenue Account (HRA). The account is ring-fenced and does not receive any subsidy from the Government or from Council Tax, and nor is it allowed to subsidise the General Fund.</p> <p>As a result of the introduction of self-financing in April 2012 the Council is required to produce a 30-year HRA Business Plan that is financially viable, delivers a reasonable standard of housing for tenants and maintains homes to at least the minimum Decent Homes Standard.</p> <p>Government rent policy has resulted in significant reductions in the resources available to the Council's Housing Service in recent years. The mandated rent cap of 7% in 2023/24 (which was 4.1% less rent policy), had the cumulative impact of removing £1.5m of annual income (after voids) in perpetuity, with an estimated loss over the business plan period in terms of income of £61m. This is in addition to the impact of the four-year rent reductions imposed by Government between 2016 and 2020, which further reduced the amount of income available to the 30-year Business Plan.</p> <p>The HRA has been significantly impacted by the rapid increase in inflation. This has resulted in additional costs relating to pay awards, utilities and contracts, due to material, fuel, and labour cost increases, both in the current financial year, as well as across the MTFP.</p>	<p>Given the size and scale of the challenges the CFO advises that a fundamental review of the HRA Medium Term Financial Plan and 30-year Business Plan be undertaken during 2024, to review the assumptions informing their construct, the finances needed to maintain the council's housing stock at least to the minimum Decent Homes Standard and achieve compliance with new regulatory standards, and identify the savings and efficiencies that will need to be made over the medium term to maintain a balanced, risk-adjusted and financially resilient Housing Revenue Account.</p>
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2	<p>Asset Management</p> <p>The Council needs to continue to improve the way in which it manages its assets. The Mentor system that is used to collect rents on the Council's property portfolio is long overdue for replacement.</p>	<p>An AMS Delivery Plan for 2024/25 has been approved which sets out a range of activities aimed at developing long term asset management and carbon reduction plans. Six properties have been prioritised for surveys and the development of maintenance and carbon reduction activities over the next 2 years.</p> <p>Other condition surveys will be phased over three tranches over the next 18 months. The outcome of the reports will dictate the repairs plan, the disposal of some assets and the climate reduction plan.</p> <p>A new IT system to manage the Council's assets will be commissioned, which will include a new rent collection module.</p> <p>A Corporate Landlord policy will be developed to improve the management of the council's estate.</p>
3	<p>Workforce Capacity and Capability</p> <p>The Council needs to continue to manage workforce capacity and capability to be able to deliver the Council Plan and meet the budget challenges identified.</p> <p>.</p> <p>2023/24 has continued to see recruitment difficulties in many parts of the organisation. This includes recruitment of suitably experienced and qualified officers into Human Resources. Finance, Legal and Property and Technical services.</p> <p>Sickness levels have increased within the organisation during 2023/24. Whilst this increase is in line with national trends around sickness which are being experienced across the public and private sectors post covid, sickness is now higher than pre covid trends.</p>	<p>Strategic workforce planning activities are being undertaken within the Corporate Leadership team, including reviewing the organisational design of the Council, transforming housing property services, and reviewing terms and conditions of employees.</p> <p>The people plan 2024 – 2027 will be finalised and adopted, continuing to build on the themes of developing great leaders, managing change well, developing capacity and skills, supporting employee wellbeing and promoting recognition and reward.</p> <p>Vacancy control processes will continue to be followed ensuring that service demands can be met whilst managing budget.</p> <p>Learning and development opportunities will continue to be provided to employees, with a focus on improved health and safety training, apprenticeship delivery, meeting the requirements of the housing regulator and improving the digital skills of our workforce.</p>

4	<p>Procurement</p> <p>Work is still underway to further improve procurement processes.</p> <p>The Procurement Act 2023 received Royal Assent in October 2023, with an anticipated 'go-live' date of October 2024. The new legislation significantly impacts public procurement meaning all contracting authorities will need to make substantial changes to the way goods, services and works are procured and contracts are managed to ensure compliance with the new Act.</p> <p>The Procurement Service cannot currently prevent non-compliant spending due to Unit 4 (the accounting system) requiring development. Although an improved situation, some Services are still not involving the Procurement Unit with major spends, Further training of budget officers will be required in respect of the new Procurement Act.</p>	<ul style="list-style-type: none"> • The procurement improvement plan will be finalised. • The Corporate Leadership Team will receive quarterly updates on procurement activity, risks and issues, • Further training will be provided to officers in respect of how to comply with the new Procurement Act. • Unit 4 is currently being upgraded. Additional functionality will be costed and a business case will be developed and approval to implement will be sought, • New reporting has been developed which targets non- contract spend and identifies opportunities to improve value for money.
5	<p>Health and Safety</p> <p>Good progress has been made however:</p> <ul style="list-style-type: none"> - • There are still policies that require reviewing and updating. • The restructure is not yet in place. 	<p>Policy review work will continue to be delivered during 2024/25.</p> <p>The restructure of the service will be implemented during the 1st quarter of the new financial year, and this will provide greater resource to enable the service to become proactive, providing a business partnering approach to service directorates and implementing regular monitoring and improvement activity.</p>

Cabinet and the Standards and Audit Committee have considered and reviewed the effectiveness of the governance framework and have advised that the arrangements continue to be regarded as fit for purpose and in accordance with the governance framework.

During 2023/24 significant progress has been made in tackling the areas of governance that were identified as requiring additional focus in 2022/23. These areas have been reviewed and updated, with a number continuing from previous years where significant future challenges are still evident and/or they require further targeted improvements.

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

Signed:



27 Feb 2025

Dr H Bowen
Chief Executive

27 Feb 2025

Councillor P Gilby
Leader of Chesterfield Borough Council

Date:

On behalf of Chesterfield Borough

MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'.

The Movement in Reserves Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year.

The 'Net Increase/Decrease' line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31st March 2022 carried forward (notes 11, 39 & 40)	23,942	13,577	4,244	-	6,772	48,535	287,518	336,053
Movement in reserves during 2022/23								
Total Comprehensive Income & Expenditure	(6,408)	(7,965)				(14,373)	122,978	108,605
Adjustments between accounting basis & funding basis under regulations (note 10)	3,430	1,045	2,699		3,199	10,373	(10,373)	-
Net Increase/ (Decrease) in 2022/23	(2,978)	(6,920)	2,699	-	3,199	(4,000)	112,605	108,605
Balance at 31st March 2023 carried forward (notes 11, 39 & 40)	20,964	6,657	6,943	-	9,971	44,535	400,123	444,658
Movement in reserves during 2023/24								
Total Comprehensive Income & Expenditure	2,097	(1,296)	-	-	-	801	34,685	35,486
Adjustments between accounting basis & funding basis under regulations (note 10)	(2,472)	896	890	-	949	263	(262)	1
Net Increase/ (Decrease) in 2023/24	(375)	(400)	890	-	949	1,064	34,423	35,487
Balance at 31st March 2024 carried forward (notes 11, 39 & 40)	20,589	6,257	7,833	-	10,920	45,599	434,546	480,145

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

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

The Comprehensive Income & Expenditure Statement brings together all the activities of the authority, summarises all the resources that the authority has consumed in providing those services and consolidates all the gains and losses experienced during the financial year.

The Statement has two sections.

The first section provides information on the costs of local authority services, net of specific grants and income from fees and charges to give the 'Surplus or Deficit on the Provision of Services'. This represents the increase or decrease in the net worth of the authority as a result of incurring expenses and generating income.

The second section, 'Other Comprehensive Income & Expenditure' shows any changes in net worth for any other reason: eg as a result of movements in the value of non-current assets or actuarial gains or losses on pension liabilities.

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

2022/23			Portfolio	2023/24		
Expenditure £000	Income £000	Net Expenditure £000		Expenditure £000	Income £000	Net Expenditure £000
418	(140)	278	Leader of the Council	340	(121)	219
5,728	(459)	5,269	Deputy Leader of the Council	2,168	(366)	1,802
2,655	(5,673)	(3,018)	Cabinet Member for Economic Growth	6,227	(4,910)	1,317
11,124	(6,735)	4,389	Cabinet Member for Town Centre and Visitor Economy	7,003	(6,607)	396
17,437	(8,092)	9,345	Cabinet Member for Health and Well Being	19,845	(12,070)	7,775
4,470	(4,111)	359	Cabinet Member for Housing	3,431	(2,700)	731
4,878	(1,768)	3,110	Cabinet Member for Governance	4,604	(1,776)	2,828
32,841	(27,886)	4,955	Cabinet Member for Business Transformation & Customers	33,212	(28,807)	4,405
79,551	(54,864)	24,687	COST OF GENERAL FUND SERVICES	76,830	(57,357)	19,473
39,449	(37,813)	1,636	Local Authority Housing (HRA)	32,397	(40,328)	(7,931)
119,000	(92,677)	26,323	COST OF SERVICES	109,227	(97,685)	11,542
2,236		2,236	Other operating expenditure (Note 12)	5,811		5,811
8,209	(5,224)	2,985	Financing & investment income & expenditure (Note 13)	6,415	(6,230)	185
	(17,172)	(17,172)	Taxation & non-specific grant income (Note 14)		(18,340)	(18,340)
		14,372	(Surplus)/Deficit on Provision of Services			(802)
		(31,300)	(Surplus)/deficit on revaluation of Property, Plant & Equipment			(14,784)
		(91,678)	(Surplus)/deficit on revaluation of available for sale financial assets Actuarial (gains)/losses on pension liabilities			- (19,901)
		(122,978)	Other Comprehensive Income & Expenditure			(34,685)
		(108,606)	Total Comprehensive Income & Expenditure			(35,487)

BALANCE SHEET

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

The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the capital receipts reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (e.g. 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'.

BALANCE SHEET AS AT 31ST MARCH 2024

2022/23 £000		2023/24 £000	Notes
418,575	Council Dwellings	429,423)	
80,693	Other Land & Buildings	90,915)	
4,672	Vehicles, Plant, Furniture & Equipment	4,129)	20,21
3,401	Infrastructure Assets	10,015)	23,24
4,072	Community Assets	4,127)	26
13,913	Assets Under Construction	10,087)	
278	Surplus Assets Not Held for Sale	272)	
525,604	Property, Plant & Equipment	548,968	
2,899	Heritage Assets	2,899	22
37,480	Investment Properties	37,860	25
-	Intangible Assets	-	
10,386	Net Pension Scheme Assets	31,459	
5,910	Long Term Debtors	3,833	
582,279	Long Term Assets	625,019	
-	Assets Held for Sale - Investment Properties	-	32
-	Short Term Investments	-	
287	Inventories	281	30
16,021	Short Term Debtors	19,849	31
15,144	Cash & Cash Equivalents	13,462	
31,452	Current Assets	33,592	
(13,079)	Short Term Borrowing	(12,610)	33
(27,011)	Short Term Creditors	(34,663)	34
(661)	Short Term Provisions	(2,016)	31
(2,268)	Cash Overdrawn	(1,429)	
(43,019)	Current Liabilities	(50,718)	
(122,363)	Long Term Borrowing	(123,753)	34
(3,229)	Long Term Provisions	(3,297)	16 & 43
(216)	Other Long Term Liabilities	(273)	
(246)	Capital Grants Receipts in Advance	(425)	18
(126,054)	Long Term Liabilities	(127,748)	
444,658	Net Assets	480,145	
44,535	Usable Reserves	45,598	11 & 39
400,123	Unusable Reserves	434,547	40 - 46
444,658	Total Reserves	480,145	

CASH FLOW STATEMENT

The Cash Flow statement shows the changes in cash and cash equivalents of the authority during the reporting period.

The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery.

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

CASH FLOW STATEMENT

2022/23 £000		2023/24 £000
14,372	Net (surplus)/deficit on provision of services	(802)
(40,017)	Adjustments to net (surplus)/deficit on provision of services for non-cash movements (Note 47)	(30,381)
2,645	Adjustments for items included in net (surplus)/deficit on provision of services that are investing and financing activities (Note 48)	11,171
(23,000)	Net cash flows from Operating Activities (Note 49)	(20,012)
22,278	Investing Activities (Note 50)	17,911
1,728	Financing Activities (Note 51)	2,943
1,006	Net increase/decrease in cash and cash equivalents	842
(13,882)	Cash and cash equivalents at beginning of reporting period	(12,875)
(12,876)	Cash and cash equivalents at end of reporting period (Note 31)	(12,033)

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year end 31st March 2024.

The Accounts and Audit Regulations 2015 require the authority to produce an annual Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), supported by International Financial Reporting Standards (IFRS).

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

1.2 ACCRUALS OF EXPENDITURE & INCOME

Income and expenditure in general are accounted for in the year in which they become due whether or not the cash has been actually received or paid in the year.

Exceptions to this principle relate to electricity and similar quarterly payments which are charged at the date of the meter reading rather than being apportioned between years and wages payments for which only full week's pay is recorded. This policy is applied consistently each year and does not have a material effect on the year's accounts.

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor is included in the Balance Sheet.

1.3 CASH & CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are any other instrument repayable within a 24 hour period.

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

1.4 INTERNAL INTEREST

Internal interest is credited to the various funds on the basis of their respective cash flow positions. The rate of interest used is the average Sterling Overnight Index.

1.5 **OVERHEADS**

The costs of overheads and support services are charged to portfolios in accordance with the authority's arrangements for reporting financial performance.

1.6 **EMPLOYEE BENEFITS**

Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year-end and include salaries, paid annual and sick leave and bonuses, and are recognised as an expense for services in the year in which employees render service to the Authority.

An accrual is made for the cost of holiday entitlements or any form of leave, earned by an employee but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the salary level applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to 'Surplus or Deficit on the Provision of Services' so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs, but then reversed out through the Movement in Reserves Statement.

Termination Benefits

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

Post Employment Benefits

Employees of the council may be members of the Local Government Pension Scheme administered by Derbyshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees worked for the council.

