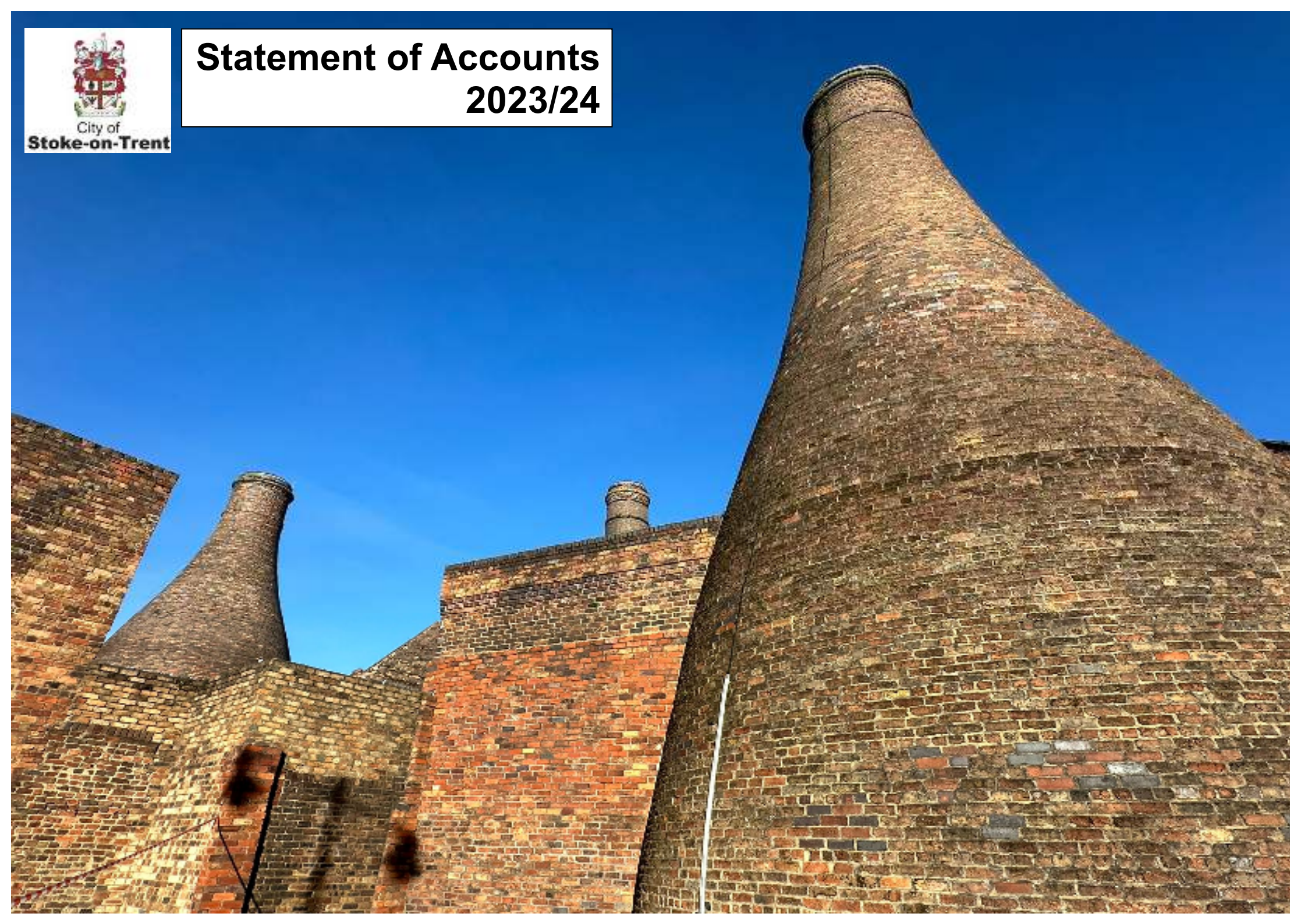




# Statement of Accounts 2023/24



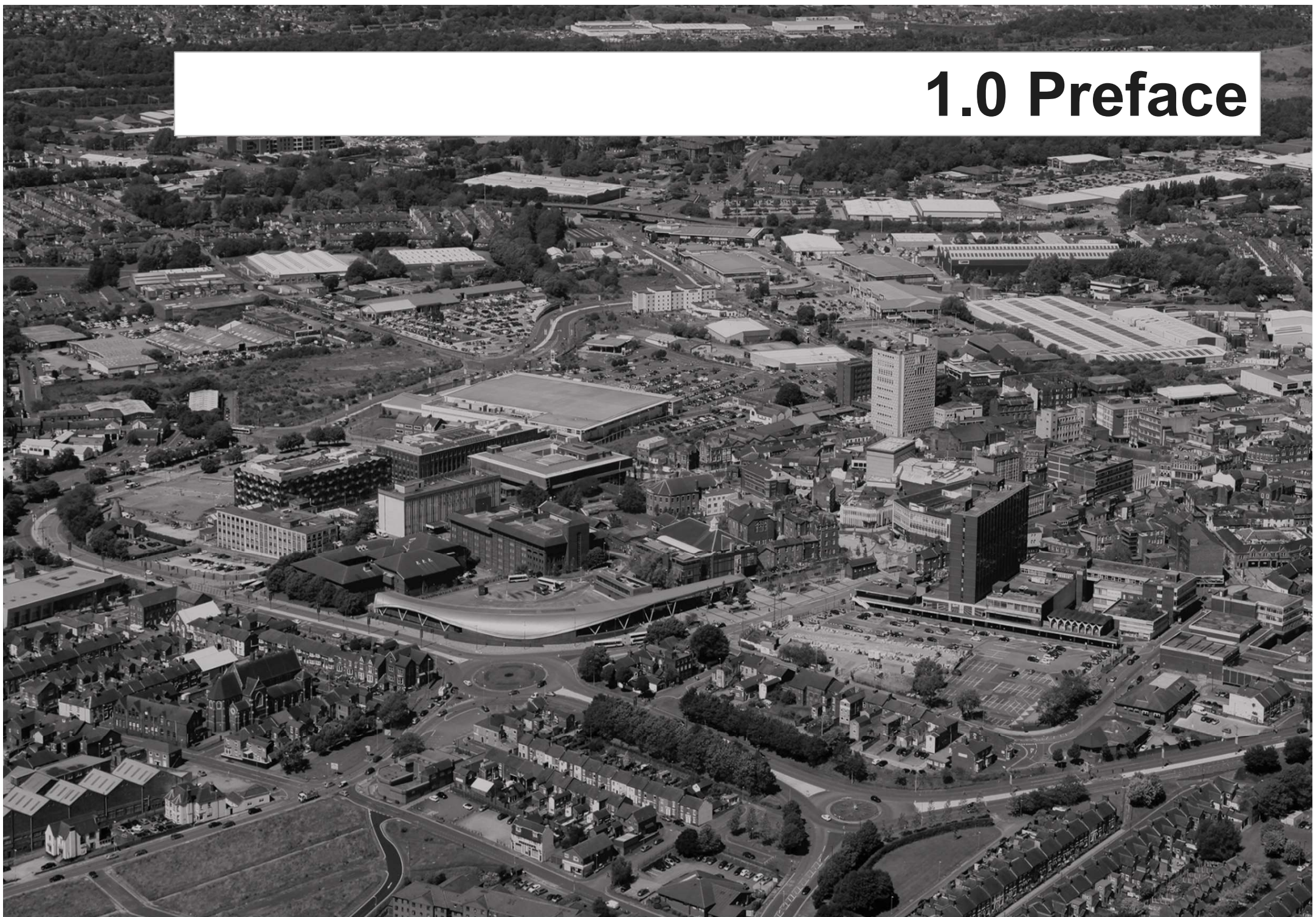
The Statement of Accounts for Stoke-on-Trent City Council for the year ended 31 March 2024 has been prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy. The Code is based on International Financial Reporting Standards, as adapted for the UK public sector under the oversight of the Financial Reporting Advisory Board.

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# 1.0 Preface



## 1.1 Narrative Statement

### 1.1a.Welcome to the Statement of Accounts for Stoke-on-Trent City Council for the Financial Year 2023/24

The accounts provide a true and fair view of the financial performance of the city council in delivery of services to the citizens of Stoke-on-Trent. It also summarises the overall financial position of the city council for the year ended 31 March 2024. The accounts and accompanying documents are subject to an external independent audit by Forvis Mazars LLP and their opinion forms part of this document.

#### Background

Stoke-on-Trent is a city and unitary authority area in Staffordshire, England with an area of 36 square miles. The city council provides key public services to a population of around 259,000 residents. Stoke-on-Trent is polycentric, having been formed by the federation of six towns in 1910. It took its name from Stoke where the main centre of government and the principal railway station in the district were located. Hanley is the primary commercial centre. The other four towns are Burslem, Tunstall, Longton and Fenton. Stoke-on-Trent is made up of residential, industrial and commercial land and property. Unusually for a mainly urban area there is a significant amount of green space.

Affectionately known as 'The Potteries', Stoke-on-Trent has a proud industrial heritage but along with many towns and cities, the industries on which the wealth of the area was built are changing. Regeneration, both in terms of employment opportunities and physical redevelopment, is recognised as being very important to the future prosperity of the city.

Stoke-on-Trent City Council is a multifunctional and complex organisation. Its policies are directed by the political leadership and implemented by the officers of the council.

#### Political Structure

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 requirements of the act are such that the Leader of the Council has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of executive functions.

The Cabinet is the part of the council which is responsible for decisions made within the constitution approved by Full Council. The Cabinet is made up of the Leader and up to nine other members appointed by the Leader.

## **1.1 Narrative Statement** (continued)

### **1.1b. Political Structure**

The council comprises 44 councillors. They are elected in a mixture of single and multi-member wards (31 single-member wards, five two-member wards and one three-member ward).

The political make-up of the council at the 31 March 2024 is shown below (the by-election in May 2024 did not change this make-up):

- Labour - 29
- Conservative - 14
- Non-aligned - 1

The political make-up of the council at the 31 March 2023 was:

- Conservative - 22
- Labour - 13
- City Independents - 6
- Non-Aligned - 3

### **1.1c. Management Structure**

The council's most senior level officers support the work of the elected members. During 2023/24 the team was as follows:

- City Director
- Director - Adult Social Care, Health Integration & Wellbeing
- Director - Children & Families
- Director - Housing, Development & Growth
- Director - Public Health
- Director - Resources (Section 151 Officer)
- Assistant Director - Governance & Registration (Monitoring Officer)

## 1.1 Narrative Statement (continued)

### 1.1d.The City Council’s Corporate Strategy

In December 2023, under the new administration, the council assessed its main challenges and opportunities that could be used to shape the future direction of the city. These were then used as the basis for a new corporate strategy which has replaced the Stronger Together Strategic Vision. Following months of feedback and insights from stakeholders, staff, partners and residents, the final strategy was approved by Full Council on 16 May 2024.

#### Our City, Our Wellbeing

Our new strategy - called Our City, Our Wellbeing - encapsulates the council’s vision and priorities for the next four years. It aims to tackle inequality, share wealth and support a better standard of living. It sets out how we will invest in and deliver services that support the city, and places significance on working with communities, other public services, businesses and other agencies to best use Stoke-on-Trent’s collective resources. The Corporate Strategy will be used to inform the scope and overarching aims of our core policies, directorate priorities and plans and strategies for service areas. It is underpinned by a performance framework consisting of clear and measurable indicators.

#### Our Priorities

To achieve our vision, the strategy proposes to organise our plans against seven themes, each of which will contribute to improved community wellbeing.

- **Healthier** Creating a healthier standard of living for all our citizens
- **Wealthier** Reducing hardship and enabling greater shared prosperity
- **Safer** Building empowered communities, safe from the threat of harm
- **Greener** Conserving our environment and living more sustainably
- **Cleaner** Working together to clean up our city and our communities
- **Fairer** Tackling inequality and improving life chances for everyone
- **Skilled** Providing opportunities for people to improve their skills and education I have updated this page to refer to the new corporate strategy.

Whilst the new strategy was being developed and consulted on, the Stronger Together objectives and measures remained in place for the council to monitor performance against.



## 1.1 Narrative Statement (continued)

### 1.1e.Financial Overview 2023/24

The City Council, along with the rest of the local government sector saw significant financial pressures emerge during 2023/24, which included the continued and sustained impact of high inflation on the council's pay bill and on the cost of goods and services. However, the primary contributor continues to be the increased demand for, and cost of, children in care placements. Following the approval of the Medium-Term Financial Strategy (MTFS) for 2023/24 in February 2023, there was a significant upward trajectory in the levels of complexity and demand for children's and adults' social care services as well as SEN related provision; whilst inflation remained high, not falling to the levels original forecast by government. Whilst local authorities nationally were facing significant financial challenges, a number of factors meant these challenges were more acute in Stoke-on-Trent than in other places.

During August 2023, and accounting for the sustained economic volatility, the council identified a significant budget gap for 2024/25 in addition to the existing in-year forecast overspend for 2023/24. A Financial Resilience report was published in September 2023 setting out a programme of work to develop immediate mitigations and options to address the financial gap and tighten financial controls. The council proactively requested the Chartered Institute of Public Finance and Accountancy (CIPFA) to undertake a financial management and financial resilience review. The purpose of this was to gain independent assurance that the council's finances were not only well-managed, but that the council had taken, or was taking, all necessary measures to be expected given the financial challenge it faces. The CIPFA review concluded that whilst there were operational improvements that could be made, that these were minor in nature and overall, the council has robust financial management in place, has taken, or is taking all material steps to manage emerging pressures where possible and the core driver to its challenging position was indeed the rising cost and demand in Children's Social Care.

At Quarter 3 of 2023/24 (December), the city council faced in-year pressures of £10 million and set out the significant risk of not being able to set a balanced budget for 2024/25. The council continued to build on the work that had been done to stabilise the financial position, secure value for money and build financial resilience, even though inflation and demand for services still presented huge risks and a number of difficult decisions were needed to enable a balanced budget to be delivered.

#### **Exceptional Financial Support (EFS)**

Despite working hard to reduce pressures in both financial years 2023/24 and 2024/25, it was clear that the council was highly unlikely to mitigate the in year pressure of around £10 million which again was driven primarily by the cost of Children in care placements. This overspend would have resulted in a reduction in General Reserves from £11.9 million to £1.9 million, which would have been unsustainable. Therefore, in addition to the review by the Chartered Institute of Public Finance Accountants (CIPFA), the council entered into constructive dialogue with Department for Levelling up, Housing and Communities (DLUHC), now the Ministry of Housing, Communities and Local Government (MHCLG) at an early stage. These discussions concluded in a request for EFS of £42.2 million covering both 2023/24 and 2024/25.

As part of the council's request for Exceptional Financial Support (EFS) from government, the council produced a credible resource plan that looks to reduce costs and demand within Children's Social Care over the coming 4-year period through investment in early intervention and early help. The core elements of the funding will be used to drive down demand for children's services and thus future costs, including £24 million to support social care placements and £11.2 million to support investment in Early Help Intervention.