The Local Government Pension Scheme

The liabilities of the pension scheme attributable to the council are included in the balance sheet on an actuarial basis using the projected unit method – ie an assessment of 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, projected earnings etc.

The assets of the pension scheme attributable to the council are included in the balance sheet at their fair value:

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

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

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income & 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 years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement
- Net interest on the net defined benefit liability (i.e. net interest expense for the Authority) – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period - taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments
- Remeasurements comprising:
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income & 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 & Expenditure
- Contributions paid to Derbyshire County Council pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund in the year. 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.

1.7 REVENUE RECOGNITION

Revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients. It is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient.

Revenue is measured as the amount of the transaction price which is allocated to that performance obligation.

1.8 VALUE ADDED TAX

Value added tax (VAT) is only included in the Council's accounts to the extent that it is not recoverable from HM Revenue & Customs.

1.9 EVENTS AFTER THE BALANCE SHEET DATE

These are events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect these events
- Those indicative of conditions arising after the reporting period – the Statement of Accounts is not adjusted, but where the event would have a material effect, disclosure is made in the notes on the nature of the event with an estimate of the financial effect

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

1.10 INVENTORIES

The majority of inventories are included in the Balance Sheet at cost, although the last invoice price has been used in some instances as a proxy for cost.

1.11 RESERVES

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

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

1.12 PROVISIONS

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate of the obligation can be made.

Provisions are charged as an expense to the appropriate service in the Comprehensive Income and Expenditure Statement in the year that the Authority

becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation.

When payments are eventually made, they are charged to the provision in the Balance Sheet. The provision is reviewed at the end of each financial year and any reduction in provision is reversed and credited back to the relevant service.

1.13 INVESTMENT PROPERTY

Investment properties are those held solely to earn rentals or for capital appreciation. They are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Investment properties will be measured at highest and best use.

These properties are not depreciated but are revalued annually according to market conditions at the year end and any gains or losses on revaluation, or disposal, are included in the Financing & Investment Income line in the Comprehensive Income and Expenditure Statement. These are subsequently reversed out of the General Fund Balance in the Movement of Reserves Statement and transferred to the Capital Adjustment Account.

Rentals from investment properties are credited to the Financing & Investment Income line and result in a gain for the General Fund.

1.14 PROPERTY, PLANT & EQUIPMENT

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure is capitalised, provided that the asset yields benefits to the authority and the services it provides. This excludes expenditure on routine repairs and maintenance which is charged direct to service revenue accounts. Capital expenditure below £25,000 on land and property assets and below £10,000 on vehicles, plant and equipment is classed as de-minimis.

Assets are initially measured at cost. The cost of assets other than by purchase is deemed to be its fair value. This is the amount that would be received on disposing of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

- infrastructure, community assets and assets under construction are included in the balance sheet at depreciated historic cost.
- dwellings are included in the balance sheet at current value, on the basis of existing use for social housing
- all other assets are valued at current value, on the basis of existing use

Where there is no market based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value.

Non property assets with short useful lives or low values are valued on a depreciated historical cost basis as a proxy for current value.

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

Increases arising from the re-valuation are credited to the revaluation reserve to recognise unrealised gains. Exceptionally, gains may be credited to the Comprehensive Income & Expenditure Statement where they arise from the reversal of a loss previously charged to a service revenue account.

Where decreases in value are identified, they are accounted for as follows:

- 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 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 in the Comprehensive Income and Expenditure Statement

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

Intangible Assets

Expenditure on assets that do not have physical substance but are controlled by the Council (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the authority.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service in the Comprehensive Income and Expenditure Statement.

Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. Immediately before the initial classification of an asset as held for sale, the carrying amount of the asset is measured in accordance with the relevant section of the Code.

If there is a decrease in value, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria for 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.

Council house 'Right to Buy' applications are not classed as Assets Held for Sale, as the probability of these sales are uncertain until completion takes place and are outside the authority's control.

Disposals

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 & Expenditure Statement as part of the gain or loss on disposal. Receipts in excess of £10,000 are categorised as capital receipts. Receipts from disposals are credited to the same line on the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the revaluation reserve are transferred to the capital adjustment account.

A proportion of receipts from housing disposals have to be repaid to Government. The balance of receipts is credited to the Capital Receipts Reserve and can only be used to fund new capital investment or set aside to reduce the council's underlying need to borrow. 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 in separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

1.15 DEPRECIATION & IMPAIRMENT

Depreciation is provided 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 with no determinable finite useful life (i.e. freehold land and heritage assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation charges are calculated as follows:

- dwellings and other buildings - using the straight line method over the useful life of the asset (which can be determined at the time of acquisition or revaluation).
- Vehicles - depreciated by 25% on a reducing balance basis.
- Plant and equipment - depreciated on a straight line basis.

Where an asset has major components with different estimated useful lives, these are depreciated separately.

An individual asset or asset group is considered for splitting into components if:

- the current value of the asset is material (i.e. over £1m)
- the value of an individual component is more than 15% of total asset value
- the component life is significantly different to the life of the main asset

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.

Impairment – The value of assets are reviewed at the end of each year for evidence of reductions in value. Where impairment is identified and possible losses 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 and accounted for as follows:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount is written down against that balance (up to the amount of 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 in the Comprehensive Income and Expenditure Statement

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

1.16 HERITAGE ASSETS

The Authority has seven classes of heritage assets. They are recognised and measured in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets. All heritage assets identified have indefinite lives and will therefore not be subject to depreciation.

The carrying amount of heritage assets are reviewed when there is evidence of impairment. Any impairment is recognised and measured in accordance with the Authority's general policy on impairment. Any proceeds from disposals are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

The de-minimis level for individual heritage assets is £50,000 (excluding assets that have already been recognised). For practical reasons, Mayoral Regalia, Civic Plate, Paintings and Porcelain and the Museum Collection will be treated as one group and a lower de-minimis level of £10,000 will therefore be applied to additions/disposals which impact on this group.

1.17 CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Service revenue accounts, support services and trading accounts are charged with the following amounts to record the real cost of holding non-current assets used in the provision of services during the year.

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

The authority is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis in accordance with statutory guidance). This is referred to as the Minimum Revenue Provision (MRP).

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

1.18 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 a non-current asset, has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where the cost of this expenditure is met from existing capital resources or borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged so there is no impact on the level of council tax.

1.19 GOVERNMENT GRANTS AND CONTRIBUTIONS

Government grants and other contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant have been satisfied. Money received by the authority for which conditions have not been satisfied is carried in the Balance Sheet as creditors. Once conditions are satisfied, the grant is credited to the relevant service (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. When applied, it is posted to the Capital Adjustment Account.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). This levy will be charged on residential and retail developments with appropriate planning consent. The income generated by this levy will be used to fund infrastructure projects to support the development of the area.

CIL is received without outstanding conditions and so is recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions outlined above. CIL charges will generally be used to fund capital expenditure. However, 15% of the levy will be retained for neighbourhood development.

1.20 LEASES

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

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

Arrangements which 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.

Finance Leases

Assets held under finance leases are recognised on the balance sheet. Rental payments under finance leases are apportioned between the finance charge and the principal element, i.e. the reduction of the liability to pay future rentals. The finance element of rentals is charged to the Financing & Investment Income line in the Comprehensive Income and Expenditure Statement.

Operating Leases

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service using the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

The Authority as Lessor

The Council leases some of its properties to third parties. The value of these assets is included in the Balance Sheet.

Rent is charged for the use of these properties and is included in the relevant line in the Comprehensive Income & Expenditure Statement and credits are made on a straight-line basis over the life of the lease.

1.21 **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. They are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income & Expenditure line in the Comprehensive Income & Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. This means that the amount in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income & Expenditure Statement is the amount payable for the year in the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair Value through other comprehensive income (FVOCI)

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

Financial Assets Measured at Amortised Cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

The authority may also make loans to the voluntary sector at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

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

Expected Credit Loss Model – the authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

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

Financial Assets Measured at Fair Value through Profit or Loss are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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

1.22 INTEREST IN COMPANIES AND OTHER ENTITIES

If the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, it is required to prepare group accounts.

There were no group accounts identified for 2023/24.

1.23 JOINTLY CONTROLLED OPERATIONS

Jointly controlled operations are activities undertaken by the Authority in conjunction with other organisations which involve the use of assets and resources of one or more of the parties but which does not establish a separate entity.

The Council has a joint operation with Bolsover District Council and North East Derbyshire District Council who together operate the Chesterfield & District Joint Crematorium. The Council recognises on its balance sheet, its share of the assets that it controls and liabilities incurred and its share of the expenditure and income earned from the operation on its Comprehensive Income & Expenditure Statement. Note 53 provides further details.

1.24 CONTINGENT ASSETS/LIABILITIES

Contingent assets/liabilities are not recognised in the accounting statements but, where they exist, they are disclosed by way of a note to the accounts.

1.25 PRIOR PERIOD ADJUSTMENTS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable and relevant information on the Authority's financial position. Any change is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

1.26 FAIR VALUE MEASUREMENT

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is defined 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. It assumes that the transaction takes place either:

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

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability, assuming that market participants would act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using or selling the asset in its highest and best use.

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

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

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

1.27 COUNCIL TAX AND NON-DOMESTIC RATES

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

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

The balance sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances, prepayments and appeals.

Where debtor balances are identified as impaired because there is a likelihood arising from a past event that payments due will not be made, the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cashflows.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2023/24 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2023/24 Code are as follows:

- a) IFRS 16 Leases issued in January 2016.
- b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:
 - Specify that an entity's right to defer settlement must exist at the end of the reporting period.
 - Clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement.
 - Clarify how lending conditions affect classification, and • Clarify requirements for classifying liabilities and entity will or may settle by issuing its own equity instruments.
- c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement of sale and leaseback transactions.
- d) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. e) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued May 2023.

It is not anticipated that the above amendments will have a material impact on the information provided in the Council's financial statements.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The authority is the accountable body for the Staveley Towns Deal funding. The authority has reviewed its arrangements and concludes that it is acting as agent for the Town Deal. Income and expenditure is accounted and administered independently from the Council's accounts with the exception in respect of cash collected or expenditure incurred by the agent on behalf of the principal, in which case there is a debtor or creditor position. This is in accordance with the principles set out in the Local Authority Accounting Code of Practice where the Council is acting as an intermediary and is therefore following the agent principle as set out in section 2.6.2.1 of the Code.

4. **ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

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

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

Item	Uncertainties	Effect if Actual Results Differ From Assumptions
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements including mortality rates, expected return on fund assets and future salary rate increases. A firm of actuaries are engaged by the pension fund administrator to advice on the assumptions to be applied.	These assumptions interact in complex ways. During 2023/24, the actuaries advised that the net pensions liability had increased by £7.2m because of estimates being corrected as a result of experience and decreased by £15.5m attributable to updating their assumptions.
Arrears	At 31 st March 2024, the Authority had a balance of debtors of £15.8m. A review of significant balances based on age profile and likelihood of recovery, suggested that an impairment provision of £2.0m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a 1% increase in the level of impairment provision would require an additional amount of £158k to be found.
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that this level of spending on repairs and maintenance can be sustained, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings, including council houses, would increase by £1.6m for every year that useful lives had to be reduced.
Fair value measurement	When the fair value of financial assets and liabilities cannot be measured based on quoted prices in active markets (Level 1 inputs), valuation techniques such as quoted prices for similar assets in active markets or discounted cash flow are used. Where possible, the inputs to the valuation are based on observable data,	The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates, adjusted for

	<p>but where this is not possible, judgement is required in establishing fair values, including considerations such as uncertainty and risk. Changes in assumptions used could affect the fair value amount.</p> <p>Where Level 1 inputs are not available, the authority uses relevant experts to identify the most appropriate valuation technique to determine fair value. Information about the valuation techniques and inputs used in determining fair value is disclosed in notes 21, 25 and 37.</p>	<p>regional factors, for investment properties and some financial assets.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement.</p>
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A further source of uncertainty has arisen due to the introduction of the Business Rates Retention Scheme from 1st April 2014. Local Authorities are now liable for a proportion of successful appeals against business rates in their proportionate shares. Therefore a provision has been recognised in the accounts to cover this liability. It is difficult to judge the size of the provision required due to the high level of uncertainty as to when and if the appeals will be decided and which appeals will be successful. The provision has been calculated using information from the Valuation Office ratings list of appeals and an analysis of successful appeals to date by an independent company.

5. MATERIAL ITEMS OF INCOME AND EXPENSE

The programme of capital expenditure on Council Housing remained high at £24.3m in 2023/24. This spending is aimed at maintaining dwellings at the decent homes standard. It is anticipated that this level of investment will continue next year.

6. EVENTS AFTER THE BALANCE SHEET DATE

The statement of accounts was authorised for issue on 11/09/2024 by the Service Director - Finance, Theresa Channell FCPFA. This is also the date up to which events after 31st March 2024 have been considered.

7. EXPENDITURE AND FUNDING ANALYSIS

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (ie government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

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

Expenditure & Funding Analysis

2022/23 Net Expenditure Chargeable to the General Fund and HRA Balances	2022/23 Adjustment between Funding and Accounting Basis	2022/23 Net Expenditure in the Comprehensive Income and Expenditure Statement	Portfolio	2023/24 Net Expenditure Chargeable to the General Fund and HRA Balances	2023/24 Adjustment between Funding and Accounting Basis	2023/24 Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
100	178	278	Leader of the Council	237	(18)	219
8,130	(2,861)	5,269	Deputy Leader of the Council	1,839	(37)	1,802
(1,421)	(1,597)	(3,018)	Cabinet Member for Economic Growth	(195)	1,512	1,317
1,092	3,297	4,389	Cabinet Member for Town Centre and Visitor Economy	3,334	(2,938)	396
4,518	4,827	9,345	Cabinet Member for Health and Well Being	7,313	462	7,775
434	(75)	359	Cabinet Member for Housing	888	(157)	731
1,317	1,793	3,110	Cabinet Member for Governance	2,833	(5)	2,828
1,905	3,050	4,955	Cabinet Member for Business Transformation and Customers	3,827	578	4,405
592	1,044	1,636	Housing Revenue Account (HRA)	(8,827)	896	(7,931)
16,667	9,656	26,323	Net Cost of Services	11,249	293	11,542
(6,767)	(5,184)	(11,951)	Other Income and Expenditure	(10,474)	(1,870)	(12,344)
9,900	4,472	14,372	(Surplus)/Deficit	775	(1,577)	(802)
(37,520)			Opening General Fund and HRA Balance	(27,621)		
9,900			Movement	775		
(27,620)			Closing General Fund and HRA Balance	(26,846)		
(23,942)			Opening General Fund Balance	(20,964)		
2,556			Movement	376		
(20,964)			Closing General Fund Balance	(20,588)		
(13,577)			Opening HRA Balance	(6,657)		
6,920			Movement	399		
(6,657)			Closing HRA Balance	(6,258)		

7A. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS: ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS

The note below shows the difference between the accounting basis and funding basis.

Adjustments between Funding and Accounting Basis 2023/24				
Portfolios	Adjustment for Capital Purposes £000	Net change for Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Leader of the Council		(18)	-	(18)
Deputy Leader of the Council		(38)	1	(37)
Economic Growth	1,172	(137)	477	1,512
Town Centre & Visitor Economy	(2,809)	(130)	1	(2,938)
Health & Wellbeing	848	(392)	6	462
Housing	(146)	(11)	-	(157)
Governance	134	(139)	-	(5)
Business Transformation and Customers	861	(288)	5	578
Housing Revenue Account	893	(19)	22	896
Net Cost of Services	953	(1,172)	512	293
Other income & expenditure from Expenditure & Funding Analysis	(770)		(1,100)	(1,870)
Difference between General Fund deficit and CIES deficit on Provision of Services	183	(1,172)	(588)	(1,577)

Adjustments between Funding and Accounting Basis 2022/23				
Portfolios	Adjustment for Capital Purposes £000	Net change for Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Leader of the Council	-	178	-	178
Deputy Leader of the Council	-	(2,862)	1	(2,861)
Economic Growth	(1,090)	1,106	(1,613)	(1,597)
Town Centre & Visitor Economy	2,180	1,116	1	3,297
Health & Wellbeing	1,397	3,424	6	4,827
Housing	(242)	167	-	(75)
Governance	134	1,657	2	1,793
Business Transformation and Customers	467	2,580	3	3,050
Housing Revenue Account	1,929	980	(1,865)	1,044
Net Cost of Services	4,775	8,346	(3,465)	9,656
Other income & expenditure from Expenditure & Funding Analysis	(695)	-	(4,489)	(5,184)
Difference between General Fund deficit and CIES deficit on Provision of Services	4,080	8,346	(7,954)	4,472

Adjustments for Capital Purposes

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

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

Net Change for Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **For services** – this represents the removal of the employer contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- **For financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

Other Differences

Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:

- **For financing and investment income and expenditure** – recognises adjustments to the General Fund for the timing differences for premiums and discounts
- **For taxation and non-specific grant income and expenditure** – represents the differences between what is chargeable under statutory regulations for council tax and business rate income that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be included in future surplus/deficit on the Collection Fund.

8. SEGMENTAL INCOME

The amount of income received from external sources is shown below on a segmental basis.

Portfolios	Income from Services	
	2023/24 £000	2022/23 £000
Leader of the Council	-	-
Deputy Leader of the Council	(2)	(96)
Economic Growth	(5,793)	(4,889)
Town Centre & Visitor Economy	(7,530)	(7,236)
Health & Wellbeing	(9,581)	(6,470)
Housing	(160)	(151)
Governance	(456)	(406)
Business Transformation and Customers	(25,937)	(25,043)
Housing Revenue Account	(43,098)	(40,480)
Total income analysed on a segmental basis	(92,557)	(84,771)

9. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

	2023/24 £000	2022/23 £000
Expenditure		
Employee expenses	41,371	26,597
Other service expenses	42,981	63,810
Support service recharges	10,709	13,381
Depreciation, amortisation & impairment	17,465	34,730
Transfers to/from reserves	(1,775)	(16,021)
Interest payments	4,891	4,720
Precepts	555	506
Payments to Housing Capital Receipts Pool	-	-
Gain/loss on disposal of fixed assets	5,256	1,723
Total Expenditure	121,453	129,446
Income		
Fees, charges & other service income	(64,224)	(56,457)
Government grants	(37,530)	(30,951)
Recharges & other income	(10,709)	(13,381)
Interest & investment income	(867)	(4,833)
Income from business rates	(2,727)	(3,554)
Income from council tax	(6,198)	(5,898)
Total Income	(122,255)	(115,074)
(Surplus)/Deficit on Provision of Services	(802)	14,372

10. **ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS**

Income and expenditure charged to the General Fund and which must be taken into account in determining a local authority budget requirement and therefore its council tax is determined by statute and non-statutory proper practices rather than being in accordance with IFRS requirements.

Whilst the amounts which must be included in the Comprehensive Income and Expenditure Statement and the amounts required by statute and non-statutory practices to be included in the General Fund are largely the same, there are a number of differences.

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

	Usable Reserves					
2023/24	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
<u>Adjustments primarily involving the Capital Adjustment Account:</u>						
Reversal of items debited/credited to Comprehensive Income & Expenditure Statement						-
Depreciation, impairment & revaluation losses of non-current assets	6,119	9,203				(15,322)
Non-current assets written off on disposal as part of gain/loss on disposal to CIES	836	7,808				(8,644)
Movement in market value of Investment Properties	(1,183)	1				1,182
Amortisation of intangible assets						-
Capital grants & contributions applied	(4,866)				4,866	-
Revenue expenditure funded from capital under statute	(10)				(4,720)	4,730
<u>Insertion of items not debited/credited to Comprehensive Income & Expenditure Statement</u>						
Statutory provision for financing of capital investment	(1,276)					1,276
Capital expenditure charged against General Fund and HRA balances	(642)					642
Voluntary Repayment of Debt						-
Community Infrastructure Levy (CIL)	(1,212)				1,212	-
Transfers between Other Reserves	1,688	18	1,074		(409)	(2,370)

<u>Adjustments primarily involving the Capital Receipts Reserve:</u>						
Use of Capital Receipts Reserve to finance new capital expenditure			(3,579)			3,579
Contribution from Capital Receipts Reserve to finance payments to Government capital receipts pool						-
Transfer of cash sale proceeds credited as part of gain/loss on disposal to CIES	(963)	(2,432)	3,395			-
<u>Adjustments primarily involving the Major Repairs Reserve:</u>						
HRA depreciation & impairment		(13,687)		13,687		-
Excess of Major Repairs Allowance over HRA depreciation						-
Use of Major Repairs Reserve to finance new capital expenditure				(13,687)		13,687
<u>Adjustments primarily involving the Financial Instruments Adjustment Account:</u>						
Amounts by which finance costs charged to Comprehensive Income & Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements						-
<u>Adjustments primarily involving the Pensions Reserve:</u>						
Reversal of items relating to retirement benefits debited/credited to Comprehensive Income & Expenditure Statement	5,639	(19)				(5,620)
Employers contributions payable to Derbyshire County Council Pension Fund and retirement benefits payable to pensioners in the year	(6,793)					6,793
<u>Adjustments primarily involving the Collection Fund Adjustment Account:</u>						
Amount by which council tax and business rate income credited to the Comprehensive Income & Expenditure Statement is different from council tax and business rate income calculated for the year in accordance with statutory requirements	175					(175)
<u>Adjustments primarily involving the Accumulated Absences Account:</u>						
Amount by which salaries charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements.	16	4				(20)
<u>Total Adjustments</u>	(2,472)	896	890	-	949	(262)

	Usable Reserves					
2022/23	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
<u>Adjustments primarily involving the Capital Adjustment Account:</u>						
Reversal of items debited/credited to Comprehensive Income & Expenditure Statement						-
Depreciation, impairment & revaluation losses of non-current assets	6,755	16,601				(23,356)
Non-current assets written off on disposal as part of gain/loss on disposal to CIES	5,989	10,840				(16,829)
Movement in market value of Investment Properties	(568)	(62)				630
Amortisation of intangible assets						-
Capital grants & contributions applied	(3,186)				3,186	-
Revenue expenditure funded from capital under statute	(155)				(1,596)	1,751
<u>Insertion of items not debited/credited to Comprehensive Income & Expenditure Statement</u>						
Statutory provision for financing of capital investment	(722)					722
Capital expenditure charged against General Fund and HRA balances	(145)	(3,819)				3,964
Voluntary Repayment of Debt		(1,869)				1,869
Community Infrastructure Levy (CIL)	(1,610)				1,610	-
Transfers Between Other Reserves	(5)		7		-	(2)

<u>Adjustments primarily involving the Capital Receipts Reserve:</u>						
Use of Capital Receipts Reserve to finance new capital expenditure			(5,329)			5,329
Contribution from Capital Receipts Reserve to finance payments to Government capital receipts pool	-		-			-
Transfer of cash sale proceeds credited as part of gain/loss on disposal to CIES	(6,539)	(8,567)	8,020			7,086
<u>Adjustments primarily involving the Major Repairs Reserve:</u>						
HRA depreciation & impairment		(13,064)		13,064		-
Excess of Major Repairs Allowance over HRA depreciation						-
Use of Major Repairs Reserve to finance new capital expenditure				(13,064)		13,064
<u>Adjustments primarily involving the Financial Instruments Adjustment Account:</u>						
Amounts by which finance costs charged to Comprehensive Income & Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements	-					-
<u>Adjustments primarily involving the Pensions Reserve:</u>						

Reversal of items relating to retirement benefits debited/credited to Comprehensive Income & Expenditure Statement	13,697	980				(14,677)
Employers contributions payable to Derbyshire County Council Pension Fund and retirement benefits payable to pensioners in the year	(6,330)					6,330
<u>Adjustments primarily involving the Collection Fund Adjustment Account:</u>						
Amount by which council tax and business rate income credited to the Comprehensive Income & Expenditure Statement is different from council tax and business rate income calculated for the year in accordance with statutory requirements	(3,767)					3,767
<u>Adjustments primarily involving the Accumulated Absences Account:</u>						
Amount by which salaries charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements.	15	4				(19)
Total Adjustments	3,429	1,044	2,698	-	3,200	(10,371)

11. TRANSFERS TO/FROM EARMARKED RESERVES

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

	Balance 01/04/2022 £000	Transfers In 2022/23 £000	Transfers Out 2022/23 £000	Balance 31/03/2023 £000	Transfers In 2023/24 £000	Transfers Out 2023/24 £000	Balance 31/03/2024 £000
General Fund							
Vehicles & Plant	849	360	(576)	633	406	(674)	365
Information Technology	83	191	(267)	7	50	(6)	51
Crematorium							
Mercury Abatement	610	71	-	681	65	-	746
Capital Improvements	333	50	(10)	373	50	(44)	379
Capital Reserves	1,875	672	(853)	1,694	571	(724)	1,541
General Fund							
Enterprise Zone Business Rate	2,569	1,680	(1,121)	3,128	2,480	(1,425)	4,183
Budget Risk Reserve	2,384	430	(669)	2,145	1,537	(1,110)	2,572
Service Improvement	244	-	(32)	212	-	(52)	160
Property Improvement	789	1,166	(1,482)	473	1,173	(1,646)	-
Insurance	770	-	(150)	620	-	-	620
Tenants Property	1,011	306	(228)	1,089	330	(333)	1,086
Tapton Innovation Centre	146	28	(8)	166	33	(17)	182
DSO/DLO Reserve	560	-	-	560	-	-	560
Planning Inquiry	81	15	-	96	15	-	111
Flood Restoration	51	-	-	51	-	-	51
Elections	2	-	-	2	55	-	57
Museum Exhibits	25	-	-	25	-	-	25
Internal Audit Consortium	17	11	(17)	11	11	(11)	11
Risk Management Fund	5	5	(5)	5	5	(5)	5
S106	664	96	(5)	755	47	(19)	783
Revenue Grants Unapplied	2,178	2,535	(2,337)	2,376	1,147	(726)	2,797
MMI Insurance Reserve	153	-	-	153	-	(84)	69
Barrow Hill Bridge	35	5	-	40	5	-	45
Business Rates	6,550	-	(2,491)	4,059	785	(2,560)	2,284
Repaid Improvement Grants	165	100	(46)	219	88	-	307
Northern Gateway	149	-	-	149	-	-	149
Theatre Restoration	194	83	-	277	90	-	367
Tier 4	285	-	(116)	169	-	(169)	-
Digital Innovation	31	-	-	31	-	-	31
Service Redesign	571	-	(198)	373	-	-	373
General	425	-	(425)	-	-	-	-
Crematorium							
Crematorium Balance	315	157	(72)	400	151	(65)	486
Cremator Repairs	183	-	-	183	29	-	212
Crematorium Equipment	15	3	-	18	3	-	21
Revenue Reserves	20,567	6,620	(9,402)	17,785	7,984	(8,222)	17,547
Total Earmarked Reserves	22,442	7,292	(10,255)	19,479	8,555	(8,946)	19,088
General Fund Working Balance	1,500	-	-	1,500	-	-	1,500
HRA							
Housing Revenue Account Balance	13,572	82	(6,997)	6,657	86	(504)	6,239
Major Repairs Reserve (HRA)	-	13,064	(13,064)	-	13,687	(13,687)	-
Revenue Grants Unapplied	5	-	(5)	-	18	-	18
Total HRA Reserves	13,577	13,146	(20,066)	6,657	13,791	(14,191)	6,257

12. OTHER OPERATING EXPENDITURE

	2023/24 £000	2022/23 £000
Parish council precepts	555	506
Payments to Housing Capital Receipts Pool	-	-
(Gains)/losses on disposal of non-current assets	5,256	1,723
Other	-	7
TOTAL	5,811	2,236

13. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2023/24 £000	2022/23 £000
Interest payable & similar charges	4,891	4,720
Net interest on net defined benefit liability	(503)	2,053
Interest and investment income	(866)	(571)
Income and expenditure in relation to Investment Properties	(2,260)	(2,246)
Changes in fair value of Investment Properties	(1,183)	(627)
(Gain)/loss on trading accounts	-	(391)
Transfer to/(from) Bad Debt Provisions	106	47
TOTAL	185	2,985

14. TAXATION AND NON SPECIFIC GRANT INCOME

	2023/24 £000	2022/23 £000
Council tax income	(6,158)	(5,898)
Business Rates income and expenditure	(2,727)	(3,554)
Non-ringfenced government grants	(4,589)	(4,534)
Capital grants and contributions	(4,866)	(3,186)
TOTAL	(18,340)	(17,172)

15. **OFFICERS' REMUNERATION**

The number of all employees whose remuneration excluding pension contributions was £50,000 or more in bands of £5,000 were:		
Remuneration Band	No. of Employees	
	2023/24	2022/23
£50,000 - £54,999	30	28
£55,000 - £59,999	10	4
£60,000 - £64,999	3	2
£65,000 - £69,999	-	-
£70,000 - £74,999	1	2
£75,000 - £79,999	1	-
£80,000 - £84,999	6	6
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	1
£100,000 - £104,999	1	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	1
£120,000 - £124,999	1	-

The following tables set out the remuneration disclosure for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year (these are also included in the table above).