## 1.1 Narrative Statement (continued)

In March 2024, MHCLG approved the EFS request covering the two years: up to £20.5 million for 2023/24 and £21.7 million in 2024/25. This support was in the form of a capitalisation direction permitting the council to borrow capital and to use it to fund revenue, which would not ordinarily be permitted under accounting rules. This borrowing, plus interest, must be paid back using receipts from the sale of council owned assets. Thus, whilst central government is granting special permission to borrow, it is important to note the council is still effectively using its own resources to address the challenges faced.

At the end of March 2024 the EFS was applied to the overspend of £10.5 million, which was the remaining pressure relating mainly to children's social care placements after all budget management actions, positive variances and planned transfers to and from earmarked reserves mitigated all other pressures. The council also invested £10 million in planned expenditure to increase resilience and deliver savings, as follows and can be seen in the table below:

- £3.0 million to increase the level of General Reserve to a level that is considered by the S.151 Officer, as well as CIPFA, to be the absolute minimum for financial resilience purposes, being 5% of the net revenue budget.
- £4.0 million to fund one-off redundancy costs that will provide recurrent annual savings
- £3.0 million to be ringfenced to fund investment into Early Help and Targeted Support that will in turn drive reduced expenditure on children's social care placements.

Directorate	Budget (gross) £000	Budget (income) £000	Budget (net) £000	Final Outturn £000
Children and Family Services	204,865	(106,160)	<b>98,705</b>	110,787
Adult Social Care, Health Integration and Wellbeing ( <i>including Public Health</i> )	191,132	(121,432)	<b>69,700</b>	71,579
Housing, Development and Growth	105,846	(71,896)	<b>33,950</b>	32,692
City Director	18,366	(12,524)	<b>5,842</b>	3,805
Strategy and Resources	81,541	(51,654)	<b>29,887</b>	29,091
Non-Departmental	105,437	(75,622)	<b>29,815</b>	27,861
<b>General Fund Services</b>	<b>707,187</b>	<b>(439,288)</b>	<b>267,899</b>	<b>275,815</b>
General Fund Funding	-	(266,099)	<b>(266,099)</b>	(265,323)
Capital Receipts	-	<b>(1,800)</b>	<b>(1,800)</b>	-
<b>General Fund Total before EFS</b>	<b>707,187</b>	<b>(707,187)</b>	-	<b>10,492</b>
Transfer to Transformation Reserve	-	-	-	3,000
Redundancy Costs	-	-	-	4,060
Increase General Reserve	-	-	-	2,898
Exceptional Financial Support	-	-	-	(20,450)
<b>General Fund after EFS</b>	<b>707,187</b>	<b>(707,187)</b>	-	-
<b>Housing Revenue Account</b>	<b>73,516</b>	<b>(73,516)</b>		<b>(2,386)</b>
<b>Total Net Outturn</b>				<b>(2,386)</b>

## 1.1 Narrative Statement (continued)

A reconciliation between the reported outturn and the deficit on provision of services reported in the Comprehensive Income and Expenditure Statement (CIES section 3.1) of the statement of accounts, can be found in section 1.11 of this narrative statement, and further details on significant areas below.

The **Children and Family Services Directorate** overspent by £12.1 million at the end of March 2024. There were 1,158 children in care at the end of Quarter 4, including a proportion of high cost placements due to significant complexities of need, which require vital support from council services. Mitigations against this financial pressure continue to be sought; including further improvements to processes and scrutiny of partnership funding opportunities. Placement sufficiency and the continuing rise in placement costs (specifically independent placements) are extremely challenging, but are in line with a national trend.

**Adult Social Care, Health Integration and Wellbeing** overspent by £1.8 million at the end of March 2024. The service has seen continuing increases in demand and unit cost of social care placements, particularly in working age adults residential and nursing care and domiciliary care. This is a national issue resulting from the ongoing impact of Covid 19, rising hospital discharge numbers and inflation. Planned mitigations and new models of care in line with a strength-based approach are beginning to reduce pressures.

**Dedicated School Grant** – The city council receives £290.0 million of Dedicated Schools Grant (DSG), before academy recoupment and direct funding of high needs places by the Education and Skills Funding Agency (ESFA), of which £53.7 million is within the High Needs Block. This supports the provision for pupils and students with special educational needs and disabilities (SEND) from Early Years to 25. There is a historic deficit on the DSG, and the city council continues to work closely with the Department of Education (DfE) to bring this back in to balance.

The DfE approved a Safety Valve payment of £10 million to be paid to the city council over a 4 year period (£9.1 million to reduce the deficit and £0.9 million capacity funding). The overall deficit on DSG as at 31 March 2023 was £14.5 million. At March 2024, this has been reduced to a deficit of £12.4 million.

Nation-wide pressures, mainly around the impact of COVID-19 on Education Health and Care Plan (EHCP) costs continue, and ongoing monitoring during the year shows that whilst the financial pressure relates mostly to the increasing cost and number of EHCP placements, there is also significant financial pressure in relation to the costs of Alternative Provision; this is driven by an increase in the number of permanent exclusions. These pressures have partly been mitigated by underspends on the Early Years block and Growth funding, as well as one-off savings and underspends during the year. The increased costs will continue to have a significant impact in future years, which will need to be managed. A remedial plan that takes the above risks into account has been developed and submitted to the DfE together with a request to extend the safety valve agreement by a further year.

Work is ongoing to ensure that this plan is kept on track but delays in the development / delivery of a DfE free school project, outside the direct control of the city council, has created a potential risk to the delivery of the safety valve agreement. Options are currently being discussed with the DfE to try to address issues raised, and to mitigate emerging pressures.

## 1.1 Narrative Statement (continued)

**Housing Revenue Account** - The Housing Revenue Account (HRA) is a statutory account which records expenditure and income relating to running a council's own housing stock and closely-related services or facilities, which are provided for the benefit of the council's own tenants. The HRA Expenditure and Income Statement sets out the financial position for the year, before taking account of the statutory adjustments required to be made to the accounts. The Statement of Movement on the HRA Balance reflects these statutory adjustments and shows how the financial performance for the year has impacted on HRA reserves.

- The HRA income and expenditure statement shows a net surplus for the year of £2.4 million - this is transferred to reserves for future investment in the HRA and council housing stock.
- The council manages 17,287 dwellings
- The council collected £71.9 million in dwelling rent in 2023/24 (£67.2 million in 2022/23)
- The council spent £38.4 million in 2023/24 (£40.2 million in 2022/23) on new builds and improvement to existing stock.

### 1.1f.Capital Expenditure 2023/24

The Capital Investment Programme has a total planned investment for 2023/24 to 2032/33 of £841.0 million. The outturn for 2023/24, as set out in the table below, is £118.104 million representing an estimated underspend of £61.173 million in year; this is mainly due to slippage in delivery of schemes. Any underspend is carried forward into 2024/25 following review.



## 1.1 Narrative Statement (continued)

Description	Budget 2023/24 £m £000	Outturn 2023/24 £m £000	Forecast Variance £m £000
Town Centre Development	1,930	854	(1,076)
University Station Gateway	1,971	1,841	(130)
Green Technologies	1,400	1,547	147
Levelling Up	30,974	25,560	(5,414)
City Centre Infrastructure	22,515	7,973	(14,542)
Highways Infrastructure	15,478	13,227	(2,251)
Parks & Greenspace	1,650	1,206	(444)
Highways & Fleet	3,984	2,967	(1,017)
Waste Strategy	2,384	761	(1,623)
Economic Growth	413	373	(40)
Planning, Development and Compliance	3,120	910	(2,210)
New Build Housing	450	857	407
Housing (GF)	7,131	5,879	(1,252)
<b>Housing, Development and Growth</b>	<b>93,400</b>	<b>63,955</b>	<b>(29,445)</b>
Education Service Development	21,261	5,032	(16,229)
Childrens Social Care	180	7	(173)
<b>Children and Family Services</b>	<b>21,441</b>	<b>5,039</b>	<b>(16,402)</b>
ICT	5,662	3,581	(2,081)
Corporate Property	5,470	2,866	(2,604)
Capital Contingency and Corporate	5,887	187	(5,700)
Libraries	290	128	(162)
<b>Strategy and Resources</b>	<b>17,309</b>	<b>6,762</b>	<b>(10,547)</b>
Museums & Culture	2,149	1,530	(619)
<b>City Director</b>	<b>2,149</b>	<b>1,530</b>	<b>(619)</b>
Sports & Leisure	180	171	(9)
Community Investment Fund	400	219	(181)
Adult Social Care	976	976	-
Bereavement Care	855	799	(56)
<b>ASC, Health Integration &amp; Wellbeing</b>	<b>2,411</b>	<b>2,165</b>	<b>(246)</b>
<b>Total General Fund Capital Programme</b>	<b>136,710</b>	<b>79,451</b>	<b>(57,259)</b>
<b>Total HRA Capital Programme</b>	<b>42,567</b>	<b>38,653</b>	<b>(3,914)</b>
<b>Total Capital Investment Programme</b>	<b>179,277</b>	<sup>11</sup> <b>118,104</b>	<b>(61,173)</b>

## 1.1 Narrative Statement (continued)

### Financial Health of the Council as at 31st March 2024

#### 1.1g.Assets

Every year the council undertakes a significant revaluation exercise to reflect the value to the council in delivering services from its assets. As a result of the exercise some asset values have increased while others have decreased resulting in an insignificant movement in overall value. The movements include upward revaluations of £53.9m (including Council Dwellings £31.2m) and downward revaluations of £18.7m (including Council Dwellings £8.6m). These valuations do not represent the market value of the asset rather their continued value in use to the council.

For additional information see note 4.2.11

#### 1.1h.Capital Investment and Borrowing

The funding of the capital programme is a mixture of council support, leverage from external bodies, grants and reserves. The funding of the programme separates those funding streams to show how that funding is applied to both the HRA and the general fund. The total value of the capital programme for 2024/25 - 2033/24 is £779.4 million. £285.0 million is currently assumed to be funded by borrowing of which £116.587 million is the HRA element. This will lead to an increase in the capital financing requirement, which represents the underlying need to borrow for capital purposes.

Capital Financing Requirement	£877.5m
<i>Represented by:</i>	
Existing Borrowing	£718.3m
PFI Liability	£52.7m
<i>Internal Borrowing in the form of:</i>	
Usable Reserves/Working Capital	£106.5m
<b>Total</b>	<b>£877.5m</b>

The overall capital investment is financed with the assistance of external support from government and other agencies, as outlined in note 4.2.12b of these accounts. The council provides funding through one off revenue contributions, section 106 developer contributions and borrowing. The capital financing requirement, increased by a net £56.7.million in 2023/24, and stood at £877.5 million at the end of the year.

Internal borrowing represents the unborrowed element of past capital investment. Actual borrowing is predicated on the cash position of the council at any time. The management of cash held by the council determines the optimum time, duration and level of borrowing required. The capital financing requirement is explained in the glossary in section 8.2.

## 1.1 Narrative Statement (continued)

Future Capital Programme Funding Requirement		£
Secured External Funding		£161.300m
Unsecured External Funding		£63.420m
Reserves & Ring Fenced Receipts		£269.560m
Borrowing & General Receipts		£285.160m
<b>Total Capital Funding</b>		<b>£779.440m</b>

### 1.1i.Pensions

The council makes contributions on behalf of its employees to the Staffordshire Local Government Pension Scheme in addition to those made by individual employees. The scheme is funded, which means that money is invested to provide an additional return to help cover both the current and future costs of the scheme. The level of contribution made by the council is determined by the extent to which the current and future costs can be met by these investments.

The fund has seen an increase in its net assets on the balance sheet since last year, creating a net pensions asset. This is because financial assumptions at 31st March 2024 were more favourable than they were at 31st March 2023. However accounting standards do not permit full disclosure of Net pension Assets

Accounting Standards however only allow an asset to be recognised as far as the employer can gain an economic benefit i.e. through a reduction in future contributions. This limit is known as the **Asset Ceiling**.

The asset ceiling calculation is to restrict the amount of net asset (relative to funding obligations) the Employer can disclose. This limitation on the asset often will create an additional liability because contributions may be required that would lead to or increase an irrecoverable surplus.

This has resulted in the pensions net assets on the city council's balance sheet of £292.196m being restricted to a liability of £147.939m (2022/23 Net asset of £114.978m restricted to Pension liability of £154.210m). This amount is also reported in the Comprehensive Income and Expenditure Account but, as per statutory guidelines, does not impact on the calculation of the Council Tax charged to tax payers. For additional information see note 4.2.19. and note 4.2.3 for prior year adjustments



## 1.1 Narrative Statement (continued)

### 1.1j. Reserves - General Fund

The council's reserves consist of usable and unusable reserves. The Movement in Reserves Statement (note 3.3 of the accounts) shows the split and movement of those reserves during the year.

The council maintains a level of balances and reserves in order to meet any future unforeseen expenditure that may arise and for any planned future expenditure. These balances are held in the form of a general contingency, such as the General Fund reserve, or for a specific purpose in the form of an earmarked reserve.

National commentators recommend that councils hold a General Fund Reserve of at least 5% of net revenue expenditure. The General Fund Reserve has been increased to this recommended level in 2023/24 to improve financial resilience.

<b>General Fund Reserves</b>	<b>General Reserve £m</b>	<b>Earmarked Reserve £m</b>	<b>Usable Capital Receipts £m</b>	<b>Unapplied Capital Grants £m</b>
Opening Balance (1 April 2023)	11,903	59,164	16,405	50,556
Contributions / Use 2023/24	2,896	-5,350	8,739	294
<b>Closing Balance (31 March 2024)</b>	<b>14,799</b>	<b>53,814</b>	<b>25,144</b>	<b>50,850</b>

The council has considered risks such as the uncertainty of funding, external factors such as the impact of Brexit, inflation levels and ongoing responses and legacy issues arising from Covid-19, internal risks including increased commercial activity, and the challenges faced by all councils relating to increasing demand for services like social care. In light of these risks and the conderation of maintaining the general reserve at a minimum of 5% of net revenue, the general reserve has been increased by £2.9 million from £11.9 million to £14.8 million at the end of March.

The council also holds £53.8 million of earmarked reserves, in the main due to the PFI funding arrangements with central government, the balance on the current DSG, balances held for self-insurance purposes, school balances and revenue grants, such as the Public Health grant, that are ringfenced. The council has also set aside money to support its strategic transformation which helps support the financial resilience of the council. The movement during the year is shown in the above table. A further breakdown is shown in note 4.2.9 of these accounts.

The city council also holds £71.1 million in usable capital receipts and capital grants to finance future planned capital expenditure.

## 1.1 Narrative Statement (continued)

### Reserves - Housing Revenue Account

The HRA's financial strategy includes a determination that a prudent level of the HRA reserves is a minimum of circa £4.5 million, having regard for the inherent levels of future financial risk and uncertainty. In 2023/24 the balance of the HRA general fund reserves was at £8.2 million.

HRA reserves are held mainly to cover the cost of the planned major capital investment programme and debt repayment.