<u>2023/24</u>	Salary (inc fees & allowances)	Expense Allowances	Compensation for loss of employment	Total remuneration exc pension contributions 2023/24	Pension Contributions	Total remuneration inc pension contributions 2023/24
Post Title	£	£	£	£	£	£
Chief Executive	121,706	2,140	-	123,846	24,828	148,674
Executive Director	101,315	-	-	101,315	20,668	121,983
Service Director - Finance	83,409	918	-	84,327	17,015	101,342
Total	306,429	3,058	-	309,487	62,512	371,999

<u>2022/23</u>	Salary (inc fees & allowances)	Expense Allowances	Compensation for loss of employment	Total remuneration exc pension contributions 2021/22	Pension Contributions	Total remuneration inc pension contributions 2021/22
Post Title	£	£	£	£	£	£
Chief Executive	117,717	60	-	117,777	17,874	135,651
Executive Director	31,808	-	-	31,808	3,890	35,698
Executive Director	97,889	-	-	97,889	14,579	112,468
Service Director - Finance	80,588	-	-	80,588	12,249	92,837
Total	328,002	60	-	328,062	48,592	376,654

The number of exit packages with total cost per band and total cost of the compulsory and other departures are set out in the table below. The total cost has been agreed and charged to the Comprehensive Income & Expenditure Statement in the year indicated.

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24 £000	2022/23 £000
£0 - £20,000	-	-	19	3	19	3	106	50
£20,001 - £40,000	-	-	9	1	9	1	253	29
£40,001 - £60,000	-	-	1	-	1	-	53	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	2	-	2	-	175	-
Total	-	-	31	4	31	4	587	79

16. **DEFINED BENEFIT PENSION SCHEMES**

Participation in Pension Scheme

As part of the terms and conditions of employment of its officers, the authority makes contributions towards the cost of post-employment benefits. Although the benefits of this scheme are not actually payable until employees retire, the authority has a commitment to make the payments and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme and Derbyshire County Council administers the scheme. It is a funded defined benefit career average revalued earnings scheme, meaning that the Council and employees pay contributions

into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Derbyshire pension 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 of Derbyshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

Transactions Relating to Post-employment Benefits

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

Transactions Relating to Retirement Benefits		
Comprehensive Income & Expenditure Statement	2023/24 £000	2022/23 £000
Cost of Services		
Service cost comprising:		
▪ Current service cost	6,025	12,371
▪ Past service costs	104	253
▪ (Gain)/Loss from settlements	-	-
Financing & Investment Income and Expenditure		
▪ Net interest expense	(509)	2,053
Total Post Employment benefit Charged to surplus/Deficit on Provision of Services	5,620	14,677
Remeasurement of net defined benefit liability comprising:		
▪ Return on plan assets (excluding amount included in net interest expense)	(11,728)	15,792
▪ Actuarial gains and losses arising on changes in demographic assumptions	(1,582)	(5,782)
▪ Actuarial gains and losses arising on changes in financial assumptions	(14,055)	(124,399)
▪ Other	7,465	22,712
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(14,280)	(77,000)

Movement in Reserves Statement	2023/24	2022/23
▪ Reversal of net charges made to Surplus/Deficit on Provision of Services for post employment benefits in accordance with the Code	5,620	14,677
Actual amount charged against General fund Balance for pensions in year		
▪ Employers' contributions payable to scheme	6,793	6,331

Pension Assets and Liabilities Recognised in the Balance Sheet

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

	2023/24 £000	2022/23 £000
Present value of defined benefit obligation	245,693	245,283
Fair value of plan assets	(276,947)	(255,603)
Net liability arising from defined benefit obligations	(31,254)	(10,320)

Reconciliation of Movements in the Fair Value of Scheme Assets

	2023/24 £000	2022/23 £000
Opening fair value of scheme assets	255,603	268,444
Interest income	12,085	7,236
Re-measurement gain/loss:		
▪ Return on plan assets, excluding amount included in net interest expense	11,661	(15,706)
Contributions from employer	6,747	6,285
Contributions from employees into the scheme	1,830	1,722
Benefits paid	(10,979)	(8,527)
Remeasurement gains/losses:		
▪ Other	-	(3,851)
Effect of Business Combinations		-
Closing balance at 31st March	276,947	255,603

Reconciliation of Present Value of Scheme Liabilities

	2023/24 £000	2022/23 £000
Opening balance at 1st April	245,283	340,852
Current service cost	5,993	12,297
Interest cost	11,579	9,274
Contributions from scheme participants	1,830	1,722
Remeasurement gains/losses:		
▪ Actuarial gains/losses arising from changes in demographic assumptions	(1,573)	(5,700)
▪ Actuarial gains/losses arising from changes in financial assumptions	(13,970)	(123,648)
▪ Other	7,426	18,760
Past service cost	104	253
Benefits paid	(10,979)	(8,527)
Effect of Business Combinations	-	-
Closing balance at 31st March	245,693	245,283

Local Government Pension Scheme Assets

	Fair Value of Scheme Assets							
	2023/24				2022/23			
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets
Cash & cash equivalents		8,265	8,265	3%		9,250	9,250	4%
Equity Securities								
▪ Consumer	-	-	-	0%	555		555	0%
▪ Manufacturing	-	-	-	0%	450		450	0%
▪ Energy & utilities	-	-	-	0%	249		249	0%
▪ Financial institutions	-	-	-	0%	279		279	0%
▪ Health & care	-	-	-	0%	487		487	0%
▪ Information technology	-	-	-	0%	510		510	0%
▪ Other	7,598		7,598	3%	7,519		7,519	3%
Sub-total Equity	7,598	-	7,598	3%	10,049	-	10,049	3%
Debt Securities								
▪ Corporate	16,130	20,779	36,909	13%	14,485	18,007	32,492	13%
▪ UK Government	23,986		23,986	9%	19,370		19,370	8%
▪ Other	3,986		3,986	1%	4,479		4,479	2%
Sub-total Debt	44,102	20,779	64,881	23%	38,334	18,007	56,341	23%
Property								
▪ UK Property	750	19,329	20,079	7%	898	19,464	20,362	8%
Private Equity								
▪ All	4,761	9,560	14,321	5%	4,319	8,531	12,850	4%
Investment Funds & Unit Trusts								
▪ Equities	49,506	82,800	132,306	48%	43,657	75,445	119,102	47%
▪ Infrastructure	4,945	24,551	29,496	11%	5,386	22,263	27,649	11%
Sub-total Investment Funds & Unit Trusts	54,451	107,351	161,802	59%	49,043	97,708	146,751	58%
Total Assets	111,662	165,284	276,946	100%	102,643	152,960	255,603	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions payable in future years dependent on assumptions about mortality rates, salary levels etc. The scheme has been assessed by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme at 31st March 2024.

The actuaries' valuation report includes an assessment of the impact of the McCloud judgement relating to the 2014 reforms of LGPS benefits.

The significant assumptions used by the actuary are:

	2023/24	2022/23
Mortality Assumptions:		
Longevity at 65 for current pensioners		
▪ Men	20.8	21.0
▪ Women	23.8	24.0
Longevity at 65 for future pensioners		
▪ Men	21.6	21.8
▪ Women	25.3	25.5
Rate of inflation	2.75%	2.95%
Rate of increase in salaries	3.75%	3.95%
Rate of increase in pensions	2.75%	2.95%
Rate for discounting scheme liabilities	4.85%	4.75%
Take up of option to convert annual pension into retirement lump sum - pre April 2008 service	60%	60%
Take up of option to convert annual pension into retirement lump sum - post April 2008 service	60%	60%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method. The methods and types of assumption used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined benefit Obligation in the Scheme	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	4,301
0.1% increase in Salary Increase Rate	0%	573
0.1% increase in Pension Increase Rate	2%	3,801
1 year increase in member life expectancy	4%	9,828

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 18 years. Funding levels are reviewed as part of the triennial valuation process. The next triennial valuation is due to be completed as at 31st March 2025.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Act 2013. Under the Act, the Local Government Pension Scheme may not provide benefits in relation to service after 31st March 2014. The Act provides

for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes.

With the exception of the tables detailing transactions in the Comprehensive Income & Expenditure Statement and the Movement in Reserves Statement, the pension fund details in note 16 do not include Chesterfield Borough Council's share of the Crematorium pension fund which has its own separate fund.

17. **MEMBERS' ALLOWANCES**

The allowances and expenses paid to Members were as follows:

	2023/24 £000	2022/23 £000
Special Responsibility & Other Allowances	149	148
Basic Responsibility Allowances	262	306
Member expenses	2	3
TOTAL	413	457

A schedule of the amounts paid to individual Members is published each year in the Council's newspaper. The schedule can also be viewed on the Council's website (www.chesterfield.gov.uk).

18. **GRANT INCOME**

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

	2023/24 £000	2022/23 £000
Credited to Taxation & Non Specific Grant Income		
Revenue Support Grant	663	458
New Homes Bonus Grant	398	440
Home Office	68	-
Staveley Town Deal	467	212
Department for Levelling Up, Housing & Communities		
▪ Business Rate Relief	3,263	3,249
▪ Covid19	-	-
▪ Levelling Up Fund	3,982	2,817
▪ Other	266	387
Other	348	192
TOTAL	9,455	7,755

Credited to Services:		
Capital		
Green Homes Grants	297	-
Derbyshire Better Care Fund	1,346	1,197
Derbyshire County Council:	-	-
Revenue		
Dept for Work & Pensions- Housing Benefits	30,469	22,604
DLUHC	1,208	1,120
UKSPF	600	-
Arts Council	-	46
Lottery Funding - Energy Grant	153	-
Derbyshire County Council:		
- Supporting People	240	286
- Highways Agency	130	130
- Other	-	50
Home Office Asylum Dispersal	65	-
Other Local Authorities	-	163
Other	76	6
TOTAL	34,584	25,602

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

Capital Grants Receipts in Advance	2023/24 £000	2022/23 £000
Green Homes Grants	175	106
Derbyshire County Council	-	3
S106 Contributions	-	134
Other	3	14
TOTAL	178	257

19. **EXTERNAL AUDIT COSTS**

The Council has incurred the following fees relating to external audit and inspection, certification of grant claims and non-audit services.

	2023/24 £000	2022/23 £000
Fees payable to the auditors with regard to external audit services carried out by the appointed auditor	153	48
Fees payable to the auditor for certification of grant claims and returns	9	8
Fees payable in respect of any other services provided by the appointed auditor	4	4
Total	166	60

20. MOVEMENTS IN PROPERTY, PLANT & EQUIPMENT

<u>Movements in 2023/24</u>	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000
<u>Gross Book Value</u>								
Brought forward 1 April	418,575	86,176	9,534	7,928	4,072	310	13,913	540,508
Additions	-	2,098	798		54		5,807	8,757
Revals - Revaluation Reserve	-	7,578						7,578
Revals - surplus/deficit on provision of services	-	(2,283)						(2,283)
Derecognition - disposals	-	(32)	(32)					(64)
Derecognition - other	-	-						-
Impairment losses reversed in s/d on provision of services	-	-						-
Other movements	-	2,611	-	6,899		-	(9,633)	(123)
GBV at 31 March 24	418,575	96,148	10,300	14,827	4,126	310	10,087	554,373
<u>Accumulated Depreciation & Impairment</u>								
Brought forward 1 April	-	(5,483)	(4,862)	(4,527)	-	(32)	-	(14,904)
Additions - depreciation	-	(2,332)	(1,337)	(285)		(6)		(3,960)
Additions - impairment	-	-						-
Revals - Revaluation Reserve	-	2,579						2,579
Revals - surplus/deficit on provision of services	-	-						-
Derecognition - disposals	-	3	28					31
Derecognition - other	-	-						-
Impairment losses reversed in s/d on provision of services	-	-						-
Other movements	-	-						-
Depreciation & Impairment at 31 March 24	-	(5,233)	(6,171)	(4,812)	-	(38)	-	(16,254)
Net Book Value B/fwd	418,575	80,693	4,672	3,401	4,072	278	13,913	525,604
Net Book Value at 31 March 24	418,575	90,915	4,129	10,015	4,126	272	10,087	538,119

<u>Movements in 2022/23</u>	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000
Gross Book Value								
Brought forward 1 April	385,603	76,256	8,225	6,061	4,072	891	29,554	510,662
Additions	23,403	61	548				4,429	28,441
Revals - Revaluation Reserve	16,016	582						16,598
Revals - surplus/deficit on provision of services	(3,537)	(3,402)						(6,939)
Derecognition - disposals	(8,249)					-		(8,249)
Derecognition - other								-
Impairment losses reversed in s/d on provision of services								-
Other movements	5,339	12,679	761	1,867		(581)	(20,070)	(5)
GBV at 31 March 23	418,575	86,176	9,534	7,928	4,072	310	13,913	540,508
Accumulated Depreciation & Impairment								
Brought forward 1 April	-	(5,419)	(3,857)	(4,317)	-	(26)	-	(13,619)
Additions - depreciation	(12,892)	(2,378)	(1,005)	(210)		(6)		(16,491)
Additions - impairment								-
Revals - Revaluation Reserve	12,462	2,314						14,776
Revals - surplus/deficit on provision of services								-
Derecognition - disposals	425							425
Derecognition - other								-
Impairment losses reversed in s/d on provision of services								-
Other movements	5							5
Depreciation & Impairment at 31 March 23	-	(5,483)	(4,862)	(4,527)	-	(32)	-	(14,904)
Net Book Value B/fwd	385,603	70,837	4,368	1,744	4,072	865	29,554	497,043
Net Book Value at 31 March 23	418,575	80,693	4,672	3,401	4,072	278	13,913	525,604

Depreciation

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

Council Dwellings:	9 – 40 years
Other Land & Buildings:	1 – 75 years
Vehicles, Plant, Furniture & Equipment:	1 – 10 years
Infrastructure	20 – 35 years

21. **SURPLUS ASSETS**

Fair Value Hierarchy

Details of surplus assets and information about their fair value hierarchy at 31st March are as follows:

Fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 23 £000
Community Rooms	68	-	68
Land	-	210	210
Total 2023/24	68	210	278

Fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 22 £000
Community Rooms	68	-	68
Land	-	210	210
Total 2022/23	68	210	278

There were no transfers between Levels 2 and 3 during the year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values

Significant Observable Inputs – Level 2

The fair value for the surplus assets has been based on a market approach using current market evidence including recent sale prices/rentals achieved and other relevant information for similar assets within the local authority area. Market conditions are such that similar properties have actively sold or let and the level of observable inputs are significant.

Significant Unobservable Inputs – Level 3

These valuations are historic based on existing use values and/or based on unobservable inputs. These assets will be revalued in 2023/24 to allow confirmation of their fair value hierarchy classifications.

Reconciliation of Fair Value Measurements (using significant unobservable inputs)
Categorised within Level 3 of the Fair Value Hierarchy

Surplus Assets categorised as Level 3	31st March 2024 £000	31st March 2023 £000
Opening balance	210	791
Transfers into Level 3	-	-
Transfers from Level 3	-	-
Total gains/losses for the period included in surplus/deficit on Provision of Services resulting from changes in fair value	-	-
Additions		
Revaluations	-	-
Disposals	-	(581)
Closing Balance	210	210

Quantitative Information about Fair Value Measurement of Surplus Assets using Significant Unobservable Inputs – Level 3

	31st March 2024 £000	Valuation Technique	Unobservable Inputs	Sensitivity
Land	210	Market Value	Future Use	Planning Restrictions Site issues - redevelopment

22. HERITAGE ASSETS

The Heritage Assets owned by the Council are largely peripheral to its main objectives and are held entirely with the objective of preserving them for future generations because of their cultural, environmental or historical association with the borough.

Reconciliation of the carrying value of Heritage Assets held by the Authority:

Asset Class	Balance B/Fwd at 1st April 2023 £000	Additions £000	Disposals £000	Revaluations £000	Other Changes £000	Balance C/Fwd at 31 March 2024 £000
Rosewall Sculpture	950					950
Historic Sites & Buildings	315					315
Museum Collection	265					265
Civic Plate, Paintings & Porcelain	245					245
Mayoral Regalia	439					439
Assets Carried at Valuation	2,214	-	-	-	-	2,214
Barrow Hill Railway HC	344					344
War Memorials etc	38					38
Museum Collection	-					-
Percent for Art Sculptures	303					303
Assets Carried at Cost	685	-	-	-	-	685
TOTAL HERITAGE ASSETS	2,899	-	-	-	-	2,899

Assets not included in the Balance Sheet

War Memorials and Other Monuments – The Council has 17 war memorials together with various other monuments, including the Peace Fountain in Eastwood Park and the ‘Old Town Pump’ in the centre of Chesterfield market place. Only 4 of the war memorials and the Peace Fountain are included on the Balance Sheet. Reliable information on cost is not available. No further acquisitions or disposals of assets in this class of heritage assets is anticipated. These assets are not insured and it is considered impractical to obtain valuation information due to the lack of comparable transactions and the relative insignificance of the assets in purely financial terms.

Percent for Art – The Council supports and encourages the promotion of public art as good planning practice which brings cultural, environmental and economic benefit to local communities. Previous planning policy required developers of schemes costing more than £1m to include a work of art to the value of 1% of the total project cost on their development. The Council keeps a register of sculptures owned and maintained by it in the Forward Planning Section. The Council manages a separate website www.chesterfieldarttrail.co.uk which gives details of where the existing artworks can be found.

It is considered impractical to obtain reliable information on cost for most of the assets in this category as some of the artworks were paid for by third parties and for those sponsored by the Authority, the difficulty of separating costs relating to artwork from other capital costs. These assets are not insured and it is considered impractical to obtain valuation information due to the lack of comparable transactions and the diversity of the assets themselves.

Museum Collection – The majority of the 30,000 objects in the museum collection are made up of objects of social and industrial history. A high proportion of the collection is made up of items of minimal commercial value. The collection is currently held in storage whilst the Museum is undergoing refurbishment. The collection can be divided into five broad categories:

- Social and historical objects
- Fine arts (paintings and drawings)
- Decorative art (pottery and glass)
- Archaeological finds
- Material available for loans to schools

Except for recent acquisitions, reliable information on cost is not available. In general, conventional valuation approaches would not be suitable owing to the sheer number and diversity of items, coupled with the unique and irreplaceable nature of many of the objects concerned. The collection is insured for £3.3m but this is regarded as a nominal and fairly arbitrary figure and therefore only those existing assets with a readily ascertainable market value have been recognised on the balance sheet.

Assets included in the Balance Sheet

Historic Buildings

There are three assets included in this classification. These are the Barrow Hill Railway Heritage Centre which hosts Britain’s last working roundhouse, the Revolution House which is an old stone cottage used as a museum, originally an alehouse used

to plot the Revolution of 1688 and the Queens Park dovecote which is located in the Victorian park in the centre of Chesterfield. No further acquisitions or disposals are expected in this classification of heritage assets. All of these assets can be visited by the public and further information is available on the Council's website.

These assets are measured at valuation using conventional valuation approaches. They were valued as at 1st April 2020 by the Council's internal valuer, in accordance with the Statements of Asset Valuation Practice & Guidance Notes of the Royal Institute of Chartered Surveyors.

War Memorials/Monuments

Only 4 of the 17 war memorials in the Borough and the Peace Fountain in Hasland Park are included in the balance sheet, the former at a notional cost of £1 each. No further acquisitions or disposals are anticipated for this classification of heritage asset. All assets are accessible to the public.

Rosewall Sculpture

This was originally commissioned from Barbara Hepworth by the Post Office to stand outside their administrative offices when they relocated to Chesterfield in the 1960's. It was acquired in 2008/09 and was valued immediately prior to purchase by Hazlett, Holland-Hibbert, a firm of specialist dealers in modern art at market value. Due to the cost involved, further appraisals will be infrequent. It is located adjacent to the public footbridge from the town centre into Queens Park in the centre of Chesterfield.

Mayoral Regalia/Civic Plate, Paintings & Porcelain

These are kept in the Mayor's Parlour in the Town Hall. The parlour is accessible to the public on several occasions each year and to school parties by special arrangement. No further acquisitions or disposals are planned for this classification of heritage asset, although items are donated on an ad-hoc basis. They were valued in 2015 and are recognised on the balance sheet at valuation. Due to the costs involved, further appraisals will be infrequent.

Museum Collection

The whole of the collection is currently in storage whilst the museum is refurbished. Those items with a reasonably ascertainable value are recognised on the balance sheet at valuation. The valuations were carried out in 1991 by Phillips Midlands and in 1993 by Henry Spencer & Sons. The value is based on formal valuation evidence, restated at April 2010 prices, using RPI as a reference index. No material additions or disposals have occurred since the valuation was prepared. Assets acquired in future will be measured at historic cost.

23. CAPITAL COMMITMENTS

The Council has approved a capital programme for the two year period to 2025/26 amounting to approximately £96m of which approximately £23.1m was contractually committed at 31st March 2024.

	Approved Expenditure £000	Committed £000
Council Housing	54,793	9,923
Economic Development	18,807	6,898
Housing Grants	5,870	1,101
Culture	14,802	5,171
Other Schemes	1,443	-
	95,715	23,093

24. CAPITAL EXPENDITURE & FINANCING

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

	2023/24 £000	2022/23 £000
Opening Capital Financing Requirement (CFR) 1st April	182,881	181,139
<u>Capital Investment</u>		
Property, Plant & Equipment	31,742	28,441
Investment Properties	-	-
Intangible Assets	-	-
Heritage Assets	-	-
Revenue Expenditure Funded from Capital under Statute	1,778	1,843
<u>Financed by</u>		
Capital Receipts	(3,579)	(5,329)
Capital Grants & Contributions	(6,500)	(3,594)
Revenue Balances & Direct Revenue Financing	(14,329)	(17,029)
Minimum/Voluntary Revenue Provision	(1,276)	(2,590)
Use of Capital Receipts to Repay Debt	-	-
Closing Capital Financing Requirement 31st March	190,717	182,881
Increase/(Decrease) in CFR	7,836	1,742
<u>Analysis of Increase/(Decrease) in CFR</u>		
Supported by Government Financial Assistance	-	-
Unsupported by Government Financial Assistance	7,836	1,742
Increase/(Decrease) in CFR	7,836	1,742

25. INVESTMENT PROPERTIES

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.

	2023/24 £000	2022/23 £000
Rental income from investment property	(3,678)	(3,635)
Direct operating expenses arising from investment property	1,418	1,390
Net (gain)/loss	(2,260)	(2,245)

Generally, there are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the revenue income and proceeds of disposal. The exceptions to this are as follows:

- Tapton House School was gifted to the authority and must be used for the benefit of the inhabitants of Chesterfield.
- Commercial and industrial units at Venture House and Prospect House were built by the authority but the construction was part funded by external grant funding. Net revenue income must be returned to these funding partners on an annual basis pro rata to the share of capital funding provided by them for the initial creation of the asset. Any proceeds on disposal of these assets would be returned on a similar basis.

The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement except for the Pavements Centre, Dunston Farm and Tapton House where there is an obligation to maintain and repair.

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

	2023/24 £000	2022/23 £000
Balance at start of year	37,480	36,850
Additions:		
Subsequent expenditure	-	-
Disposals	(803)	-
Net gains/losses from fair value adjustments	1,183	630
Other changes		-
Balance at end of year	37,860	37,480

Fair Value Hierarchy

Details of the investment properties and information about their fair value hierarchy at 31st March are as follows:

Recurring fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 23 £000
Industrial Units & Trading Estates	27,334		27,334
Retail & Office	7,693		7,693
Undeveloped Land	160	742	902
Miscellaneous	1,036	895	1,931
Total 2023/24	36,223	1,637	37,860

Recurring fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 22 £000
Industrial Units & Trading Estates	26,386		26,386
Retail & Office	8,537		8,537
Undeveloped Land	160	900	1,060
Miscellaneous	1,188	309	1,497
Total 2022/23	36,271	1,209	37,480

There were no transfers between Levels 2 and 3 during the year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

The Council's investment portfolio generally sits within an active market where there have been a number of lettings and sales therefore they have been classed as Level 2 in the fair value hierarchy as inputs are observable. The fair value takes account of current leases, cash flows and reasonable assumptions regarding future rental income and outgoings.

Significant Unobservable Inputs – Level 3

The Level 3 investment properties consist of 4 agricultural holdings for which formal lease documentation is incomplete thereby creating unknowns.

Reconciliation of Fair Value Measurements (using significant unobservable inputs)
Categorised within Level 3 of the Fair Value Hierarchy

Investment Properties categorised as Level 3	31st March 2023 £000	31st March 2022 £000
Opening Balance	1,209	592
Transfers into Level 3		
Transfers from Level 3		
Total gains/losses for the period included in surplus/deficit on Provision of Services resulting from changes in fair value	591	617
Additions		
Revaluations		
Disposals	(163)	
Closing Balance	1,637	1,209

Quantitative Information about Fair Value Measurement of Investment Properties
using Significant Unobservable Inputs – Level 3

	31st March 2024 £000	Valuation Technique	Unobservable Inputs	Sensitivity
Undeveloped Land	742	Assumed investment (fair value basis)	Rent details Rent comparables	Tenancy details Rent levels Rent reviews
Farm	895	Assumed investment (fair value basis)	Rent details Rent comparables	Rent level being known/eligible successor/prospec t of vacant possession

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

Valuation Process for Investment Properties

The fair value of the authority's investment property is measured annually at each reporting date. All valuations are carried out by the Council's internal valuers, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors.

26. **FIXED ASSET VALUATION**

The authority's freehold and leasehold properties have been valued by the council's internal valuers, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors. All assets are re-valued on a rolling programme basis over five years.

Plant and machinery includes such items that are not a fixture or fitting to a building.

Properties regarded by the authority as operational were valued on the basis of existing use value or, where this could not be assessed because there was no market based evidence for the subject asset, the depreciated replacement cost.

Infrastructure, community assets and assets under construction are included in the balance sheet at historical cost, net of depreciation.