	General Reserve £m	Earmarked Reserve £m	Major Repairs Reserve £m
<b>HRA General Fund Reserves</b>			
Opening Balance (1st April 2023)	5,768	417	16
Contributions/(use) 2023/24	2,386	(172)	3
<b>Closing Balance (31st March 2024)</b>	<b>8,154</b>	<b>245</b>	<b>19</b>

## 1.1 Narrative Statement (continued)

### 1.1k.Strategic Measures

As previously discussed, during 2023/24, the city council's new administration, assessed our main challenges and available opportunities which could be used to help create the foundations and future direction of the city council. The final strategy was approved in May 2024 following extensive consultation and engagement. with stakeholders. During 2023/24, strategic measures were aligned to the final year of the Stronger Together Strategic Plan, the outcomes of which are outlined below.



### Support vulnerable people in our communities to live their lives well

Throughout the year, the council focused on mitigating the impacts of the cost of living crisis and improving social care services. In Quarter 1, the council organised a Cost of Living Summit and used the UK Shared Prosperity Fund to provide financial health checks and other support. Activities included the launch of a renewed push to establish more 'welcoming spaces', including 19 Community Lounges, in communities across the city where people can socialise and access guidance and support about their finances and wellbeing.

The council's commitment to preventative approaches was highlighted in March 2024 with the announcement that four VCS partners had been commissioned to deliver the Stoke-on-Trent Family Matters support programme across the city. The community-based service will help to ensure that families thrive, stay together and flourish, and aims to reduce the numbers of children who have to be taken into care each year.

Also, during September 2023, the council officially opened the first new Family Hub in Bentilee. The centre enables residents to access a wide range of local services, including health and family support services. The development of local Family Hubs is part of the council's wider family support approach, which aims to deliver more effective, timely and preventative services to help prevent problems from escalating into crises which can have lasting and harmful impacts on children and families.

The number of children in care increased from 1,121 in Quarter 1 to 1,156 in Quarter 4, with 288 admissions and 243 discharges over the year. The rate of children in care per 10,000 population rose from 192 to 198, compared to the statistical neighbour average of 115. Social worker caseloads saw a slight reduction from 21 in Quarter 1 to 20 in Quarter 4. The stability of placements for children in care initially improved but saw an increase in unplanned placement endings by Quarter 4, with the measure rising from 9.6% to 11.1%.

The percentage of new EHCP plans issued within 20 weeks decreased significantly from 64% in Quarter 1 to 39% in Quarter 4, mainly due to a shortage of educational psychologists. The percentage of EHCP annual reviews completed on time also declined from 42% to 36%.

In adult social care, the percentage of older people in residential or nursing care settings reduced from 2.1% to 1.9%, meeting the target. Hospital readmissions within 30 days saw a significant reduction, attributed to improved reporting processes, with the rate dropping from 15.2% in 2021/22 to 4.6% in Quarter 4.

In Autumn 2023, OFSTED returned for a focussed visit of Children's and Family Services and highlighted the improvements made since the 2022 ILACS inspection, evidencing the continued and sustained progress of the service. The Adult and Community Learning (post 16) service, which offers language and numeracy training and vocational courses offering a direct route to employment opportunities, was inspected by Ofsted in July 2023 and was rated Good. Excellent performance by the Jobs, Enterprise and Training Team (JET) led to performance targets being exceeded.



## 1.1 Narrative Statement (continued)



### Enable our residents to fulfil their potential

The council has made significant investments to enhance skill levels and housing quality, aiming to help residents secure better employment and living conditions. A notable £3 million from the UK Shared Prosperity Fund was allocated to skill improvement initiatives. The council launched the D.A.M.P zero tolerance campaign to address damp and mould in council homes, resulting in nearly 1,000 assessment visits within the first six weeks. During the same period, more than 250 private sector homes in the city benefitted from improved energy efficiency measures. These enhancements were part of the third phase of the Government's Local Authority Delivery (LAD) programme, with an investment of £2.6 million.

The percentage of schools rated by Ofsted as good or better increased from 84.6% in Quarter 1 to 89.8% in Quarter 4. The activity status of young people in education, employment, or training improved, with the NEET figure decreasing to 1.7% by Quarter 4, although 16.8% of 16-17-year olds were recorded as not known.

Permanent exclusions for the 2022/23 academic year totalled 117, exceeding national and regional averages. Persistent school absence rates showed an improvement, with the rate decreasing from 25.6% in 2022/23 to 21.2% by the end of the year.

The benefit claimant count rate increased from 5.5% in Quarter 1 to 6.1% in Quarter 4, partly due to changes in the Universal Credit regime.

Full fibre broadband coverage increased from 51.7% to 73.5%, exceeding the annual target of 64%.

Data from the Active Lives survey showed a reduction in the percentage of young people doing an average of 60 minutes of moderate or vigorous physical activity from 53% to 40.5%.

Mortality rates from circulatory diseases increased from 93.4 to 115.8 per 100,000, while cancer mortality rates decreased from 157.5 to 136.7 per 100,000. Deaths from respiratory diseases saw a marginal reduction from 46.6 to 44.3 per 100,000.

The councils work with Thrive at Five continues to improve the lives of children and families in Abbey Houlton and Bentilee neighbourhoods whilst the Changing Futures programme has embedded the way the council links up support across areas such as health, employment, and drug misuse.

## 1.1 Narrative Statement (continued)



### Help businesses to thrive and make our city more prosperous

The council has focused on economic development and supporting local businesses. Work started on the transformation of the area around Stoke Railway Station to create a safe and attractive travel route between the station and the city centre. The council has invested part of its £29m Transforming Cities Fund allocation to improve access for buses, reduce traffic congestion and improve safety at junctions, while also creating dedicated space for cyclists and pedestrians. The work will help people navigate more easily to and from the City Centre, provide better access to the station and link new developments such as the Goods Yard neighbourhood. The ties between Stoke and the city centre were also the focus of a new heritage trail which was launched in September 2023. The council continues to drive cultural development and over the period, supported nine organisations to achieve National Portfolio Organisation status, in addition to embarking on the next stage of improvements to the Potteries Museum and Art Gallery.

In Quarter 1, the council embarked on a new approach to economic development and saw the creation and retention of 248 jobs. By Quarter 4, the total number of jobs created or safeguarded increased to 866, exceeding the annual target of 800.

The number of new apprenticeship starts increased significantly, with 57 new starts in Quarter 4, bringing the total to 106 for the year.

Planning performance remained strong, with a slight reduction in the performance of minor applications from 98% to 92%, still above the West Midlands average of 84%. Data from the Annual Monitoring Report (AMR) in respect of employment, office and retail completions was released. The monitoring year saw an increase in employment completions from 4.8 hectares previously to 8.8 hectares in 2022/23. This exceeds the annual target of 7.94 hectares, there is a further 15.9 hectares currently under construction however the net figure is much lower due to the redevelopment of the former Dudson Pottery site on Scotia Road.

Retail completions saw a significant increase in 2023/24 with 55,918 sq. ft. which is the highest since 2009/10 and above the annual target of 51,343 sq. ft.

The councils wholly owned subsidiary Fortior Homes Ltd successfully completed its first phase of development in 2023, with over 400 residential units and in 2024/25, is forecast to generate an annual profit.

There were 477 net housing completions in 2023/24, comprising 548 gross units over the monitoring year. Among these, 463 units are new build properties.

The City Council continues to work closely in partnership with Homes England and has identified a housing pipeline that could deliver circa 4,000 new homes across 20 sites. Homes England continue to provide substantial revenue support to the Council to progress development.

The completion of the councils full-fibre network and roll-out of connections for residential premises, businesses and public services will give a further boost to the local economy.

## 1.1 Narrative Statement (continued)



### **An innovative and commercial council, providing effective leadership to help transform outcomes**

The council commenced consultation work on the development of the new corporate strategy in the autumn of 2023. This strategy guides the organisation's work in all areas of the city over the next four years. The strategy - called Our City, Our Wellbeing - replaced the existing Stronger Together Strategic Plan from April 2024. The overarching aim of the strategy is to facilitate a greater focus on preventative approaches to key problems which drive demand for front line services such as children's and adults' social care. The strategy is about creating an environment where people and organisations work together to improve the wellbeing of all residents. The council aims to use its influence and strong partnerships to solve ongoing problems and to help people achieve their goals.

The council remains committed to ongoing transformation and service improvement. Recent examples include the transformation of both the commissioning and procurement functions which will enable these services to drive further value for money on behalf of all council services. The council has focused on achieving in-year savings and improving service delivery. In Quarter 1, the council saw improvements in Council Tax and Business Rates collection, with increases of 0.9% and 4.7% respectively. By Quarter 4, collection rates saw a slight reduction compared to the previous year, attributed to the application of energy rebates and Covid Additional Relief Fund.

Customer Services experienced an increase in call volumes and wait times, with the average queue time rising from 4 minutes and 30 seconds in Quarter 1 to 11 minutes and 38 seconds in Quarter 4. The use of e-forms saw a significant rise, with a 24% increase in Quarter 4, totalling nearly 362,000 form submissions for the year, exceeding the annual target of 320,000.

Rent arrears as a percentage of the total debit saw a positive improvement from 3.31% in Quarter 1 to 3.0% by the end of the year. The council continued to support tenants affected by cost of living issues, identifying £1.1 million in additional income for tenants.

The council continues to navigate the turbulent energy market with sector-leading performance on energy costs, as well as making progress on carbon reduction measures across the estate and commencing procurement to extend the life of its Energy from Waste Plant at Hanford.

The council made significant progress on its stewardship of the completion of the 25-year Schools Private Finance Initiative programme



## 1.1 Narrative Statement (continued)



### Work with our communities to make them healthier, safer and more sustainable

The council has prioritised community safety and environmental sustainability taking firm action to prevent illegal waste dumping in the city. The first 100 days of a crackdown on illegal dumping saw 2,395 cases being cleared by council staff. The zero-tolerance initiative saw the use of extra CCTV in hotspot areas, additional clean-up crews, new enforcement officers, and two new 3.5 tonne clean-up tipper vans. The incidents cleared equated to more than 1,300 skips full of rubbish, removed from back alleys, street fronts and community spaces right across the city. In addition, environmental enforcement teams issued 523 £400 fixed penalty notices. The authority is focusing its efforts on working with residents to keep communities clean, while taking a zero-tolerance enforcement approach to dumped waste.

The council also worked closely with Staffordshire Police and other agencies to clamp down on anti-social behaviour, including nuisance off-road bikes and council tenants who engage in anti-social behaviour. Crime and violent crime rates showed a decrease, with a 4% and 8% reduction respectively, and the number of reported anti-social behaviour incidents fell by 15%.

The condition of A roads improved, with the percentage requiring renewal decreasing from 4.1% to 3.8%, while B and C roads saw a decline.

The full year saw 57 miles of highway reconditioned exceeding the annual target set of 50 miles.

Recycling rates met the annual target of 35%, and were up 1% from the previous year. The volume of waste sent to the energy-from-waste plant met the contractual target of 90,000 tonnes. Air quality levels improved, with nitrogen dioxide levels decreasing at both the city centre and A50 sites.

The number of void council houses remained low in the year, with 136 voids at the end of Quarter 4, and the time taken to turn around void properties improved to 35 days.

Library visits saw a significant increase, with 68,016 visits in Quarter 4 and close to 250,000 visitors in the year. This reflected the reopening of the City Central Library in its new location and the positive trend in e-books, e-magazines and new library registrations.

Further Community Asset Transfers are enabling communities to benefit from council assets, whilst the delivery of additional SEN school places will provide much needed capacity where it is needed.

The council continues to partner with Staffordshire Police including the successful Making Great Places campaign which targets residents' priorities to build a safer, cleaner city. This has seen increased enforcement along with highways repairs and focussed street cleaning activity in those areas.

# 1.1 Narrative Statement (continued)

## 1.1I. Explanation of the Financial Statements

The Accounts and Audit (England) Regulations 2015 require the council to produce a Statement of Accounts for each financial year. These Statements are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).  
The statements contain a number of different elements which are explained below.

### 1.1I(i) Comprehensive Income and Expenditure Statement - Authority

This statement reflects the sum of all income, expenditure, gains and losses incurred by the council in the last 12 months and explains how the balance sheet position has changed between the two financial years. This statement shows the council's financial position in accordance with accounting practice and includes unbudgeted notional charges for items such as depreciation, impairment, capital grants and capital charges.

More detail of the authority Comprehensive Income and Expenditure Statement are shown in Note 3.1.

2022/23 Restated			2023/24			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
786,812	(448,036)	338,776		786,343	(497,520)	288,823
		<b>Net Cost of Services</b>				
		(2,171) Other Operating Expenditure	4.2.6b			(3,102)
		37,441 Financing and Investment Income and Expenditure	4.2.6c			57,862
		(284,047) Taxation and Non-Specific Grant Income	4.2.6d			(290,009)
		<b>89,999 (Surplus)/Deficit on Provision of Services</b>				<b>53,574</b>
		(287,101) Other Comprehensive Income and Expenditure				(53,626)
		<b>(197,102) Total Comprehensive Income and Expenditure</b>				<b>(52)</b>

Reconciliation of the final outturn to the CIES		Net £000
		Note
Total Net Outturn		(2,386)
Services' Use of Earmarked Reserves		2,624
<b>Expenditure chargeable to HRA and GF balances</b>		<b>3.3/4.2.5</b>
Adjustments between funding and accounting basis		3.3
<b>Deficit on the Provision of Services</b>		<b>3.1</b>
		<b>53,574</b>

## 1.1 Narrative Statement (continued)

### Comprehensive Income and Expenditure Statement - Group

More detail of the authority Comprehensive Income and Expenditure Statement are shown in Note 7.2.

2022/23 Restated				2023/24			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
779,859	(447,741)	332,118	Net Cost of Services		792,825	(505,483)	287,342
		50	Other Operating Expenditure				(2,704)
		42,169	Financing and Investment Income and Expenditure				58,515
		(284,046)	Taxation and Non-Specific Grant Income				(290,009)
		90,291	(Surplus)/Deficit on Provision of Services				53,144
		(288,397)	Other Comprehensive Income and Expenditure				(70,080)
		(198,106)	Total Comprehensive Income and Expenditure				(16,936)

## 1.1 Narrative Statement (continued)

### 1.1I(ii) Balance Sheet

This shows the value of the council's asset and liabilities at the balance sheet date. These are matched by reserves which are split into two categories usable and unusable reserves. Unusable reserves are not available to use support services and are in the main used to hold unrealised gains and losses, where the actual gain or loss will only become available once another event has occurred.

More detail of the authority balance sheet and group balance sheet is shown in Note 3.2 and Note 7.3 respectively.

City Council 31 March 2023 £000 Restated	Group 31 March 2023 £000 Restated		City Council 31 March 2024 £000	Group 31 March 2024 £000
		Note		
1,620,745	1,619,019	Long Term Assets	1,673,226	1,674,983
101,551	102,020	Current Assets	132,743	62,484
(169,982)	(168,629)	Current Liabilities	(239,140)	(168,236)
(805,052)	(842,373)	Long Term Liabilities	(819,499)	(821,718)
<b>747,262</b>	<b>710,037</b>	<b>Net Assets</b>	<b>747,330</b>	<b>747,513</b>
<b>747,262</b>	<b>710,037</b>	<b>Total Reserves</b>	<b>747,330</b>	<b>747,513</b>

## 1.1 Narrative Statement (continued)

### 1.1I(iii) Movement in Reserves Statement - Authority

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' and unusable reserves. The '(Surplus)/deficit on the provision of services' line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The 'Net increase/decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

More detail is shown in note 3.3

Authority - Movement in Reserves Statement 2022/23	General Fund Balance £000	General Fund Earmarked Reserves £000	Housing Revenue Account £000	HRA Earmarked Reserves £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2023	11,903	59,164	5,768	417	16	16,405	50,556	144,229	603,033	747,262
Increase/(Decrease) in Year	(2,454)	-	2,214	-	3	8,739	294	8,796	(8,728)	68
Transfers to(from) Earmarked Reserves	5,350	(5,350)	172	(172)	-	-	-	-	-	-
Balance at 31 March 2024	14,799	53,814	8,154	245	19	25,144	50,850	153,025	594,305	747,330

## 1.1 Narrative Statement (continued)

### Movement in Reserves Statement - Group

More detail is shown in note 7.4

	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Authority Usable Reserves £000	Total Authority Unusable Reserves £000	Total Authority Reserves £000	Subsidiary Profit and Loss £000	Total Group Reserves £000
<b>Balance at 31 March 2023</b>	<b>71,067</b>	<b>6,185</b>	<b>15</b>	<b>16,405</b>	<b>50,556</b>	<b>144,228</b>	<b>603,034</b>	<b>747,262</b>	<b>(39,821)</b>	<b>710,038</b>
<b>Increase/(Decrease) in Year</b>	<b>(2,454)</b>	<b>2,216</b>	<b>3</b>	<b>8,739</b>	<b>294</b>	<b>8,797</b>	<b>(6,354)</b>	<b>2,443</b>	<b>38,459</b>	<b>37,475</b>
<b>Balance at 31 March 2024</b>	<b>68,613</b>	<b>8,401</b>	<b>18</b>	<b>25,144</b>	<b>50,850</b>	<b>153,025</b>	<b>596,680</b>	<b>749,705</b>	<b>(1,362)</b>	<b>747,513</b>



# 1.1 Narrative Statement (continued)

## 1.1I(iv) 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.

- Operating activities are 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 cash outflows that have been made for resources which are intended to contribute to the authority's future service delivery.
- Financing activities are useful in predicting claims on future cash flows by providers of capital to the authority.

More detail is shown in Note 3.4.

Authority 2022/23 £000	Group 2022/23 £000		Authority 2023/24 £000	Group 2023/24 £000
(89,999)	(90,291)	Net surplus/(deficit) on the provision of services	(53,574)	(53,144)
(24,088)	(19,610)	Net Cash Flows from Operating Activities	(38,343)	(36,913)
(37,279)	(43,381)	Net Cash Flows from Investing Activities	(57,768)	(57,768)
63,669	63,669	Net Cash Flows from Financing Activities	96,562	96,562
<b>2,302</b>	<b>678</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>451</b>	<b>1,881</b>
26,687	30,160	Cash and Cash Equivalents at the beginning of the reporting period	28,989	30,838
<b>28,989</b>	<b>30,838</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>	<b>29,440</b>	<b>32,719</b>

## 1.1 Narrative Statement (continued)

### 1.1I(v) Housing Revenue Account

This shows the in-year economic cost of providing housing services in accordance with 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 on which rents are raised, is shown in the Movement on the Housing Revenue Statement.

More detail is shown in Note 5.1

2022/23 £000	2023/24 £000
(64,214) Total Expenditure	(66,004)
(38,301) Revaluation of assets	(8,340)
69,279 Total Income	74,250
- HRA services' share of Corporate and Democratic Core	-
<b>(33,236) Net Cost for HRA Services</b>	<b>(94)</b>
4,536 HRA share of the operating Income and Expenditure included in the CIES	(8,451)
<b>(28,700) Surplus or (Deficit) for the year on HRA services</b>	<b>(8,545)</b>

## 1.1 Narrative Statement (continued)

### 1.1I(vi) Collection Fund

The Local Government Finance Act 1988 required the establishment of a Collection Fund from 1st April 1990. 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 business rates. Monies paid into this fund include Council Tax and Business Rates. Payments from the Fund include the General Fund demands of the city council, demands from precepting authorities and transfer of the locally collected business rates to Central Government.

More detail is shown in Note 6.1.

Business Rates 2022/23 £000	Council Tax 2022/23 £000	Total 2022/23 £000		Notes	Business Rates 2023/24 £000	Council Tax 2023/24 £000	Total 2023/24 £000
81,032	121,471	202,503	Income		79,298	127,970	207,268
(2,882)	(4,509)	(7,391)	Charges to the Collection Fund		(4,148)	1,271	(2,877)
<b>78,150</b>	<b>116,962</b>	<b>195,112</b>	<b>Balance due for allocation</b>		<b>75,150</b>	<b>129,241</b>	<b>204,391</b>
(77,764)	(117,138)	(194,902)	Precepts, Demands and Shares		(88,438)	(125,490)	(213,928)
<b>386</b>	<b>(176)</b>	<b>210</b>	<b>Surplus/(Deficit) for the Year</b>		<b>(13,288)</b>	<b>3,751</b>	<b>(9,537)</b>
(15,249)	3,681	(11,568)	Balance at the Beginning of the Year		11,568	3,480	15,049
26,431	(25)	26,406	Allocation of Previous Years Surplus		(14,868)	(2,086)	(16,954)
<b>11,568</b>	<b>3,480</b>	<b>15,048</b>	<b>Balance at the End of the Year</b>		<b>(16,588)</b>	<b>5,145</b>	<b>(11,442)</b>

The impact of the pandemic on the Collection Fund was significant: there was an increase in Local Council Tax Support (LCTS) claimants; business failures; and some inability to pay. The government provided grant to local authorities to fund additional reliefs awarded to businesses; grant to offset a proportion of the net deficit; and allowed the remaining deficit to be split over three years to 2023/24.

## 1.1 Narrative Statement (continued)

### 1.1m. Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptional hard work and dedication of staff across the council. I would like to express my gratitude to all colleagues who have assisted in the preparation of this document. I would also like to thank them for all their support and expertise during the financial year.

These accounts, the Annual Governance Statement and sources of financial information are available on the city council's website at **stoke.gov.uk**. Comments on these accounts are welcomed and can be made through the website or the contact options shown below.



**Nick Edmonds**  
**Corporate Director Resources (Section 151 Officer)**  
**Date: 26 February 2025**

Further information about the accounts is available from:

Stoke-on-Trent City Council  
Financial Services Division  
Civic Centre, Glebe Street  
Stoke-on-Trent  
ST4 1HH

Telephone: 01782 234 234

E-mail: [finance.systems@stoke.gov.uk](mailto:finance.systems@stoke.gov.uk)

## 2.0 Statements to the Accounts



## 2.1 Independent auditor's report to the members of Stoke-on-Trent City 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 Stoke-on-Trent City Council ('the Council') and its subsidiaries ('the Group') for the year ended 31 March 2024, which comprise the Council and Group Comprehensive Income and Expenditure Statements, the Council and Group Movement in Reserves Statements, the Council and Group Balance Sheets, the Council and Group Cash Flow Statements, HRA income and expenditure statement, statement of movements in the HRA, the Collection Fund statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 Section 151 Officer for the financial statements

The Section 151 Officer 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 Section 151 Officer is responsible for assessing each year whether or not it is appropriate for the Council and Group 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 and Group'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 and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

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

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



Significant weakness in arrangements	Recommendation(s)
<p><b>Reliance on Exceptional Financial Support</b></p> <p>The Council's decision to seek £21.7m of Exceptional Financial Support to meet its spending commitments is evidence of a significant weakness in financial sustainability arrangements in how it plans to bridge funding gaps and identifying achievable savings.</p>	<p>The Council should ensure it complies with the requirements placed on it through the in-principle granting of Exceptional Financial Support, and also:</p> <p>Continue to strengthen the approach to budget setting to ensure assumptions are data driven and realistic, and planned savings are subject to a detailed delivery plans and risk assessment.</p> <p>Implement its Financial Improvement and Recovery Plan to ensure services can be provided within available resources and ensure sufficient information is provided to Members so they can monitor the delivery of planned savings.</p> <p>Continue to apply spending controls to address the forecast in-year deficit.</p>
<p><b>Statutory Direction on Children's Services (Ofsted)</b></p> <p>In February 2019 the Council's children's social care services were inspected by the Office for Standards in Education, Children's Services and Skills (OFSTED) who determined that the services provided by the Council were inadequate, leading to the appointment of a Children's Services Commissioner and the issuance of a Statutory Direction on 16 May 2019 to secure improvement in its children's social care functions. As at 31 March 2024, the Improvement Advisor and Statutory Direction remained in place, which is evidence of a significant weakness in the Council's arrangements for Governance and Improving Economy, Efficiency and Effectiveness.</p>	<p>To ensure sustainable improvement in services to the satisfaction of the Statutory Direction, the Council should continue to work closely with the Improvement Advisor and ensure it has effective governance arrangements in place to monitor the effectiveness of its action plan.</p>
<p><b>Statutory financial reporting</b></p> <p>The Council published its 2023/24 draft Statement of Accounts in January 2025, 7 months after the statutory deadline of May 2024 and included material errors in our view, this is evidence of a significant weakness in the Council's governance arrangements and processes in place to supports its statutory financial reporting requirements.</p>	<p>The Council should:</p> <p>Ensure the finance team has sufficient capacity to meet the Council's statutory financial reporting deadlines.</p> <p>Ensure sufficient and timely quality review procedures are in place to support statutory financial reporting that is reflective of the underlying transactions recorded and compliant with the requirements of the accounting framework.</p>

### Responsibilities of the Council

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

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

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

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

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

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

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

We have nothing to report in these respects.

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

### **Use of the audit report**

This report is made solely to the members of Stoke-on-Trent City Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

  
Mark Surridge (Feb 27, 2025 13:35 GMT)

Mark Surridge, Key Audit Partner  
For and on behalf of Forvis Mazars LLP  
2 Chamberlain Square, Birmingham, B3 3AX  
27 February 2025

## 2.2 Statement of 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 the responsibility for the administration of those affairs. In this authority, that officer is the Section 151 Officer;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

### **The Section 151 Officer Responsibilities**

The Section 151 Officer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Section 151 Officer has:

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

The Section 151 Officer has also:

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

## 2.2 Statement of Responsibilities for the Statement of Accounts (continued)

### Certificate of Section 151 Officer

I certify that this statement of accounts gives a true and fair view of the financial position as at 31 March 2024, financial performance and cash flow of the City Council for the year ended 31 March 2024.



**Nick Edmonds**  
**Corporate Director Resources (Section 151 Officer)**  
**Date 26 February 2025**

### Approval of Statement of Accounts

The Statement of Accounts was approved by the Stoke-on-Trent City Council Audit Committee



**Councillor Waseem Akbar**  
**Chair of Audit Committee**  
**Date 26 February 2025**



# 3.0 Core Financial Statements





### 3.1 Comprehensive Income and Expenditure Statement

2022/23 Restated				2023/24			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
191,370	(77,539)	<b>113,831</b>	Children and Family Services		142,865	(34,959)	<b>107,906</b>
180,417	(109,240)	<b>71,177</b>	Social Care, Health Integration and Wellbeing		199,468	(127,133)	<b>72,335</b>
- 6,839	-	<b>(6,839)</b>	- Movement in Asset Value				-
101,984	(42,149)	<b>59,835</b>	Housing, Development and Growth		102,193	(47,180)	<b>55,013</b>
12,328	-	<b>12,328</b>	- Movement in Asset Value				-
81,042	(36,922)	<b>44,120</b>	Strategy and Resources		79,502	(39,624)	<b>39,878</b>
809	-	<b>809</b>	City Director		16,537	(9,603)	<b>6,934</b>
64,187	(69,251)	<b>(5,064)</b>	Housing Revenue Account	<b>5.1</b>	76,681	(76,587)	<b>94</b>
38,301	-	<b>38,301</b>	- HRA movement in asset value				-
56,517	(46,773)	<b>9,744</b>	Schools		97,210	(94,822)	<b>2,388</b>
988 - 63		<b>925</b>	Civic and Corporate Expenses		1,722	0	<b>1,722</b>
65,283	(61,931)	<b>3,352</b>	Benefit Payments		69,404	(66,607)	<b>2,797</b>
(3,107)	(4,168)	<b>(7,275)</b>	Non Departmental Costs		(3,299)	(1,005)	<b>(4,304)</b>
3,532	-	<b>3,532</b>	- Redundancy/Actuarial Strain		4,060		<b>4,060</b>
<b>786,812</b>	<b>(448,036)</b>	<b>338,776</b>	<b>Net Cost of Services</b>		<b>786,343</b>	<b>(497,520)</b>	<b>288,823</b>
		(2,171)	Other Operating Expenditure	<b>4.2.6b</b>			(3,102)
		37,441	Financing and Investment Income and Expenditure	<b>4.2.6b</b>			57,862
		(284,047)	Taxation and Non-specific Grant Income	<b>4.2.6b</b>			(290,009)
		<b>89,999</b>	<b>(Surplus)/Deficit on Provision of Services</b>				<b>53,574</b>



### 3.1 Comprehensive Income and Expenditure Statement (continued)

2022/23 Restated			2023/24
Net Expenditure £000	<i>Continuing Service Areas</i>	Note	Net Expenditure £000
89,999	<b>(Surplus)/Deficit on Provision of Services</b>		<b>53,574</b>
(71,347)	(Surplus)/deficit on revaluation of non-current assets	<b>4.2.10b</b>	(58,246)
149	Impairment losses on non-current assets charged to revaluation reserves	<b>4.2.10b</b>	-
1,296	(Surplus)/deficit from investments in equity instruments designated at fair value through other comprehensive income	<b>4.2.10f</b>	-
(217,199)	Remeasurements on pension fund (assets) & liabilities	<b>4.2.19c</b>	4,620
<b>(287,101)</b>	<b>Other Comprehensive Income and Expenditure</b>		<b>(53,626)</b>
<b>(197,102)</b>	<b>Total Comprehensive Income and Expenditure</b>		<b>(52)</b>