Except for those dwellings which the Authority leases out to other providers of social housing, the stock of council dwellings was re-valued as at 31st March 2024 in accordance with Government guidelines. The basis of the valuation for the bulk of the housing stock within the HRA is Existing Use Value for Social Housing (see HRA note 4).

The statement below shows the progress of the Council's rolling programme for the revaluation of fixed assets. Where the valuations have not been updated in recent years the authority has assessed that there has been no material change in value. The basis of the valuations is set out in Note 1.14 of the Summary of Significant Accounting Policies.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000
Valued at historical cost		923	10,300	14,827	4,126		10,087	40,263
Valued at current value								
2023/24	429,423	32,063						461,486
2022/23		14,984						14,984
2021/22		18,125						18,125
2020/21		17,155						17,155
2019/20		12,898				310		13,208
Total Gross Book Value	429,423	96,148	10,300	14,827	4,126	310	10,087	565,221

27. DEPRECIATION

The treatment of depreciation is described in Note 1.15 of the Summary of Significant Accounting Policies.

28. IMPAIRMENT LOSSES

No impairment losses were recognised in either Surplus or Deficit on the Provision of Services or in Other Comprehensive Income & Expenditure during 2023/24.

29. LEASES

Authority as Lessee

Finance Leases

The Authority has no finance leases.

Operating Leases

The Authority has a number of operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

	31st March	
	2024 £000	2023 £000
Not later than 1 year	110	760
Later than 1 year and not later than 5 years	36	46
Later than 5 years	-	-
Total	146	806

There were no future minimum sublease payments expected to be received under non-cancellable subleases at 31st March, 2024 or 31st March, 2023.

The amounts recognised as an expense in Surplus or Deficit on Provision of Services are detailed below.

	31st March	
	2024 £000	2023 £000
Minimum lease payments	706	669
Contingent rents	3	3
Total	709	672

Authority as Lessor

Finance Leases

The Authority has no finance leases.

Operating Leases

The Authority leases out industrial and commercial premises for economic development purposes to provide suitable affordable accommodation for local businesses.

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

	31st March	
	2024 £000	2023 £000
Not later than 1 year	2,715	2,443
Later than 1 year and not later than 5 years	7,204	6,040
Later than 5 years	4,955	3,716
Total	14,874	12,199

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

30. DEBTORS

	31st March	
	2024 £000	2023 £000
Central Government	1,341	2,531
Other Local Authorities	5,096	1,909
Other Entities & Individuals	13,412	11,581
Total	19,849	16,021

31. CASH & CASH EQUIVALENTS

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

	31st March	
	2024 £000	2023 £000
Cash held	15	17
Bank current accounts	(1,429)	(2,268)
Short term deposits with banks & other financial institutions	13,447	15,127
Total	12,033	12,876

32. ASSETS HELD FOR SALE

	Current		Non-Current	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
<u>Investment Property Held for Sale</u>				
Balance brought forward at 1 April	-	9,006	-	-
Revaluations				
Assets newly classified as held for sale				
Assets declassified as held for sale				
Assets sold		(9,006)		
Balance carried forward at 31 March	-	-	-	-
<u>Other Assets Held for Sale</u>				
Balance brought forward at 1 April	-	-	-	-
Assets newly classified as held for sale				
Assets declassified as held for sale				
Assets sold	-	-		
Balance carried forward at 31 March	-	-	-	-
<u>Net Sale Proceeds</u>				
Investment Property Held for Sale	-	9,448		
Other Assets Held for Sale				

33. CREDITORS

	31st March	
	2024 £000	2023 £000
Central Government	19,859	10,491
Other Local Authorities	3,334	1,981
Other Entities & Individuals	11,470	14,539
Total	34,663	27,011

34. PROVISIONS

The Council has established the following provisions under the appropriate legal power to cover potential liabilities:-

	Balance b/fwd 01/04/23 £000	Movements in year		Balance c/fwd 31/03/24 £000
		Additions £000	Applied £000	
Short Term Provisions				
Waterside Escrow	-	1,120	-	1,120
Redundancy	-	235	-	235
Non Domestic Rate Appeals	661	-	-	661
Total - Short Term Provisions	661	1,355	-	2,016
Long Term Provisions				
Non Domestic Rate Appeals	976	-	(78)	898
Transport Employee Pensions	1,118	56	(60)	1,114
Insurance Provision	1,129	226	(75)	1,280
MMI Provision	6	-	(1)	5
Total - Long Term Provisions	3,229	282	(214)	3,297

Redundancy Provision

Provision to meet the costs of employees who have agreed voluntary redundancy exits in 2024/25.

Waterside Escrow

Provision to meet the costs of rent free periods related to tenants in One Waterside Place,

Transport Employee Pensions

The provision is being built up in order to meet the Council's liability in respect of pensions of former Transport Undertaking employees who were transferred to the private sector on privatisation. An independent actuarial review of this fund takes place every three years. The fund was reviewed in March 2023 and will be increased over the next 3 years in line with review recommendations.

Insurance Provision

All major risks are insured externally and the Insurance Fund is used to finance the excesses on these policies. An independent actuarial review of this fund was undertaken in 2019 which suggested that the fund balance was adequate. The next review will take place during 2024/25.

MMI Provision

The Council was insured by MMI until 1993 when the Company went into administration. In March 2012 the Supreme Court found against MMI in the Employers' Liability Policy Trigger case. The ruling means that MMI are liable to pay compensation for mesothelioma cases where they were the insurer at the date of exposure to asbestos, rather than the insurer at the time the disease develops. The judgement will have significant implications for the Company and the Scheme Creditors, of which the Council is one.

Because a solvent run-off is not possible, the Scheme of Arrangement has been triggered with claw back of some element of the claims paid since 1993 from the Council.

As at the 31st March 2024 the Council's claims paid and outstanding with MMI totalled £1.2m. The Council has been advised that it will be liable to pay 25% of these claims and an appropriate provision has therefore been included in the accounts.

Non Domestic Rate Appeals

The introduction of the business rates retention scheme from 1st April 2013, means that a proportion of successful rating appeals must be met by the local authority. Previously they were met by central government. A provision has been established to recognise the liability. Due to the complexity and uncertainties surrounding the calculation of the provision, the Council engages the services of Inform PCI and the Analyse Local system.

35. FINANCIAL INSTRUMENTS BALANCES

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

Financial Assets	Long Term				Current			
	Investments		Debtors		Investments		Debtors	
	31st March				31st March			
	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000
Fair value through profit or loss	-	-	-	-	13,447	15,127		-
Amortised cost	1,203	953		-	101	105		-
Total financial assets	1,203	953	-	-	13,548	15,127	-	-
Non-financial assets	-	-		-	-	-	-	19,513
Total	1,203	953	-	-	13,548	15,127	-	19,513

Financial Liabilities	Long Term				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31st March				31st March			
	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000
Fair value through profit or loss	-	-	-	-	-	-	-	-
Amortised cost	123,753	122,363	-	-	14,039	15,752	-	-
Total financial liabilities	123,753	122,363	-	-	14,039	15,752	-	-
Non-financial liabilities				-			-	29,319
Total	123,753	122,363	-	-	14,039	15,752	-	29,319

36. FINANCIAL INSTRUMENTS INCOME, EXPENSE, GAINS/LOSSES

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

	2023/24		2022/23	
	Surplus/(Deficit) on Provision of Services £000	Other Comprehensive Income & Expenditure £000	Surplus/(Deficit) on Provision of Services £000	Other Comprehensive Income & Expenditure £000
Net gains/losses on:				
Financial assets measured at fair value through profit or loss	(806)	-	(386)	-
Financial assets measured at amortised cost	-	-	-	-
Total net gains/losses	(806)	-	(386)	-
Interest revenue				
Financial assets measured at amortised cost	(260)	-	(263)	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-
Total interest revenue	(1,066)	-	(649)	-
Total interest expense	4,891	-	4,719	-

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value of Financial Assets

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

Financial assets measured at fair value				
Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique	Value as at 31/03/24 £000	Value as at 31/03/23 £000
Fair Value through Profit or Loss				
UK Gilt	Level 1	Unadjusted quoted prices in active markets	-	-
Money Market Funds	Level 1	Unadjusted quoted prices in active markets	13,447	15,127
Certificate of Deposits	Level 1	Unadjusted quoted prices in active markets	-	-
Total			13,447	15,127

There were no transfers between input levels during the year and no changes in valuation techniques.

The Fair Values of Financial Assets and Financial Liabilities that are Not Measured at Fair Value but for which Fair Value Disclosures are Required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets held by the Council are carried in the balance sheet at amortised cost. Their fair values are calculated as follows:

Financial Liabilities	31st March 2024		31st March 2023	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial Liabilities	137,792	132,599	138,115	137,595

The fair value is more than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest payable is higher than the rates available for similar loans at the balance sheet date. The commitment to pay interest above current market rates increases the amount that the authority would have to pay if the lender requested or agreed early repayment of loans.

Financial Assets	31st March 2024		31st March 2023	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Loans & Receivables held at amortised cost	1,304	1,304	1,058	1,058

For loans and receivables held at amortised cost, the carrying amount is considered to be a reasonable approximation of fair value and therefore no fair value disclosures are included.

The fair value of trade and other receivables is taken to be the invoiced or billed amount. The carrying amount is therefore a reasonable approximation of fair value and this category of financial instrument is therefore excluded from the figures above.

Fair Value Hierarchy for Financial Liabilities that are not measured at fair value

Recurring fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 24 £000
Financial Liabilities			
PWLB Loans	-	121,170	121,170
Total 2023/24	-	121,170	121,170

Recurring fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 23 £000
Financial Liabilities			
PWLB Loans	-	124,922	124,922
Total 2022/23	-	124,922	124,992

The fair value for financial assets and liabilities that are not measured at fair value included in level 3 above has been calculated using a discounted cash flow analysis. They can be 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:

- Applicable interest rate (repayment rates)
- no impairment or early repayment is recognised
- all loans have fixed rates

There has been no change in valuation techniques used and no transfers between levels 2 and 3 during the year.

38. NATURE & EXTENT OF RISKS FROM FINANCIAL INSTRUMENTS

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

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

The authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried

out by officers using policies approved by the Council in the Treasury Management Strategy which is reviewed annually. This provides written principles for overall risk management and for specific subjects such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits placed with financial institutions, which include fixed interest securities traded in an active market, as well as credit exposures to the authority's customers. The risk is minimised through the adoption of the Annual Investment Strategy published annually on our website.

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include the UK government, other local authorities, and commercial entities with a minimum long-term credit rating of A-. The list of approved counterparties has been compiled using advice from our independent treasury advisers who have fully researched their background and credit worthiness. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £5m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than UK government). The Council also sets limits on investments in certain sectors. No more than £10m in total can be invested for a period longer than one year.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating at 31st March 2024:

Credit Rating	Gross Carrying Amount £000
AAA	15,127
AA	0
AA-	0
A+	0
Unrated Local Authorities	0

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. At 31st March there were no loss allowances related to treasury investments (2023 £nil).

The authority does not generally allow credit for customers, such that £4.357m (£3.940m in 2022/23) of the £6.599m (£6.599m in 2022/23) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31st March 2024 £000	31st March 2023 £000
Less than three months	998	1,027
Three to six months	997	758
Six months to one year	757	680
More than one year	1,605	1,475
Total	4,357	3,940

In furtherance of the Council's service objectives, it has lent money to Chesterfield Football Club Community Trust, Baylight Properties and Staveley Town Council. The amount recognised on the balance sheet as at 31st March 2024 for these instruments totals £1,304k (31st March 2023 £1,058k).

The Council manages the credit risk inherent in its loans for service purposes in line with its published Investment Strategy. Loss allowances on loans for service purposes and loan commitments have been calculated by reference to the Council's historic experience of default and to adjust for current and forecast economic conditions. As at 31st March 2024 loss allowances on service loans amounted to £5,000 (31st March 2023 £5,000).

Liquidity Risk

The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loan Board (PWLb) so there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replace a significant proportion of its borrowings at a time of unfavourable interest rates. The risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 5% of the Council's borrowing matures in any one financial year.

The maturity analysis of financial liabilities is as follows:

Maturing within	31st March 2024 £000	31st March 2023 £000
1 year	14,039	15,752
1 to 2 years	3,138	2,613
2 to 5 years	8,097	8,256
5 to 10 years	19,370	17,249
10 to 15 years	25,133	25,320
15 to 20 years	21,997	23,384
20 to 25 years	18,670	17,654
25 to 30 years	16,351	15,534
30 to 35 years	6,843	6,823
35 to 40 years	4,154	5,530
40 to 45 years	-	-
Total	137,792	138,115

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

Market Risk

Interest Rate Risk

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

- Borrowings at variable rates – interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- Borrowings at fixed rates – fair value of liabilities borrowings will fall
- Investments at variable rates – interest income credited to the Surplus or Deficit on the Provision of Services will rise
- Investments at fixed rates – fair value of assets will fall

Investments measured at amortised cost and loans taken out are not carried at fair value, so changes in their value would not impact on the Comprehensive Income & Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income & Expenditure.

Changes to interest rates are reviewed quarterly and used to update the annual budget setting information. This allows any adverse changes to be accommodated.

At 31 March 2024, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	2023/24 £000
Increase in interest receivable on variable rate investments	(118)
Decrease in fair value of investments held at FVPL	16
Impact on other Comprehensive Income & Expenditure	(102)
Decrease in fair value of fixed rate borrowing (no impact on Comprehensive Income & Expenditure)	(11,754)
Decrease in fair value of loans and investments at amortised cost (no impact on Comprehensive Income & Expenditure)	-

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

Price Risk

The authority may at times hold some financial instruments whose capital value may fluctuate as a result of market conditions. However these instruments would all be kept on a 'hold to maturity' basis and therefore any temporary fluctuations in the market value of these products would have no impact on the authority's finances.

Foreign Exchange Risk

The authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to losses arising from movements in exchange rates.

39. USABLE RESERVES

	31st March	
	2024 £000	2023 £000
Earmarked Reserves - Capital	1,541	1,694
Earmarked Reserves - Revenue	17,547	17,770
Total Earmarked Reserves (GF)	19,088	19,464
General Fund (GF) Working Balance	1,500	1,500
HRA Working Balance	6,239	6,657
Earmarked Reserves - HRA	18	-
Usable Capital Receipts Reserve	7,833	6,943
Capital Grants Unapplied	10,920	9,971
Total Usable Reserves	45,598	44,535

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement. A detailed breakdown of the Council's earmarked reserves is provided in Note 11. Two further reserves are included in the balance sheet within the Usable Reserves category and the details of these are shown below:

<u>Usable Capital Receipts Reserve</u>	2023/24 £000	2022/23 £000
Brought forward 1 April	6,943	4,244
Additions	5,765	8,027
Capital Receipts Pooled	-	-
Capital Receipts used for financing	(4,875)	(5,328)
Carried forward 31 March	7,833	6,943

<u>Capital Grants Unapplied</u>	2023/24 £000	2022/23 £000
Brought forward 1 April	9,971	6,772
Additions	1,678	3,199
Transfers (to)/from revenue	(108)	-
Financing of capital expenditure	(621)	-
Carried forward 31 March	10,920	9,971

40. UNUSABLE RESERVES

	31st March	
	2024 £000	2023 £000
Revaluation Reserve	102,777	93,770
Capital Adjustment Account	296,477	289,569
Pensions Reserve	31,459	10,386
Deferred Capital Receipts Reserve	4,858	7,228
Collection Fund Adjustment Account	(600)	(425)
Accumulated Absences Account	(424)	(405)
Total Unusable Reserves	434,547	400,123

41. **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 1st 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.

	2023/24 £000	2022/23 £000
Balance brought forward 1st April	93,770	67,799
Revaluation gains	15,227	31,977
Revaluation & impairment losses	(443)	(677)
Amounts t/f to Cap Adj Account (Depreciation)	(5,121)	(4,535)
Amounts t/f to Cap Adj Account (Disposals)	(656)	(794)
Balance carried forward 31st March	102,777	93,770

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

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

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

	2023/24 £000	2022/23 £000
Balance brought forward 1st April	289,569	297,097
<u>Reversal of items recognised in the Comprehensive Income & Expenditure Statement</u>		
Property, Plant & Equipment: depreciation charges	(17,466)	(16,491)
Property, Plant & Equipment: net revaluation gains/(losses)	2,144	(6,866)
Intangible Assets: amortisation charges	-	-
Revenue expenditure funded from capital under statute	(1,778)	(1,843)
Disposal/derecognition of non-current assets	(8,644)	(16,829)
Gain/(loss) in fair value of investment properties	1,183	629
<u>Amounts transferred from the Revaluation Reserve</u>		
Depreciation adjustment	5,121	4,536
Disposal/derecognition adjustment	656	794
<u>Capital financing provisions</u>		
Application of usable capital receipts	3,579	5,329
Application of major repairs reserve	13,687	13,064
Application of revenue balances and direct revenue financing	642	3,964
Capital grants/contributions recognised in revenue during the period	6,508	3,594
Application of capital grants unapplied		-
Minimum revenue provision	1,276	2,591
Balance carried forward 31st March	296,477	289,569

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

	2023/24 £000	2022/23 £000
Balance brought forward 1st April	10,386	(72,950)
Adjustment to 2022/23 reported valuation	-	5
	10,386	(72,945)
Actual gains or losses on pensions assets and liabilities	19,901	91,677
Reversal of items relating to retirement benefits debited/credited to Surplus/Deficit on Provision of Services in Comprehensive Income & Expenditure Statement	(5,620)	(14,677)
Effect of Business Combinations	-	-
Employers pension contributions	6,792	6,331
Balance carried forward 31st March	31,459	10,386

44. **DEFERRED CAPITAL RECEIPTS RESERVE**

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

The balance relates to debt outstanding on assets transferred from North East Derbyshire District Council in 1974 and 1988 and the sale of land to Tilia Homes in 2023.

	2023/24 £000	2022/23 £000
Balance brought forward 1st April	7,228	149
Additions	-	7,086
Transfer to Capital Receipts Reserve on receipt of cash	(2,370)	(7)
Balance carried forward 31st March	4,858	7,228

45. **COLLECTION FUND ADJUSTMENT ACCOUNT**

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

	2023/24 £000	2022/23 £000
Balance brought forward 1st April	(425)	(4,192)
Amount by which council tax and non domestic rates income credited to Comprehensive Income & Expenditure Statement is different from council tax and non domestic rates income calculated for year in accordance with statutory requirements	(175)	3,767
Balance carried forward 31st March	(600)	(425)

46. **ACCUMULATED ABSENCES ACCOUNT**

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

	2023/24 £000	2022/23 £000
Balance brought forward 1st April	405	385
Settlement or cancellation of accrual made at end of preceeding year	(405)	(385)
Amounts accrued at end of current year	(425)	405
Balance carried forward 31st March	(425)	405

47. **CASHFLOW STATEMENT - ADJUST NET SURPLUS/DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH ADJUSTMENTS**

	2023/24 £000	2022/23 £000
Depreciation/Impairment	(17,465)	(23,357)
Downward Revaluations	2,143	-
(Increase)/decrease in Creditors	(7,088)	79
Increase/(decrease) in Debtors	(254)	6,796
Increase/(decrease) in Stock	(6)	(2)
Movement in Pension Liability	1,172	(8,346)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(8,644)	(16,829)
Other non-cash items charged to net surplus/deficit on provision of services	(240)	1,642
Total	(30,382)	(40,017)

48. CASHFLOW STATEMENT - ADJUST FOR ITEMS IN NET SURPLUS/DEFICIT ON PROVISION OF SERVICES THAT ARE INVESTING & FINANCING ACTIVITIES

	2023/24 £000	2022/23 £000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-	(12,400)
Proceeds from sale of PPE, investment properties & intangible assets	3,395	11,452
Any other items for which the cash effects are investing or financing activities	7,776	3,595
Total	11,171	2,647

49. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2023/24 £000	2022/23 £000
Interest received	(867)	(571)
Interest paid	4,891	4,720
Dividends Received	-	-

50. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2023/24 £000	2022/23 £000
Purchase of non-current assets	31,404	29,715
Purchase of short term and long term investments	-	-
Other payments for investing activities	293	881
Proceeds from sale of non-current assets	(5,765)	(4,373)
Proceeds from short term and long term investments	-	-
Other receipts from investing activities	(8,021)	(3,945)
Net cash flows from investing activities	17,911	22,278

51. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2023/24 £000	2022/23 £000
Cash receipts of short - and long-term borrowing	(10,921)	(10,000)
Repayments of short and long term borrowing	10,000	18,050
Other payments for financing activities	3,864	(6,321)
Net cash flows from financing activities	2,943	1,729

52. RELATED PARTY TRANSACTIONS

The Code requires that material transactions with third parties that have the potential to control or influence the Council or to be controlled or influenced by the Council are disclosed in the accounts. For this Council, these parties are mainly Central Government, other Local Authorities, subsidiary and associated companies, joint ventures and joint venture partners, Members, Chief Officers, Senior Officers and the pension fund.

Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

The UK Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in Note 18 on grant income.

Members and Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2023/24 is shown in Note 17. In addition, the Council paid grants totalling £217,755 to voluntary organisations in which 11 members had positions on the governing body. In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion relating to the grants.

Council Members and senior officers are required to make annual disclosures of the pecuniary and non-pecuniary interests to the Council's monitoring officer for inclusion in the Register of Members Interests and the Declaration of Personal Interests (Officers). Members are also required to declare any interest on individual committee agenda items being discussed at meetings. Finally, a separate declaration has been returned at year end by all members and senior officers. The returns confirm that there are no material interests in related parties beyond those in voluntary organisations declared above.

Subsidiary and Associated Companies

The authority had no interest in subsidiary or associated companies in the year.

Staveley Town Deal

The Authority is the accountable body for the Staveley Town Deal. In 2021/22, it was allocated £25.2m to spend by 2024/25. This money has been allocated to 10 projects, 3 of which are sponsored by the Council and are included in our capital programme. The remaining 7 projects are sponsored by other organisations and as accountable body we provide grant funding to these projects.

Other Arrangements

The Council has a shared internal audit consortium with Bolsover and North East Derbyshire District Councils. Other joint arrangements may be explored with neighbouring authorities in the future.

Chesterfield Borough Council is a partner in Chesterfield Waterside Ltd, a public/private partnership created to secure the regeneration of a strategic area within the borough. It has three Board members and the Leader of the Council is our representative.

The authority is a shareholder in Derbyshire Building Control Partnership Ltd. The company provides us with our annual statutory building control services for £41,583. This authority also provided the company with a loan of £250,000 in 2017/18 for cash flow and initial set up costs, which has now been fully repaid. A member of the Corporate Leadership Team is acting as interim Managing Director of the company but receives no remuneration for this role. The Council's Chief Executive is also listed as a Director of the company but again receives no remuneration.

53. CHESTERFIELD & DISTRICT JOINT CREMATORIUM COMMITTEE

The Council operates a Crematorium jointly with Bolsover and North East Derbyshire District Councils.

The accounts include our share of all transactions, assets, liabilities, income and expenditure.

The proportion of transactions is based on the number of cremations of residents within the three districts over a rolling 3 year period.

The following percentages have been applied:

	Chesterfield Borough Council	North East Derbyshire District Council	Bolsover District Council
2023/24	55%	31%	14%
2022/23	55%	31%	14%

The figures below show Chesterfield Borough Council's share of the Chesterfield & District Joint Crematorium's income, expenditure, assets and liabilities included in the Comprehensive Income & Expenditure Statement and Balance Sheet based on the split outlined above.

Income & Expenditure Account

2022/23 Net Expenditure £000		2023/24		
		Expenditure £000	Income £000	Net Expenditure £000
(85)	Health & Wellbeing	1,138	(1,224)	(86)
(85)	Net Cost of Service	1,138	(1,224)	(86)

Balance Sheet

2022/23 £000		2023/24 £000
	<u>Long Term Assets</u>	
1,368	Other Land & Buildings	1,331
20	Vehicles, Plant, Furniture & Equipment	16
32	Investment Properties	32
	<u>Current Assets</u>	
1	Stock	2
232	Debtors	180
1,598	Cash	1,820
	<u>Current Liabilities</u>	
(189)	Creditors	(170)
	<u>Long Term Liabilities</u>	
1,448	Pension Scheme Assets	1,586
(1,382)	Pension Scheme Liabilities	(1,381)
3,128	Net Assets	3,416
602	Revaluation Reserve	602
804	Capital Adjustment Account	764
66	Pensions Reserve	205
1,256	Earmarked Reserves	1,359
400	Balances - Revenue Surplus	486
3,128	Total Reserves	3,416

54. CONTINGENT LIABILITIES

NNDR Appeals

The Collection Fund account includes a provision for appeals against business rate valuation assessments which were lodged by 31st March 2024. Further appeals against valuations may be received in future years. The value of the liability cannot be estimated for unknown claims which have not yet been received.

Municipal Mutual Insurance

The Scheme of Arrangement was enacted in 2012/13. The liability on the Council as a scheme creditor cannot be fully estimated at this stage for unknown claims incurred but not yet reported. Whilst the Council has considered the financial impact in

producing the Statement of Accounts, there is a risk that the Council's financial liability could increase from this level.

Water Charges

On 29 November 2019 the High Court handed down judgment in the case of *Royal Borough of Kingston upon Thames v Moss (2019)*. This judgment impacts on social housing landlords who resold water and sewage services to its tenants for the purposes of the Water Industry Act 1991 under an agreement. Until 31 March 2018, the Council had such an agreement with Severn Trent Water Authority (STWA). The High Court's decision was subsequently appealed to the Court of Appeal. The judgment of the Court of Appeal in the *Royal Borough of Kingston upon Thames v Moss [2020]* was published on 27th October 2020. The result of that case is that Kingston lost its appeal to the Court of Appeal over the earlier High Court ruling that it overcharged tenants for water.

As a result of this judgement, it is likely that the Council is bound by the maximum charges provisions of the Water Resale Orders 2001 and 2006, it will have charged tenants sums in excess of the maximum charges and tenants will have a right to recover overpayments of charges. No claims have been received to date. The estimated liability at 31 March 2024 for the refund of these earlier years' charges is a provision of around £0.9m. This is not regarded as material in value and the provision has not been included in the 2023/24 Financial Statements.

HOUSING REVENUE ACCOUNT (HRA) INCOME & EXPENDITURE STATEMENT

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost.

The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

HOUSING REVENUE ACCOUNT (HRA) INCOME & EXPENDITURE STATEMENT

	Notes	2023/24 £000	2022/23 £000
<u>Income:</u>			
Dwellings Rents	1	38,750	36,777
Charges for Services and Facilities		665	801
Non-Dwelling Rents		651	604
Contribution towards Expenditure		758	643
Total Income		40,824	38,825
<u>Expenditure:</u>			
Supervision & Management: General		7,269	6,458
Special		4,637	3,800
Rents, Rates, Taxes & Other Charges		548	349
Repairs and Maintenance		10,356	12,579
Depreciation & Impairment of non-current assets	7 & 8	13,686	13,064
Debt Management Costs		50	40
REFCUS		-	-
Movement in the allowance for bad debts		590	363
Total Expenditure		37,136	36,653
Net Expenditure/ (Income) of Services as included in the Comprehensive Income & Expenditure Statement		(3,688)	(2,172)
HRA share of Corporate & Democratic Core		241	221
Net Expenditure/ (Income) for HRA Services included in the Comprehensive Income & Expenditure Statement		(3,447)	(1,951)
(Gain)/Loss on Disposal of HRA non-current assets		5,377	2,273
HRA share of interest payable & similar charges		4,498	4,490
Interest & Investment Income		(585)	(308)
Change in Market Value of Investment Properties		(1)	(62)
Income & Expenditure re Investment Properties		(67)	(67)
(Surplus)/Deficit on HRA Services		5,775	4,375

Movement on the HRA Statement	2023/24 £000	2022/23 £000
Balance on HRA at end of previous year	(6,657)	(13,572)
(Surplus)/Deficit for year on HRA Income & Expenditure Statement	5,775	4,375
Adjustments between accounting basis and funding basis under statute (note 9)	(5,361)	2,545
Net (Increase)/Decrease before transfers to or from reserves	414	6,920
Transfers to/(from) reserves	4	(5)
(Increase)/decrease in year on HRA	418	6,915
Balance on HRA at end of current year	(6,239)	(6,657)

NOTES TO THE HOUSING REVENUE ACCOUNT

The Council had 8,844 dwellings available for rent during 2023/24. Its activities as a housing landlord must, by law, be shown in a separate account, the Housing Revenue Account. The law prescribes what must be included in this Account and prevents transfers to or from the General Fund except in closely defined circumstances.