### 3.2 Balance Sheet

31 March 2022 Restated £000	31 March 2023 Restated £000		Note	31 March 2024 £000
1,382,800	1,432,099	Property, Plant and Equipment	4.2.11a	1,492,000
65,389	66,057	Heritage Assets	4.2.11e(i)	66,497
32,640	44,451	Investment Property	4.2.11f	40,188
5,821	6,765	Intangible Assets	4.2.11e(ii)	8,329
20,552	20,702	Long Term Investments	4.2.14d(iv)	15,728
50,853	50,671	Long Term Debtors	4.2.21a	50,484
-		Net Pensions Asset	4.2.19e	
<b>1,558,055</b>	<b>1,620,745</b>	<b>Long Term Assets</b>		<b>1,673,226</b>
13,184	-	Pension Contribution Debtor	4.2.19e	15,919
20	2	Short Term Investments		-
1,770	1,831	Assets Held For Sale		-
715	797	Stocks		664
76,094	69,934	Short Term Debtors	4.2.21b	86,720
26,689	28,987	Cash and Cash Equivalents	4.2.14a	29,440
<b>118,472</b>	<b>101,551</b>	<b>Current Assets</b>		<b>132,743</b>
(45,924)	(48,458)	Short Term Borrowing	4.2.14b	(121,731)
(9,512)	(10,389)	Other Short Term Liabilities	4.2.14b	(11,988)
(121,213)	(99,157)	Short Term Creditors	4.2.21c	(97,524)
(4,054)	(8,757)	Grants Receipts in Advance	4.2.16b	(2,178)
(4,438)	(3,221)	Provisions	4.2.15	(5,719)
<b>(185,141)</b>	<b>(169,982)</b>	<b>Current Liabilities</b>		<b>(239,140)</b>
(5,975)	(6,194)	Provisions	4.2.15	(6,290)
(513,801)	(575,392)	Long Term Borrowing	4.2.14b	(602,042)
(80,035)	(69,256)	Other Long Term Liabilities	4.2.14b	(63,228)
(342,515)	(154,210)	Net Pensions Liabilities	4.2.19e	(147,939)
<b>(942,326)</b>	<b>(805,052)</b>	<b>Long Term Liabilities</b>		<b>(819,499)</b>
<b>549,060</b>	<b>747,262</b>	<b>Net Assets</b>		<b>747,330</b>

### 3.2 Balance Sheet (continued)

31 March 2022 Restated £000	31 March 2023 Restated £000		Note	31 March 2024 £000
11,402	11,903	General Fund Balance	3.3	14,799
91,163	59,164	Earmarked Reserves - General Fund	4.2.9a	53,814
12,856	16,405	Usable Capital Receipts Reserve	4.2.9c	25,144
6,069	5,768	Housing Revenue Account Balance	5.2	8,154
541	417	Earmarked Reserves - HRA	4.2.9b	245
-	15	Major Repairs Reserve	5.3.2a	19
50,449	50,556	Capital Grants Unapplied	4.2.9d	50,850
<b>172,480</b>	<b>144,228</b>	<b>Usable Reserves</b>		<b>153,025</b>
440,841	383,517	Capital Adjustment Account	4.2.10a	359,400
297,858	381,244	Revaluation Reserve	4.2.10b	402,024
(4,464)	8,512	Collection Fund Adjustment Account	6.1	(3,587)
(342,515)	(154,210)	Pensions Reserve (Deficit)	4.2.10c	(147,939)
(4,479)	(3,848)	Accumulated Absences Account	4.2.10e(i)	(3,339)
(2,440)	(2,571)	Financial Instruments Adjustment Account	4.2.10e(ii)	(2,421)
7,078	5,782	Financial Instruments Revaluation Reserve	4.2.10f	5,782
(21,202)	(21,202)	Dedicated Schools Grant Adjustment Account	4.2.10g	(21,202)
5,903	5,810	Deferred Capital Receipts Reserve	4.2.10d	5,587
<b>376,580</b>	<b>603,034</b>	<b>Unusable Reserves</b>		<b>594,305</b>
<b>549,060</b>	<b>747,262</b>	<b>Total Reserves</b>		<b>747,330</b>



These financial statements replace the  
unaudited accounts certified by  
Nick Edmonds S151 Officer on 14 January  
2025

### 3.3 Movement in Reserves Statement

2023/24	Note	General Fund Balance £000	General Fund Earmarked Reserves £000	Housing Revenue Account £000	HRA Earmarked Reserves £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2023											
Restated Total		11,903	59,164	5,768	417	16	16,405	50,556	144,229	603,033	747,262
Comprehensive Income and Expenditure	3.1	(45,029)	-	(8,545)	-	-	-	-	(53,574)	53,626	52
Other Adjustments				(1)				(66)	(67)	83	16
Adjustments between accounting basis and funding basis under regulations	4.2.8	42,575	-	10,761	-	3	8,739	360	62,437	(62,437)	-
Increase/ (Decrease) in Year		(2,454)	-	2,214	-	3	8,739	294	8,796	(8,728)	68
Transfers to/ (from) Earmarked Reserves	4.2.9	5,350	(5,350)	172	(172)	-	-	-	-	-	-
Balance at 31 March 2024		14,799	53,814	8,154	245	19	25,144	50,850	153,025	594,305	747,330

### 3.3 Movement in Reserves Statement (continued)

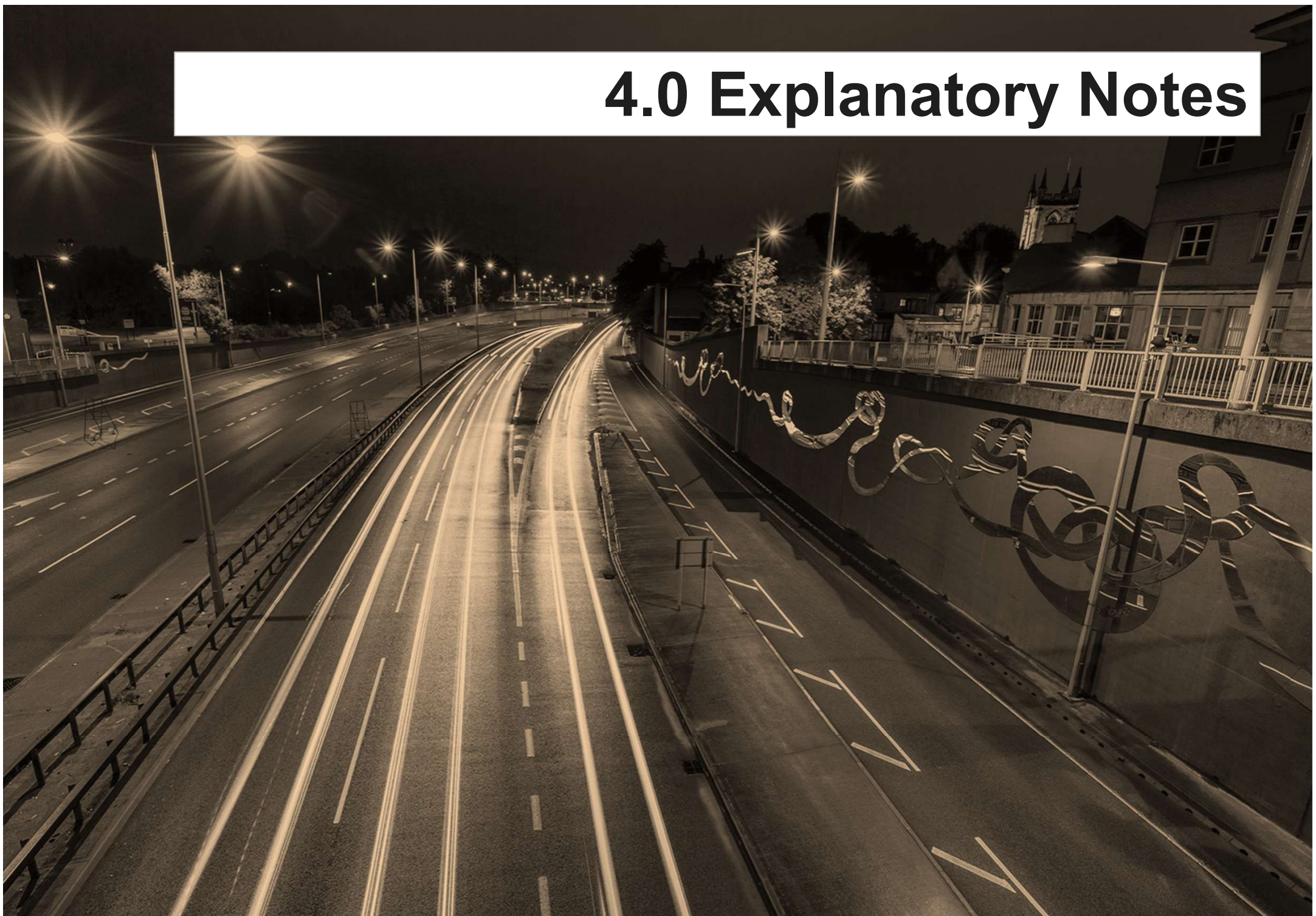
2022/23	Note	General Fund Balance £000	General Fund Earmarked Reserves £000	Housing Revenue Account £000	HRA Earmarked Reserves £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2022</b>											
<b>Restated Total</b>		<b>11,401</b>	<b>91,163</b>	<b>6,069</b>	<b>541</b>	<b>-</b>	<b>12,856</b>	<b>50,449</b>	<b>172,479</b>	<b>376,580</b>	<b>549,059</b>
Comprehensive Income and Expenditure other adjustments	<b>3.1</b>	(61,299)	-	(28,700)	-	-	-	-	<b>(89,999)</b>	287,101	<b>197,102</b>
Adjustments between accounting basis and funding basis under regulations							1,445		<b>1,445</b>	(345)	<b>1100</b>
	<b>4.2.8</b>	29,802	-	28,275	-	16	2,104	107	<b>60,304</b>	(60,304)	<b>-</b>
<b>Increase/ (Decrease) in Year</b>		<b>(31,497)</b>	<b>-</b>	<b>(425)</b>	<b>-</b>	<b>16</b>	<b>3,549</b>	<b>107</b>	<b>(28,250)</b>	<b>226,453</b>	<b>198,203</b>
Transfers to/ (from) Earmarked Reserves	<b>4.2.9</b>	31,999	(31,999)	124	(124)	-	-	-	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 March 2023</b>		<b>11,903</b>	<b>59,164</b>	<b>5,768</b>	<b>417</b>	<b>16</b>	<b>16,405</b>	<b>50,556</b>	<b>144,229</b>	<b>603,033</b>	<b>747,262</b>
<b>Restated</b>											

### 3.4 Cash Flow Statement

2022/23 £000		Note	2023/24 £000
<b>(89,999)</b>	<b>Net surplus/(deficit) on the provision of services</b>	<b>3.1</b>	<b>(53,574)</b>
125,396	Adjustments to net surplus or deficit on the provision of services for non-cash movements	<b>4.2.24ai</b>	<b>68,891</b>
(59,485)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	<b>4.2.24a ii</b>	<b>(53,660)</b>
<b>(24,088)</b>	<b>Net Cash Flows from Operating Activities</b>		<b>(38,343)</b>
(37,279)	<b>Net Cash Flows from Investing Activities</b>	<b>4.2.24b</b>	<b>(57,768)</b>
63,669	<b>Net Cash Flows from Financing Activities</b>	<b>4.2.24c</b>	<b>96,562</b>
<b>2,302</b>	<b>Net Increase or decrease in Cash and Cash Equivalents</b>		<b>451</b>
26,687	Cash and Cash Equivalents at the beginning of the reporting period	<b>4.2.14e</b>	<b>28,989</b>
<b>28,989</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>	<b>4.2.14e</b>	<b>29,440</b>



# 4.0 Explanatory Notes



## 4.1 Index of Explanatory Notes to the Core Financial Statements

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## 4.2.1 Accounting Standards that have been issued but not yet 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 that has been issued but not yet adopted. This applies to the adoption of new or amended standards within the 2024/25 Code.

For adoption in 2024/25 the following accounting standard changes and their impact on the Council are shown below.

Accounting Standard	Change
IFRS 16 Leases	Requiring all leases to be recognised on the Balance Sheet, subject to a de-minimis and exemptions. CIPFA/LASAAC deferred the mandatory requirement to account for leases in accordance with IFRS16 from 1 April 2022 until 1 April 2024. The Council chose not to adopt IFRS 16 on a voluntary basis for 2022/23 or 2023/24. The mandatory requirements for 2024/25 will include an amendment to IFRS16 for lease liabilities in a sale and leaseback. There are also changes to the transition arrangements for service concession arrangement liabilities.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions
Amendments to IAS 1 <i>Presentation of Financial Statements</i>	Providing clarification of the difference between current and non-current liabilities.
Amendments to IAS 12 <i>International Tax Reform: Pillar Two Model Rules</i>	Introducing a temporary mandatory exception from accounting for deferred taxes.
<i>Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures</i>	Additional disclosures for supplier finance arrangements

None of these amendments are anticipated to have a material impact on the Council's financial performance and financial position.

## 4.2.2 Critical Judgements in Applying Accounting Policies

In applying the accounting policies, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. Some of the key critical judgements made in the Statement of Accounts are:

### Going Concern

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are themselves revenue raising bodies (with limits on their revenue raising powers, arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus, that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be prepared on anything other than a going concern basis. The council's accounts are therefore produced under the Code and assume that the council's services will continue to operate 12 months from the final certification of these statements.

### Asset Base

There is a high degree of uncertainty about future levels of funding for local government. The authority reviews its asset base and at the balance sheet date has judged that this uncertainty is not yet sufficient to provide an indication that material assets of the authority might be impaired as a result of a need to permanently close facilities and reduce levels of service provision. Where an asset is no longer judged to be required to provide a service it is declared surplus ultimately resulting in its disposal or transfer.

### PFI Schemes

The authority has judged that it controls the services provided under the outsourced agreements to rebuild, maintain, upgrade and provide services to its schools; to provide street lighting services; to provide and maintain a multi-service district centre on the Devonshire Square site in Bentilee; and to provide extra care housing at sites based at Westcliffe, Abbey Hulton and Blurton.

The authority has also concluded that it controls the residual value of assets used in these arrangements at the end of the agreements. The accounting policies for PFI schemes and similar contracts have been applied to these arrangements and the assets are recognised as Property, Plant and Equipment on the authority's balance sheet.



## 4.2.2 Critical Judgements in Applying Accounting Policies (continued)

### Schools

IFRS 10 control criteria in respect of local authority maintained schools specifies that 'the balance of control lies with local authorities for all maintained schools'. For Voluntary Aided/Controlled schools the authority conducts an annual assessment to ensure that material transactions are recognised and consolidated into the Council's Single Entity Primary Statement of Accounts.

The city council's schools are run under a number of arrangements including Local Authority, Foundation schools and Church Schools. For Foundation and Church Schools as they form part of the PFI contract for which the city council controls the delivery of services provided; in applying IFRIC 12 Service Concession Arrangements the city council has judged that assets are used to provide public services in the service concession arrangement and are consequently recognised on the balance sheet.

For Academy Schools it is the city council's judgement that the council has no control over Academy schools, therefore the assets and liabilities are not consolidated into the city council's balance sheet. At the point of the Academy transfer notification the non-current assets are derecognised. Where the city council is the owner, the land, being on a short term lease is retained on the city council's balance sheet.

### Asset Valuation

The 2014/15 Code of Practice clarified the requirements for valuing property, plant and equipment and now states explicitly that revaluations must be 'sufficiently regular to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of the reporting period'. In order to be satisfied that the value of assets in the balance sheet is not materially different from the amount that would be given by a full valuation carried out on 31 March 2024, the council has created sub-groups of assets that are subject to either a formal valuation at the year end or a professional valuation assessment. For assets not valued in the year, the council has judged that their value has not altered materially at the balance sheet date. This judgement is supported by a year-end market review provided by the Council's qualified valuer that provides assurance that valuation are materially correct at the balance sheet date.