1. RENT OF DWELLINGS

This is the total rent income collectable for the year after allowance is made for empty properties. During the year £1.647m (4.09%) of rental income was lost due to vacant properties, in 2022/23 the figure was £1.185m (3.14%). The average weekly rent in 2023/24 was £88.77 (52 week year), an increase of £5.82 (7%) on the previous year.

2. HOUSING STOCK

The Council's housing stock at 31st March, 2024 was as follows:

	31-Mar-24	31-Mar-23
Houses	4,291	4,316
Flats & maisonettes	3,090	3,089
Bungalows	1,393	1,393
Others	70	70
Total	8,844	8,868

The number of properties sold under the 'Right to Buy' legislation in 2023/24 was 40 (90 in 2022/23).

3. RENT ARREARS

Rent arrears at the year-end totalled £3,684,399. This compares with £3,163,906 at 31st March 2023. A provision of £1,686,853 (£1,262,901 in 2022/23) has been made in the Balance Sheet for uncollectable housing rent debts.

4. VALUATION OF ASSETS

An annual desk top review of HRA assets was undertaken as opposed to a comprehensive revaluation as at 31st March 2024 in accordance with the 'DCLG's Guidance on Stock Valuation for Resource Accounting'. The review comprised updating the valuations for residential property by applying selective indices of property prices, adjusted to reflect local market conditions in Chesterfield and comparison with valuation evidence, analysed down to estate level. The figure for 31st March 2024 excludes depreciation and disposals over the period.

Balance Sheet Valuations of HRA Assets		
	As at 31st March 2024 £000	As at 31st March 2023 £000
Council Dwellings	429,423	418,575
Other Land & Buildings	3,225	3,335
Vehicles, Plant, Furniture & Equipment	113	155
Assets Under Construction	2,528	8,238
Surplus Assets Not Held for Sale	210	210
Investment Property	901	901
Investment Property Held for Sale	-	-
Total	436,400	431,414

The balance sheet valuations for dwellings in the table above are calculated on the basis of rents receivable from existing tenancies. The rents are less than those that could be obtained on the open market. The balance sheet value defined as Existing Use Value – Social Housing (EUV-SH) is therefore less than the Open Market Value (OMV). The difference between the two values represents the economic cost of providing social housing at less than market value.

The factor used to convert the OMV of the stock to EUV-SH for inclusion in the balance sheet was increased from 34% to 42% with effect from 1st April, 2016.

5. HRA CAPITAL EXPENDITURE & FINANCING

Capital Expenditure		Capital Financing	
	£000		£000
Council Dwellings	22,984	Borrowing	7,285
Assets Under Construction	1,313	Capital Receipts Reserve	3,355
Vehicles, Plant, Machinery & Equipment	30	Major Repairs Reserve	13,687
REFCUS	-	Grants & Contributions	-
		Revenue Balances & Direct Revenue Financing	-
Total	24,327		24,327

6. HRA CAPITAL RECEIPTS

HRA Capital Receipts	2023/24 £000	2022/23 £000
Council Dwellings	2,296	5,463
Other Land & Property	923	-
Total	3,219	5,463

7. DEPRECIATION

HRA Depreciation	2023/24 £000	2022/23 £000
Council Dwellings	13,505	12,892
Other Land & Property	110	110
Vehicles, Plant, Furniture and Equipment	72	62
Total	13,687	13,064

8. REFCUS, REVALUATION AND IMPAIRMENT LOSSES

Any revaluation/impairment losses (or reversals of past revaluation/impairment losses), amounts in respect of Revenue Expenditure Funded From Capital Under Statute (net of related grant income) and movements in the fair value of investment property were recognised in Surplus/Deficit on the Provision of Services and then reversed out in the Movement in Reserves Statement by means of a transfer to/from the Capital Adjustment Account.

REFCUS, Revaluation and Impairment Losses	2023/24 £000	2022/23 £000
Council Dwellings	4,484	(3,537)
Other Land & Buildings	-	-
Surplus Assets Not Held for Sale	-	-
Revaluation and Impairment Losses	4,484	(3,537)
REFCUS - Social Mobility Scheme	-	-
Movements in the fair value of investment property	(1)	(62)
Total	4,483	(3,599)

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS

	2023/24 £000	2022/23 £000
Net gain/(loss) on sale of HRA non-current assets	(5,377)	(2,273)
HRA share of contributions to or from the Pensions Reserve	19	(925)
Capital expenditure funded by the HRA	-	3,820
Transfer to/(from) Major Repairs Reserve	-	-
Movement in Market Value of Investment Properties (note 8)	1	62
Transfer to/(from) Capital Adjustment Account (note 8)	-	-
Voluntary Repayment of Debt	-	1,869
Short Term Accumulated Absences	(4)	(8)
Total Adjustments	(5,361)	2,545

COLLECTION FUND

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

2022/23		2023/24		
Total		Business Rates	Council Tax	Total
£000		£000	£000	£000
	<u>Income</u>			
(58,881)	Council Tax (Note 1)		(61,527)	(61,527)
(35,579)	Business Rates (Note 2)	(35,765)		(35,765)
(94,460)		(35,765)	(61,527)	(97,292)
	<u>Expenditure</u>			
	Apportionment of Previous Year Surplus/(Deficit)			
(3,527)	Central Government	(92)		(92)
(2,848)	Chesterfield Borough Council	(74)	(10)	(84)
(826)	Derbyshire County Council	(17)	(72)	(89)
(81)	Derbyshire Fire Authority	(1)	(4)	(5)
(33)	Derbyshire Police & Crime Commissioner		(13)	(13)
(7,315)		(184)	(99)	(283)
	Precepts, Demands & Shares			
18,018	Central Government	18,790		18,790
20,350	Chesterfield Borough Council	15,033	6,157	21,190
46,244	Derbyshire County Council	3,382	44,526	47,908
2,801	Derbyshire Fire Authority	376	2,586	2,962
7,594	Derbyshire Police & Crime Commissioner		8,034	8,034
95,007		37,581	61,303	98,884
	Charges to Collection Fund			
286	Transitional Protection Payments	(1,474)		(1,474)
240	Increase/(Decrease) in bad debts provision (Note 5)	288	385	673
(3,260)	Increase/(Decrease) in provision for appeals (Note 6)	(195)		(195)
161	Cost of Collection Allowance	179		179
(9,341)	(Surplus)/Deficit arising during year	430	62	492
10,004	(Surplus)/Deficit Brought Forward	1,195	(532)	663
663	(Surplus)/Deficit as at 31st March (Note 3 & 4)	1,625	(470)	1,155

COLLECTION FUND

NOTES TO THE ACCOUNTS

1. COUNCIL TAX

The Council's Tax Base i.e. the number of chargeable dwellings in each band converted to an equivalent number of Band D dwellings was calculated as follows:-

Band	Estimated No. of Properties	Ratio	Band D Equivalents
A disabled	41	5/9	23
A	17,705	6/9	11,803
B	8,661	7/9	6,736
C	5,599	8/9	4,977
D	3,677	9/9	3,677
E	1,936	11/9	2,366
F	570	13/9	823
G	199	15/9	332
H	12	18/9	24
Totals	38,400		30,761
Less adjustment for collection rate			-539
Council Tax Base			30,222

The basic amount of Council Tax for a Band D property was £2,015.69 (£1,936.89 2022/23).

2. BUSINESS RATES

Central Government specifies the annual amount payable by businesses (51.2p in 2023/24 and 51.2p in 2022/23) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

A small business rate relief scheme was introduced by central government in 2005/06 and for those businesses eligible for this relief the multiplier is 49.9p for 2023/24 (49.9p in 2022/23).

The Council is responsible for collecting business rates due in its area. In previous years the proceeds were paid into the N.N.D.R. Pool administered by the Government. The Government redistributed the sums paid into the Pool back to local authorities through the Formula Grant process each year.

From 2013/14, this has been replaced by the Business Rate Retention Scheme. Income collected is now shared between the Council, Central Government and major preceptors in proportions laid down by Government. Councils are now able to retain a share of any growth in business rate income.

With effect from 1st April 2015, the Council became a member of the Derbyshire Business Rates Pool which is administered by Derby City Council. The advantage of the pool is that it creates an opportunity to generate additional business growth through collaborative working and to smooth out the impact of volatility in business rates income across a wider economic area.

Under the accounting arrangements for the Derbyshire Pool, instead of each authority paying a proportion of their growth in business rates above a baseline to central government, it pays this levy to the pool and receives a redistribution of growth back from the pool at the end of each financial year.

3. COLLECTION FUND SURPLUS/(DEFICIT) – COUNCIL TAX

Surpluses or deficits relating to the Council Tax are shared between Derbyshire County Council, Derbyshire Police & Crime Commissioner, Derbyshire Fire Authority and the Borough Council in proportion to the precepts and demands issued and must be used to adjust the Council Tax. An estimated deficit of £99,593 was assumed when setting the Council Tax for 2023/24. The improvement in the outturn position of £734,417 will be accounted for in the tax calculation for 2025/26.

ALLOCATION OF SURPLUS/(DEFICIT) ON COUNCIL TAX AT 31ST MARCH		
	2024 £000	2023 £000
Derbyshire County Council	461	385
Derbyshire Police & Crime Commissioner	83	72
Derbyshire Fire Authority	27	23
Chesterfield Borough Council	64	53
Council Tax (Deficit)/Surplus	635	533

The surplus attributed to Chesterfield Borough Council is initially included in the Comprehensive Income & Expenditure Statement, although the element that is redistributed in the tax calculation in 2024/25 is subsequently reversed out and included in the balance sheet as part of Unusable Reserves. The proportion of the collection fund attributable to the three precepting authorities is included in the accounts as a debtor.

4. COLLECTION FUND SURPLUS/(DEFICIT) – BUSINESS RATES

From 2013/14, surpluses or deficits relating to Business Rates are shared between Derbyshire County Council, Derbyshire Fire Authority, Central Government and the Borough Council in proportions fixed by Government. A deficit of £387,474 was assumed in the calculation of business rate income in 2024/25. The increase in deficit of £1,271,493 will be distributed in the income calculation for 2025/26.

ALLOCATION OF SURPLUS/(DEFICIT) ON BUSINESS RATES AT 31ST MARCH		
	2024 £000	2023 £000
Central Government	(829)	(597)
Derbyshire County Council	(149)	(108)
Derbyshire Fire Authority	(17)	(12)
Chesterfield Borough Council	(664)	(478)
Business Rates (Deficit)/Surplus	(1,659)	(1,195)

The deficit attributed to Chesterfield Borough Council is initially included in the Comprehensive Income & Expenditure Statement, although the element that is redistributed is subsequently reversed out in the balance sheet as part of Unusable Reserves. The proportion of the collection fund attributable to the other recipients is included in the accounts as a creditor.

5. **IMPAIRMENT OF DEBTS – WRITE OFFS & ALLOWANCES**

The arrears figure for Council Tax and Business Rates is disaggregated into an age profile with an assessment of the likelihood of recovery of the outstanding amounts for each year. This assessment is carried out using evidence of local patterns of collection and historical experience.

Individual assessments are carried out for council tax and business rate arrears to reflect the different types of customer and the different characteristics of each of these debt classifications.

The movements on the impairment provisions are shown below:

COLLECTION FUND - IMPAIRMENT ALLOWANCE				
Tax	Brought forward £000	Write-offs in the year £000	Increase / (Decrease) in allowance £000	Carried Forward £000
Business Rates	662	(118)	288	832
Council Tax	1,871	(224)	385	2,032
Total	2,533	(342)	673	2,864

6. **PROVISION FOR APPEALS – BUSINESS RATES**

Businesses can appeal against their rateable value, set by the Valuation Office Agency and any successful appeals must be met from the Collection Fund. A provision has been established to recognise this liability.

The movement on the appeals provision is shown below:

COLLECTION FUND - APPEALS PROVISION			
Brought Forward £000	Applied in year £000	Contribution to provision in year £000	Carried Forward £000
4,093	(913)	718	3,898

7. PRECEPTS

Details of the major precepts on the fund are shown in the expenditure section of the account. The precept paid to Chesterfield Borough Council includes £555,051 parish precepts (Staveley £497,565 and Brimington £57,486).

Independent auditor's report to the members of Chesterfield Borough 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 Chesterfield Borough Council ("the Council") for the year ended 31 March 2024, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account (HRA) Income and Expenditure Statement, Movement on the HRA Statement, Collection Fund 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 Service Director - Finance for the financial statements

As explained more fully in the Statement of the Service Director - Finance's Responsibilities, the Service Director - Finance 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 Service Director - Finance is also responsible for such internal control as the Service Director - Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Service Director - Finance 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 Service Director - Finance 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. 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.

We have nothing to report in this respect.

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 Chesterfield Borough 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.



James Collins, Key Audit Partner
For and on behalf of Forvis Mazars LLP

The Corner, Bank Chambers, 26 Mosley Street, Newcastle upon Tyne, NE1 1DF

27 February 2025