## 4.2.3 Changes to Accounting Policy and Prior Period Adjustments

This section details revisions to previous years reported figures as a result of a change to accounting policy, the city council changing their accounting method or changes required as a result of International Financial Reporting Standards (IFRS) regulatory changes

### 4.2.3a Pensions Asset Ceiling Adjustment

Estimation of the net asset/liability of pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The transactions in the accounts represent the best estimate of pension assets and liabilities reflecting the uncertainty inherent in the estimations and are determined by a firm of professional actuaries engaged to provide the Authority with this information.

The effect of the net pensions liability of changes in individual assumptions can be measured. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out in note 4.2.19

The 2022/23 valuation of the pension fund net liabilities, shown in note 4.2.19 in the accounts, has been restated with an increase in liability of **£269.188m**, from a Pension Asset balance of £114.978m to a Pension Liability balance of **£154.210m** thus reducing the net Asset and Net reserves balance from £1,016.450m to **£747.262m**. There is no impact on useable reserves or council tax

Employers are bound by the contribution level set by the Pension Scheme Administrators on a triennial schedule and the requirement to contribute enough to fund all future commitments, known as the Minimum Funding Requirement

The return on scheme assets had materially benefited from high interest rates and higher than normal bond yields as well as increased additional contributions to the pension fund. The result was the pension scheme balance showing as an asset rather than a liability as at the end of 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2024 .

Accounting Standards however only allow an asset to be recognised as far as the employer can gain an economic benefit i.e. through a reduction in future contributions. This limit is known as the **Asset Ceiling**.

The asset ceiling calculation is to restrict the amount of net asset (relative to funding obligations) the Employer can disclose. This limitation on the asset often will create an additional liability because contributions may be required that would lead to or increase an irrecoverable surplus.

The asset ceiling calculation limits the amount of the net pension asset that can be recognized to the lower of (1) the amount of the net pension asset or (2) the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan.

The Asset Ceiling charge, levied against the Pension Scheme to maintain the minimum future funding requirement has been calculated by the Actuaries, Hyman Robertson for 2023/24, and in line with CIPFA guidance also for 2022/23. The pension scheme liability opening balance for 2023/24 has therefore been restated by the amount of the asset ceiling. The resultant calculation for the year ended 31<sup>st</sup> March 2023 is a change from Pension Asset of £114.978m to Pension Liability of £154.210m

The following core statements and notes have been revised 1.1i,3.1,3.1c,3.2,3.3,3.3c,3.4,4.2.5,4.2.8a,4.2.8b, 4.2.10,4.2.19c.

### 4.2.3 Changes to Accounting Policy and Prior Period Adjustments continued

The following changes have been made to the Core statements Statement of Accounts 2023/24 opening balances and all associated notes .As the Actuary has calculated the Asset ceiling to be lower than the surplus in the defined benefit plan the council has therefore restricted the net pension asset recognised in the balance sheet .

#### Effect on Comprehensive Income and Expenditure Accounts as at 31 March 2023-(section 3.2)

		2022/23 Published £000	2022/23 Restated £000	Adjustment £000
<b>(Surplus)/Deficit on Provision of Services</b>		<b>89,999</b>	<b>89,999</b>	<b>0</b>
Remeasurements on pension fund (assets) & liabilities		486,387	(217,199)	
<b>Other Comprehensive Income and Expenditure</b>	note 4.2.19c	<b>(556,289)</b>	<b>(287,101)</b>	<b>269,188</b>
<b>Total Comprehensive Income and Expenditure</b>		<b>(466,290)</b>	<b>(197,102)</b>	<b>269,188</b>

#### Effect on Balance Sheet t 31 March 2023-(section 3.2)

		2022/23 Published £000	2022/23 Restated £000	Adjustment £000
<i>Net Pensions Asset</i>	note 4.2.19	114,978	0	(114,978)
<b>Long Term Assets</b>		<b>1,735,723</b>	<b>1,620,745</b>	<b>(114,978)</b>
<i>Net Pensions Liabilities</i>	note4.2.19		(154,210)	(154,210)
<b>Long Term Liabilities</b>		<b>(650,842)</b>	<b>(805,052)</b>	<b>(154,210)</b>
<b>Net Assets</b>		<b>1,016,450</b>	<b>747,262</b>	<b>(269,188)</b>
<i>Pensions Reserve (Deficit)</i>	note 4.2.10c	114,978	(154,210)	(269,188)
<b>Unusable Reserves</b>		<b>872,222</b>	<b>603,034</b>	<b>(269,188)</b>
<b>Total Reserves</b>		<b>1,016,450</b>	<b>747,262</b>	<b>(269,188)</b>



## 4.2.3 Changes to Accounting Policy and Prior Period Adjustments continued

	Total Usable Reserves £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Unusable Reserves £000	Total Usable Reserves £000	Total Unusable Reserves £000
2022/23 Published	2022/23 Restated	2022/23 Published	2022/23 Restated	2022/23 Adjustment	2022/23 Adjustment	
<b>Effect on Movement in Reserves 31 March 2023(3.3)</b>						
<b>Balance at 31 March 2022</b>	172480	172480	426823	426823	0	0
					0	0
Total Comprehensive Income and Expenditure note 3.1	-90000	-90000	506047	236859	0	-269188
Other Adjustments	1445	1445	-345	-345	0	0
Adjustments between accounting basis and funding basis						
under regulations note 4.2.8	60302	60302	-60302	-60302	0	0
<b>Increase/ (Decrease) in Year</b>	-28253	-28253	445400	176212	0	-269188
Transfers to/ (from) Earmarked Reserves					0	0
<b>Balance at 31 March 2023</b> note 3.2	144227	144227	872223	603035	0	-269188
<b>TOTAL RESERVES</b>	<b>1016450</b>	<b>747262</b>			<b>269188</b>	

The following changes were made to the Notes to accounts for Pensions -(note 4.2.19)

Pension Valuation Notes 4.2.19

<b>Comprehensive Income and Expenditure Statement</b>	2022/23 Published £000	2022/23 Restated £000	2022/23 Adjustment £000
- current service cost	51,919	51,919	-
- past service costs incl curtailments	1,745	1,745	-
- settlements	-	-	-
<b>Within Net Cost of Services:</b>	<b>53,664</b>	<b>53,664</b>	-
- net interest expense	9,330	9,330	-
<b>Within Financing and Investment Income and Expenditure</b>	<b>9,330</b>	<b>9,330</b>	-
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>62,994</b>	<b>62,994</b>	-
Remeasurement of the net defined benefit liability comprising:			-
- return on plan assets (excluding the amount included in the net interest expense)	61,263	330,451	269,188
- changes in demographic assumptions	(10,669)	(10,669)	-
- changes in financial assumptions	(629,060)	(629,060)	-
- other experience	92,079	92,079	-
<b>Within Other Comprehensive Income and Expenditure</b>	<b>(486,387)</b>	<b>(217,199)</b>	269,188
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(423,393)<sub>49</sub></b>	<b>(154,205)</b>	269,188

## 4.2.3 Changes to Accounting Policy and Prior Period Adjustments continued

### 4.2.3b Omitted Pension Revaluation March 2022

The Pension assets and liabilities are revalued triennially and in such instances a revised pension fund report is issued reflecting the revised valuations. In

March 2022 a revaluation was undertaken however the revised report issued changing the Value of the Pension fund liability from £292.272m to £342.515m as at 31st March 2022, was not received until a year later in April 2023 as a result, the revised valuation was omitted from the statement of accounts published for year ended 31st March 2022, thus understating the pension fund liability by £50.243m

There is no impact on useable reserves or council tax, and no prior year adjustment is deemed necessary. The opening balance brought forward in the 2022/23 accounts is correctly based on the revised final pensions report for March 2022, so there is no impact of this omission on subsequent years accounts.

As the council is required to present a third balance sheet for prior year adjustments the revised balance sheet for March 2022 is included on Balance sheet section 3.2 and the brought forward reserves have been updated on the Statement of Movement in reserves 3.3c

<b><u>Effect on Balance Sheet t 31 March 2022-(section 3.2)</u></b>		<b>2021/22 Published £000</b>	<b>2021/22 Restated £000</b>	<b>Adjustment £000</b>
<i>Net Pensions Liabilities</i>	note 4.2.19	(292,272)	(342,515)	(50,243)
				0
<i>Pensions Reserve (Deficit)</i>	note 4.2.10c	292,272	342,515	50,243
<b>Net Assets</b>		<b>599303</b>	<b>549,060</b>	<b>(50,243)</b>
<b>Total Reserves</b>		<b>599303</b>	<b>549,060</b>	<b>(50,243)</b>

## 4.2.4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

### Pensions Assets/Liability

Estimation of the net asset/liability of pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The transactions in the accounts represent the best estimate of pension assets and liabilities reflecting the uncertainty inherent in the estimations and are determined by a firm of professional actuaries engaged to provide the Authority with this information.

The effect of the net pensions liability of changes in individual assumptions can be measured. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out in note 4.2.19j.

### PFI and Similar Contracts

As at 31 March 2024 the Authority has committed to making unitary payments of £156.858m over the remaining lives of the PFI and similar contracts schemes (see note 4.2.13). The contract payments are subject to inflationary increases, based on factors such as energy prices and various other contract variations that may arise after this date. In the current economic climate particularly with respect to energy prices, the value of future unitary payments may be higher than currently anticipated.

If inflationary factors were to increase by 0.5% on all PFI schemes, an additional £1.294m would need to be set aside to meet future commitments, If inflationary factors were to decrease by 0.5% on all PFI schemes, future commitments would be £0.905m lower.

### Arrears

At 31 March 2024 the council has gross short term debtors' balance of £89.601m. A review of debtor balances has been undertaken and a debtors' impairment figure of £25.748m has been set aside in the accounts. This impairment allowance based on past patterns and future assumptions of collection. Should economic factors mean the impairment allowance is insufficient then any excess debt that proves uncollectable will result in a charge to the CIES. The cost may ultimately fall to the General Fund, HRA Balance or the Collection Fund Adjustment Account, depending on the nature of the debt. Should an additional 5% of debts prove to be uncollectable (above the amount set aside) there would be a cost of £1.287m to the council.

## 4.2.4 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty (continued)

### **Business Rate Appeals**

The 2023/24 Accounts include estimates of the potential costs that may arise as a result of appeals lodged against non-domestic rate charges by local organisations. A gross provision of £10.523m has been set aside based on details of outstanding claims provided by the valuation office agency, analysis of historical trends in appeal outcomes and local knowledge. The city council share of this provision is 49% (£5.156m). Should the actual outcomes from these appeals result in higher or lower costs then there would be a corresponding increase or decrease in the collection fund deficit charges to the taxation and non-specific grant income line of the CIES. The deterioration would be recorded against the Collection Fund Adjustment Account for one year before being transferred to the General Fund the next. A 10% increase in cost from appeals would reduce net income by £0.516m.

### **Property Valuations**

The council revalues its assets with sufficient regularity to ensure the value at the balance sheet date is materially correct. Where there is evidence of such movements, further valuations will be undertaken. The council bases its valuation on assumptions of asset conditions, useful lives, residual values and market conditions. These judgements are underpinned by the best available information and are made by qualified valuers but are still based on estimates. A 1.0% fluctuation in council dwellings and other land and buildings values would amount to a £10.0m movement in Property, Plant and Equipment balance shown on the balance sheet.

## 4.2.5 Expenditure and Funding Analysis (continued)

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the authority for the year has been used in providing services in comparison with those resources consumed. The impact on reserves can be seen at section 3.3.

2023/24	Children and Family Services £000	Social Care, Health, Integration and Wellbeing £000	Housing, Development and Growth £000	Strategy and Resources £000	City Director £000	Housing Revenue Account £000	Schools £000	Non Departmental Costs, Benefits Payments and Civic and Corporate £000	Other Income and Expenditure £000	Expenditure Chargeable to GF/HRA Balances £000	Accounting Adjustments £000	Net Expenditure in the CIES £000
<b>Income</b>												
Fees, charges and service income	(16,117)	(63,748)	(27,514)	(28,422)	(6,779)	(74,574)	(4,250)	(89,756)	4,974	(306,186)	49,903	(256,283)
Interest and investment income	-	-	(58)	-	-	(2,696)	-	(8,717)	-	(11,471)		(11,471)
Council tax and business rates	-	-	-	-	-	-	-	-	(172,302)	(172,302)		(172,302)
Govt' grants and contributions	(20,547)	(62,999)	(13,754)	(11,941)	(2,824)	(65)	(182,339)	(66,637)	(77,409)	(438,515)	30	(438,485)
<b>Expenditure</b>												-
Employee benefits expenses	49,894	33,862	23,456	23,554	8,898	6,916	26,249	(2,627)		170,202	(513)	169,689
Other service expenses	90,782	163,322	47,841	44,615	4,860	49,746	159,513	113,226	(140)	673,765	(34,534)	639,231
Depn, amortisation and impairment	2,189	2,282	31,177	11,181	2,783	16,283	33,457	(26,353)		72,999	38,450	111,449
Interest payments	-	-	-	-	-	-	4	25,551		25,555		25,555
Precepts and levies	-	-	-	-	-	-	-	79		79		79
Payments to housing capital receipts pool	-	-	-	-	-	-	-	-		-		-
Gain or loss on disposal						2,004		(8,416)		(6,412)		(6,412)
Internal recharges		(669)	(5,912)	(271)	(4)	-	(620)	-		(7,476)		(7,476)
<b>Expenditure chargeable to the GF and HRA balances</b>	<b>106,201</b>	<b>72,050</b>	<b>55,236</b>	<b>38,716</b>	<b>6,934</b>	<b>(2,386)</b>	<b>32,014</b>	<b>(63,650)</b>	<b>(244,877)</b>	<b>238</b>	<b>53,336</b>	<b>53,574</b>
Accounting adjustments	1,705	285	(223)	1,161	-	2,480	(29,626)	67,926	9,628	53,336		
<b>(Surplus) or Deficit</b>	<b>107,906</b>	<b>72,335</b>	<b>55,013</b>	<b>39,877</b>	<b>6,934</b>	<b>94</b>	<b>2,388</b>	<b>4,276</b>	<b>(235,249)</b>	<b>53,574</b>		<b>3.1</b>

Opening General Fund and HRA Balance at 31 March 2023

77,252

Plus chargeable to General Fund and HRA balance in 2023/24

(238)

**3.3**

**77,014**

## 4.2.5 Expenditure and Funding Analysis (continued)

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the authority for the year has been used in providing services in comparison with those resources, consumed. The impact on reserves can be seen at section 3.3.

2022/23	Children and Family Services £000	Social Care, Health, Integration and Wellbeing £000	Housing, Development and Growth £000	Strategy and Resources £000	City Director £000	Housing Revenue Account £000	Schools £000	Non Departmental Costs, Benefits Payments and Civic and Corporate £000	Other Income and Expenditure £000	Expenditure Chargeable to GF/HRA Balances £000	Accounting Adjustments £000	Net Expenditure in the CIES £000
<b>Income</b>												
Fees, charges and service income	(15,080)	(53,574)	(36,508)	(25,768)	-	(76,762)	(2,310)	(2,401)	-	<b>(212,403)</b>	(11,246)	(223,649)
Interest and investment income	-	-	(44)	-	-	(50)	-	(9,807)	-	<b>(9,901)</b>	-	(9,901)
Council tax and business rates	-	-	-	-	-	-	-	-	(158,670)	<b>(158,670)</b>	(12,976)	(171,646)
Govt' grants and contributions	(63,947)	(57,705)	(7,647)	(12,002)	-	-	(39,275)	(61,994)	(62,602)	<b>(305,172)</b>	(45,327)	(350,499)
<b>Expenditure</b>												-
Employee benefits expenses	59,313	37,280	37,751	18,110	849	17,446	13,465	5,212	-	<b>189,426</b>	24,130	213,556
Other service expenses	133,610	153,490	58,349	66,441	5	35,403	21,704	69,149		<b>538,151</b>	(53,143)	485,008
Depn, amortisation and impairment						28,838		3,706		<b>32,544</b>	100,150	132,694
Interest payments	-	-	-	-	-	-	-	16,115		<b>16,115</b>	5,776	21,891
Precepts and levies	-	-	-	-	-	-	-	694		<b>694</b>	-	694
Payments to housing capital receipts pool	-	-	-	-	-	-	-	1,320		<b>1,320</b>	-	1,320
Gain or loss on disposal						(4,422)		(3,573)		<b>(7,995)</b>	5,925	(2,070)
Internal recharges	(11,106)	(4,570)	(20,952)	(10,436)	(125)	(27)	(407)	(4,562)		<b>(52,185)</b>	44,787	(7,398)
<b>Expenditure chargeable to the GF and HRA balances</b>	<b>102,790</b>	<b>74,921</b>	<b>30,949</b>	<b>36,345</b>	<b>729</b>	<b>426</b>	<b>(6,823)</b>	<b>13,859</b>	<b>(221,272)</b>	<b>31,924</b>	<b>58,076</b>	<b>90,000</b>
Accounting adjustments	11,041	(10,583)	41,214	7,775	80	32,810	16,567	(13,325)	(27,503)	<b>58,076</b>	<b>4.2.6</b>	
<b>(Surplus) or Deficit</b>	<b>113,831</b>	<b>64,338</b>	<b>72,163</b>	<b>44,120</b>	<b>809</b>	<b>33,236</b>	<b>9,744</b>	<b>534</b>	<b>(248,775)</b>	<b>90,000</b>		<b>3.1</b>

Opening General Fund and HRA Balance at 31 March 2022

109,174

Plus chargeable to General Fund and HRA balance in 2022/23

(31,924)

**3.3**

**77,250**



## 4.2.6 Notes to Income and Expenditure (continued)

### b - Other Operating Expenditure

2022/23		2023/24
£000	Detail	Notes
695	Levies and external contributions	686
(2,071)	Loss/(gain) on disposal of non current assets	(1,438)
1,320	Payments to the Government housing capital receipts pool	-
(2,115)	Other (income)/expenditure	(2,350)
<b>(2,171)</b>	<b>Total</b>	<b>(3,102)</b>

### c - Financing and Investment Income & Expenditure

2022/23		2023/24
£000	Detail	Notes
25,471	Interest payable and similar charges	4.2.14c
9,330	Net interest on the net defined benefit liability	4.2.19c
(3,300)	Interest and investment income	4.2.14c
10,261	Derecognition of school assets transferred to academies - non current assets	
(1,954)	Income and expenditure in relation to investment properties and changes in fair value	4.2.11f
(2,367)	Other investment income	4.2.14c
<b>37,441</b>	<b>Total</b>	<b>57,862</b>

### d - Taxation and Non-specific Grant Income

2022/23		2023/24
£000	Detail	Notes
(95,553)	Council tax income	6.1
(76,093)	Non domestic rates	
(68,639)	Non-specific government grants	4.2.16b
(43,762)	Capital grants and contributions	4.2.16b
<b>(284,047)</b>	<b>Total</b>	<b>(290,009)</b>

## 4.2.7 Exceptional Items in the CIES

During the year, the council disposed of its 19% share holding in Stoke on Trent Regeneration Ltd for the sum of £5million , the carrying value at the time of sale was £4.974million. The net gain on disposal is included in the Other Operating income and expenditure on the CIES

## 4.2.8 Adjustments between Accounting basis and funding basis under regulations

2023/24		General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Reserve	Mmt in Unusable Reserve
Adjustments Primarily Involving	Notes	£000	£000	£000	£000	£000	£000
<b>Capital Adjustment Account</b>							
<i>Reversal of items debited or credited to the CIES</i>							
Depreciation of Non-Current Assets	4.2.11h	(27,644)	(19,347)	-	-	-	46,991
Impairment of Non-Current Assets	4.2.11h	(167)	(288)	-	-	-	455
Revaluation losses on Property, Plant and Equipment		(8,724)	(8,340)	-	-	-	17,064
Movement in market value of Investment Property	4.2.11f			-	-	-	-
Amortisation of Intangible Assets	4.2.11h	(2,403)	(23)	-	-	-	2,426
Revenue Expenditure Funded from Capital Under Statute		(14,505)	(383)	-	-	-	14,888
Expected credit loss allowance (capital)	4.2.15		-	-	-	-	-
<b>Carrying Amount of Non-Current Assets:</b>							
- written off on disposal to the CIES		(36,435)	(8,901)	-	-	-	45,336
- finance leases written off on disposal to the CIES			-	-	-	-	-
- written off on derecognition to the CIES		3,305	-	-	-	-	(3,305)
Capital grants and contributions applied		17,723	-	-	-	-	(17,723)
Revenue Expenditure Funded from Capital Under Statute - Funding		6,558	-	-	-	-	(6,558)
Service concession deferred income write back		716	-				(716)
<i>Insertion of items not debited or credited to the CIES</i>							
MRP for Capital financing	4.2.12c	21,457	-				(21,457)
County council principal loan repayment	4.2.24d	1,829	-				(1,829)
HRA repayment of debt		-	1,120				(1,120)
Capital expenditure charged against Revenue		308	132				(440)
Capitalisation Direction Exceptional Financial Support(EFS)		(20,450)					20,450

## 4.2.8 Adjustments between Accounting basis and funding basis under regulations (continued)

2023/24		General Fund £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Reserve £000	Movement in Unusable Reserve £000
Adjustments Primarily Involving	Notes						
<b>Capital Grants Unapplied</b>							
Capital grants credited to the CIES which are unapplied	4.2.9c	13,157	-	-	-	(13,157)	-
Transfer to/from revenue reserve		-	-	-	-	-	-
Transfer of grants applied to Capital Adjustment Account	4.2.9d	-	-	-	-	12,797	(12,797)
<b>Financial Instruments Adjustment Account</b>	4.2.10e(ii)	150	-	-	-	-	(150)
<b>Pensions Reserve</b>							
Reversal of items relating to retirement benefits debited or credited to the	4.2.19d	(27,098)	(1,018)	-	-	-	28,116
Employer's contributions and direct payments made in year to the pension fund		36,340	2,584	-	-	-	(38,924)
<b>Collection Fund Adjustment Account - difference between amounts credited to the CIES and amounts to be recognised under statutory provisions relating to:</b>							
- Council Tax	6.1	(14,591)	-		-		14,591
- Business Rates	6.1		-		-		-

## 4.2.8 Adjustments between Accounting basis and funding basis under regulations (continued)

2023/24		General Fund £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Reserve £000	Movement in Unusable Reserve £000
Adjustments Primarily Involving	Notes						
<b>Accumulated Absences Account</b>		487	22	-	-	-	(509)
<b>Dedicated Schools Grant Adjustment Account</b>	4.2.10g	-	-	-	-	-	-
<b>Deferred Capital Receipts Reserve</b>							
Transfer of deferred capital grants credited to the CIES	4.2.10d	-	-	-	-	-	-
<b>Capital Receipts Reserve</b>							
flexible use of capital receipts			(1,466)	1,466			-
Transfer of cash sale proceeds credited as part of gain/loss in disposal to the CIES	4.2.9c	7,414	6,897	(14,311)	-	-	-
Transfer of nominal sale proceeds credited as part of gain/loss in disposal to the CIES		-	-	-	-	-	-
<b>Contribution from Capital Receipts Reserve to:</b>							
- disposal costs	4.2.9c	(3)		3	-		-
- Government Capital Receipts Pool	4.2.9c	-		-	-		-
Repayment from long term debtors	4.2.9c	-	-	(223)	-		223
Use of capital receipts for transformation	4.2.9c			-	-		-
Use of capital receipts to finance capital expenditure	4.2.9c	-	-	4,326	-	-	(4,326)
<b>Major Repairs Reserve</b>							
Contribution for depreciation	5.3.2a	-	19,370	-	(19,370)		-
Voluntary contribution			(1,120)		1,120		-
Use of major repairs allowance to finance capital expenditure	5.3.2a	-	-	-	18,246	-	(18,246)
<b>Total</b>		<b>(42,575)</b>	<b>(10,761)</b>	<b>(8,739)</b>	<b>(3)</b>	<b>(360)</b>	<b>62,437</b>

## 4.2.8 Adjustments between Accounting basis and funding basis under regulations

2022/23		General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Reserve	Movement in Unusable Reserve
Adjustments Primarily Involving	Notes	£000	£000	£000	£000	£000	£000
<b>Capital Adjustment Account</b>							
<i>Reversal of items debited or credited to the CIES</i>							
Depreciation of Non-Current Assets	4.2.11h	(24,616)	(16,883)	-	-	-	41,499
Impairment of Non-Current Assets	4.2.11h	(3,266)	-	-	-	-	3,266
Revaluation losses on Property, Plant and Equipment		(4,698)	(38,301)	-	-	-	42,999
Movement in market value of Investment Property	4.2.11f			-	-	-	-
Amortisation of Intangible Assets	4.2.11h	(1,612)	(23)	-	-	-	1,635
Revenue Expenditure Funded from Capital Under Statute		(21,652)	(76)	-	-	-	21,728
Expected credit loss allowance (capital)	4.2.15	87	-	-	-	-	(87)
<b>Carrying Amount of Non-Current Assets:</b>							
- written off on disposal to the CIES		(16,186)	(5,469)	-	-	-	21,655
- finance leases written off on disposal to the CIES			-	-	-	-	-
- written off on derecognition to the CIES			-	-	-	-	-
Capital grants and contributions applied		13,032	7,435	-	-	-	(20,467)
Revenue Expenditure Funded from Capital Under Statute - Funding		10,803	-	-	-	-	(10,803)
Service concession deferred income write back		716	-				(716)
<i>Insertion of items not debited or credited to the CIES</i>							
MRP for Capital financing	4.2.12c	18,421	-				(18,421)
County council principal loan repayment	4.2.24d	1,829	-				(1,829)
HRA repayment of debt		-	5,042				(5,042)
Capital expenditure charged against general fund		510	-				(510)



## 4.2.8 Adjustments between Accounting basis and funding basis under regulations (continued)

2022/23		General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Reserve	Movement in Unusable Reserve
Adjustments Primarily Involving	Notes	£000	£000	£000	£000	£000	£000
<b>Capital Grants Unapplied</b>							
Capital grants credited to the CIES which are unapplied	4.2.9c	12,491	-	-	-	(12,491)	-
Transfer to/from revenue reserve		15	-	-	-	(15)	-
Transfer of grants applied to Capital Adjustment Account	4.2.9d	-	-	-	-	12,399	(12,399)
<b>Financial Instruments Adjustment Account</b>		(117)	-	-	-	-	117
<b>Pensions Reserve</b>							
Reversal of items relating to retirement benefits debited or credited to the	4.2.19c	(58,942)	(4,052)	-	-	-	62,994
Employer's contributions and direct payments made in year to the pension fund		32,294	2,220	-	-	-	(34,514)
<b>Collection Fund Adjustment Account - difference between amounts credited to the CIES and amounts to be recognised under statutory provisions relating to:</b>							
- Council Tax	6.1	12,976	-		-		(12,976)
- Business Rates	6.1		-		-		-

## 4.2.8 Adjustments between Accounting basis and funding basis under regulations (continued)

2022/23		General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Reserve	Movement in Unusable Reserve
Adjustments Primarily Involving	Notes	£000	£000	£000	£000	£000	£000
<b>Accumulated Absences Account</b>		554	77	-	-	-	(631)
<b>Dedicated Schools Grant Adjustment Account</b>	<b>4.2.10g</b>	-	-	-	-	-	-
<b>Deferred Capital Receipts Reserve</b>							
Transfer of deferred capital grants credited to the CIES	<b>4.2.10d</b>	109	-	-	-	-	(109)
<b>Capital Receipts Reserve</b>							
Transfer of cash sale proceeds credited as part of gain/loss in disposal to the CIES	<b>4.2.9c</b>	3,464	9,892	(13,356)	-	-	-
Transfer of nominal sale proceeds credited as part of gain/loss in disposal to the CIES		-	-	-	-	-	-
<b>Contribution from Capital Receipts Reserve to:</b>							
- disposal costs	<b>4.2.9c</b>	(40)	(1)	41	-	-	-
- Government Capital Receipts Pool	<b>4.2.9c</b>	(1,320)		1,320	-	-	-
Repayment from long term debtors	<b>4.2.9c</b>	-	-	(288)	-	-	288
Use of capital receipts for transformation	<b>4.2.9c</b>	(4,654)		4,654	-	-	-
Use of capital receipts to finance capital expenditure	<b>4.2.9c</b>	-	-	5,525	-	-	(5,525)
<b>Major Repairs Reserve</b>							
Contribution for depreciation	<b>5.3.2a</b>	-	16,906	-	(16,906)	-	-
Voluntary contribution			(5,042)		5,042	-	-
Use of major repairs allowance to finance capital expenditure	<b>5.3.2a</b>	-	-	-	11,848	-	(11,848)
<b>Total</b>		<b>(29,802)</b>	<b>(28,275)</b>	<b>(2,104)</b>	<b>(16)</b>	<b>(107)</b>	<b>60,304</b>

## 4.2.9 Usable Reserves

### a - Earmarked Reserves - General Fund

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

Balance at 1 April 2022 £000	Transfers from £000	Transfers to £000	Balance at 31 March 2023 £000	General Fund	Notes	Balance at 1 April 2023 £000	Transfers from £000	Transfers to £000	Balance at 31 March 2024 £000
155	(70)	-	85	Support one off commitments		85	-	(20)	65
2,468	(2,043)	1,332	1,757	Other Departmental Reserves		1,757	1,233	(1,081)	1,909
4,410	(1,025)	-	3,385	Insurances		3,385	-	-	3,385
602	(25)	13	590	Partnerships		590	95	(33)	652
627	(627)	-	-	Redundancy Reserve		-	-	-	-
20,271	(19,250)	-	1,021	COVID-19	4.2.7	1,021	-	(1,021)	-
3,233	(1,547)	832	2,518	Other Grants		2,518	723	(1,129)	2,112
12,894	(6,740)	730	6,884	Better Care Fund c/fwd		6,884	660	(5,092)	2,452
2,064	(15)	1,694	3,743	Development Agreements		3,743	1,398	(146)	4,995
3,241	(7,087)	4,217	371	Other Reserves and Donations		371	13	(166)	218
1,907	(1,591)	1,486	1,802	School balances		1,802	43	(588)	1,257
24,874	(3,845)	253	21,282	Private Finance Initiative		21,282	318	(5,660)	15,940
876	(377)	6,150	6,649	DSG	4.2.16d	6,649	2,179	-	8,828
3,141	-	389	3,530	Public Health		3,530	124	-	3,654
5,400	-	147	5,547	Strategic Risk Reserve		5,547	1,500	(1,700)	5,347
4,344	(4,344)	-	-	Investment in Transformation		-	3,000	-	3,000
656	(656)	-	-	Invest to Save Reserve		-	-	-	-
<b>91,163</b>	<b>(49,242)</b>	<b>17,243</b>	<b>59,164</b>	<b>Total General Fund Earmarked Reserves</b>	<b>3.3</b>	<b>59,164</b>	<b>11,286</b>	<b>(16,636)</b>	<b>53,814</b>

## 4.2.9 Usable Reserves (continued)

### b - Earmarked Reserves - HRA

This note sets out the amounts set aside from the Housing Revenue Account (HRA) balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet HRA expenditure in 2023/24

Balance at 1 April 2022 £000	Transfers from £000	Transfers to £000	Balance at 31 March 2023 £000	HRA	Notes	Balance at 1 April 2023 £000	Transfers from £000	Transfers to £000	Balance at 31 March 2024 £000
67	-	-	67	Housing Capital Reserve		67	(67)		-
23	(1)	27	49	HRA Sheltered Tenants		49	(2)	47	94
451	(150)	-	301	HRA Rent Reserve		301	(150)		151
<b>541</b>	<b>(151)</b>	<b>27</b>	<b>417</b>	<b>Total HRA Earmarked Reserves</b>		<b>417</b>	<b>(219)</b>	<b>47</b>	<b>245</b>

## 4.2.9 Usable Reserves (continued)

### c - Usable Capital Receipts Reserve

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

31 March 2023 £000	Notes	31 March 2024 £000
13,356	Amounts receivable in year	14,311
288	Amounts receivable from long term debtors	223
(41)	Disposal costs	(3)
(1,320)	Capital receipts pooling payment to DCLG	
1,445	Capital receipts adj no longer refundable	
(4,654)	Amount applied for revenue transformation	(1,466)
(5,525)	Amounts applied to finance new capital investment	(4,326)
<b>3,549</b>	<b>Total increase/(decrease) in reserve during year</b>	<b>8,739</b>
12,856	Balance brought forward at 1 April	16,405
<b>16,405</b>	<b>Balance carried forward at 31 March</b>	<b>25,144</b>

### d - Capital Grants Unapplied Account

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received in advance of the capital projects to which it relates. The grant is not assumed to have any conditions attached to it that would trigger its repayment to the original provider. The terms of the grant may restrict how the grant is applied for example, to a particular scheme and/or the financial year which this can take place.

31 March 2023 £000	Notes	31 March 2024 £000
12,491	Capital grants received in year which have not been applied	13,092
(12,399)	Applied during the year transferred to capital adjustment account	(12,797)
15	Transfer (to)/from revenue reserves	
<b>107</b>	<b>Total increase/(decrease) in reserve during year</b>	<b>295</b>
50,449	Balance brought forward at 1 April	50,556
<b>50,556</b>	<b>Balance carried forward at 31 March</b>	<b>50,851</b>

## 4.2.10 Unusable Reserves

### a - 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 additions to those assets under statutory provisions.

31 March 2023 £000	Notes	31 March 2024 £000
<b>441,263</b>	<b>Balance at 1st April</b>	<b>383,517</b>
2,803	Opening Balance Adjustment	1
444,066	Revised Balance at 1st April	383,518
(44,765)	Charges for depreciation and impairment of non current assets	(47,446)
(42,999)	Revaluation movement on property, plant and equipment & non current assets held for sale	(17,064)
(1,635)	Amortisation of intangible assets	(2,426)
(21,728)	Revenue expenditure funded from capital under statute	(14,888)
(11,393)	Amounts of non-current assets written off on disposal or sale as part of gain/loss on disposal	(7,898)
(10,261)	Amounts of non-current assets written off on derecognition or sale as part of gain/loss on disposal	(29,132)
-	Movement in market value of investment properties	
(72)	Long Term Loan Repayments	
	Capitalisation Directive EFS	(20,450)
87	Expected Credit Allowance	
(15,344)	Adjusting amounts written out of Revaluation Reserve	34,883
<b>(148,110)</b>	<b>Net Written out amount of the cost of non-current assets consumed in the year</b>	<b>(104,421)</b>
	<b>Capital Financing applied in the year:</b>	
5,525	Use of capital receipts reserve to finance new capital	4,326
11,848	Use of major repairs reserve to finance new capital	18,246
31,271	Capital grants and contributions credited to the CIES applied to capital financing	24,346
12,399	Applications of grants to capital financing from capital grants unapplied account	7,821
20,250	Statutory provisions for the financing of capital investment charged against the General Fund	23,286
716	Service Concession deferred income write back	716
510	Capital expenditure charged against the General Fund	308
	Capital expenditure charged against the HRA	134
5,042	Voluntary Repayment of Debt	1,120
<b>87,561</b>		<b>80,303</b>
<b>383,517</b>	<b>Balance at 31 March</b>	<b>359,400</b>



## 4.2.10 Unusable Reserves (continued)

### b - Revaluation Reserve

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

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

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

31 March 2023 £000		Notes	31 March 2024 £000
297,850	Balance at 1st April		381,244
(3,148)	Opening balance Adjustment		1
294,702	Revised Balance at 1st April		381,245
88,156	Upwards revaluation of assets		71,332
(16,959)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services		(15,670)
71,197	Surplus or (deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	3.1c	55,662
15,345	Difference between fair value depreciation and historical cost depreciation	4.2.10a	(34,883)
-	Accumulated gains on assets sold or scrapped		-
15,345	Amount written off to the Capital Adjustment Account		(34,883)
381,244	Balance at 31 March		402,024

#### 4.2.10 Unusable Reserves (continued)

##### c - 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 CIES 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. Statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays pensions for which it is directly responsible. The credit balance of £292.1m on the Pensions Reserve shows an improved position after showing a substantial shortfall in previous years. This represents an improved position on the difference between expected investment returns and the cost of providing benefits to scheme members which have been earned to date, whilst taking into account the contributions made by the Council.

31 March 2023 Restated £000	Notes	31 March 2024 £000
<b>(342,929) Balance at 1st April</b>		<b>(154,210)</b>
217,199 Remeasurements of the net defined benefit liability/asset	<b>4.2.19c</b>	(4,620)
(62,994) Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	<b>4.2.19c</b>	(28,116)
34,514 Employers' pension contributions and direct payments to pensioners payable in the year	<b>4.2.19d</b>	39,007
<b>(154,210) Balance at 31 March</b>		<b>(147,939)</b>

## 4.2.10 Unusable Reserves (continued)

### d - Deferred Capital Receipts Reserve

The Deferred Capital Receipt Reserve holds gains recognised but for which the cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as useable capital receipts until the cash settlement is due. When the deferred cash settlement becomes due, amounts are transferred to the Useable Capital Receipts Reserve.

31 March 2023 £000	Notes	31 March 2024 £000
<b>5,903</b>	<b>Balance at 1st April</b>	<b>5,810</b>
	Opening balance adjustment	
109	New deferred receipts - reviving communities	
	<i>Transfers to useable capital receipts reserve upon receipt of cash/assets</i>	
(216)	Repayment of long term debtors	(223)
14	Deferred sale proceeds on non-current assets	-
<b>5,810</b>	<b>Balance at 31 March</b>	<b>5,587</b>
	<i>Of which:</i>	
4,728	Kickstart loans	4,578
859	Cluster loans	792
13	Empty Homes	11
210	Home Improvements	206
<b>5,810</b>	<b>Balance at 31 March</b>	<b>5,587</b>

### e(i) - Accumulated Absences Account

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

31 March 2023 £000	Notes	31 March 2024 £000
<b>(4,478)</b>	<b>Balance at 1st April</b>	<b>(3,848)</b>
4,478	Settlement or cancellation of accrual made at the end of the previous year	3,848
(3,848)	Amounts accrued at the end of the current year	(3,339)
<b>(3,848)</b>	<b>Balance at 31 March</b>	<b>(3,339)</b>

## 4.2.10 Unusable Reserves (continued)

### e(ii) - Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions.

The difference between effective interest credited or charged to the CIES per accounting requirements and the actual interest received or paid per statutory requirements is managed as a transfer to/from the FIAA.

The Authority uses the Account to manage discount received on the early redemption of a number of loans. Discounts are credited to the CIES when they are incurred, but reversed out of the HRA to the FIAA in the Movement in Reserves Statement.

31 March 2023 £000	Notes	31 March 2024 £000
<b>(2,440) Balance at 1st April</b>		<b>(2,571)</b>
155 Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		150
- 286 Movement in Fair Value		
<b>(2,571) Balance at 31 March</b>		<b>(2,421)</b>

### f - Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are: Revalued downwards or impaired, disposed of and the gains are realised

31 March 2023 £000	Notes	31 March 2024 £000
<b>7,078 Balance at 1st April</b>		<b>5,782</b>
Upwards revaluation of long term investments	<b>4.2.14c</b>	-
(1,296) Downward revaluation of long term investments	<b>4.2.14c</b>	
<b>5,782 Balance at 31 March</b>		<b>5,782</b>

4.2.10 Unusable Reserves (continued)

g - Dedicated Schools Grant Adjustment Account

On the 6 November 2020, the secretary of state for Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020.

The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where a local authority has a deficit on its schools budget relating to its accounts for a financial year beginning on 1st April 2020, 1st April 2021, or 1st April 2022, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget.

31 March 2023 £000	Notes	31 March 2024 £000
(21,202)	Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020	(21,202)
-	DSG Surplus/(Deficit) for the year	-
(21,202)	Balance at 31 March	(21,202)

## 4.2.11 Assets

### a - Property, Plant & Equipment

<b>Movement on Balance 2023/24 Cost or Valuation</b>	<b>Council Dwellings £000</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles Plant Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Balance at 1 April</b>	<b>665,066</b>	<b>369,419</b>	<b>64,085</b>	<b>334,819</b>	<b>38,398</b>	<b>40,745</b>	<b>36,362</b>	<b>1,548,894</b>
Additions	24,598	4,755	4,858	20,794	1,063	1,116	41,229	98,413
Revaluation Increases/ (decreases) recognised in the:								-
Revaluation Reserve	22,608	12,379		-		(82)		34,905
Surplus/Deficit on the Provision of Services	(12,594)	(4,362)		-		(2,756)		(19,712)
Derecognition through disposal and transfer (non- schools)		(1,183)	(1,902)	(277)		(5,978)	(458)	(9,798)
Derecognition through disposal and transfer (schools)		(29,546)	(1,367)	-		(119)		(31,032)
Reclassifications within PPE		(2,619)		42	146	3,285	(3,187)	(2,333)
Reclassifications to IP						(2,451)		(2,451)
Assets reclassified (to)/from Held for Sale other adjustments(roundings)	1,977			-				1,977 (1)
<b>Balance at 31 March</b>	<b>701,655</b>	<b>348,843</b>	<b>65,674</b>	<b>355,378</b>	<b>39,607</b>	<b>33,760</b>	<b>73,946</b>	<b>1,618,862</b>

## 4.2.11 Assets (continued)

### a - Property, Plant & Equipment

<b>Movement on Balance 2023/24 Cost or Valuation</b>	<b>Council Dwellings £000</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles Plant Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Balance at 1 April</b>	<b>1,425</b>	<b>(2,206)</b>	<b>(38,802)</b>	<b>(68,923)</b>	<b>(1,451)</b>	<b>(6,795)</b>	<b>(49)</b>	<b>(116,795)</b>
Depreciation charge in year	(18,589)	(9,405)	(6,302)	(12,539)		(78)		(46,913)
Depreciation written out to the:								-
Revaluation Reserve	14,293	6,047		-		60		20,400
Surplus/Deficit on the Provision of Services	4,225	2,986		-		154		7,365
Impairment losses/(reversals) recognised in the:								-
Revaluation Reserve				-				-
Surplus/Deficit on the Provision of Services		(96)		-		(361)		(457)
Derecognition through disposal and transfer (non-schools)		152	1,845	137				2,134
Derecognition through disposal and transfer (schools)		724	1,057	-		5,547		7,328
Reclassifications within PPE	57	68			(37)	(14)		74
Assets reclassified (to)/from Held for Sale				-		2		2
<b>Balance at 31 March</b>	<b>1,411</b>	<b>(1,730)</b>	<b>(42,202)</b>	<b>(81,325)</b>	<b>(1,488)</b>	<b>(1,485)</b>	<b>(49)</b>	<b>(126,862)</b>
Net Book Value								
<b>At 31 March 2024</b>	<b>703,066</b>	<b>347,113</b>	<b>23,472</b>	<b>274,053</b>	<b>38,119</b>	<b>32,275</b>	<b>73,897</b>	<b>1,492,000</b>
At 31 March 2023	666,491	367,213	25,283	265,896	36,947	33,950	36,313	1,432,099



## 4.2.11 Assets (continued)

### a - Property, Plant & Equipment

<b>Movement on Balance 2022/23 Cost or Valuation</b>	<b>Council Dwellings £000</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles Plant Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Balance at 1 April</b>	<b>623,763</b>	<b>380,867</b>	<b>60,047</b>	<b>272,894</b>	<b>37,808</b>	<b>35,294</b>	<b>85,537</b>	<b>1,496,213</b>
Additions	29,600	8,227	7,915	19,093	407	991	32,973	99,206
Revaluation Increases/ (decreases) recognised in the:								-
Revaluation Reserve	45,858	7,788	-	-	183	769	-	54,598
Surplus/Deficit on the Provision of Services	(42,757)	(11,803)	-	-	-	314	-	(54,246)
Derecognition through disposal and transfer (non- schools)	(220)	(14,527)	(3,877)	(4)	-	(1,982)	(4,552)	(25,162)
Derecognition through disposal and transfer (schools)	-	-	-	-	-	-	-	-
Reclassifications (Other)	16,458	11,660	-	42,836	-	5,775	(77,519)	(790)
Reclassifications within PPE							(77)	(77)
Reclassifications to IP	-	(12,657)	-	-	-	-	-	(12,657)
Assets reclassified (to)/from Held for Sale	(7,636)	(136)	-	-	-	(416)	-	(8,188)
<b>Balance at 31 March</b>	<b>665,066</b>	<b>369,419</b>	<b>64,085</b>	<b>334,819</b>	<b>38,398</b>	<b>40,745</b>	<b>36,362</b>	<b>1,548,894</b>

## 4.2.11 Assets (continued)

### a - Property, Plant & Equipment

<b>Movement on Balance 2022/23 Cost or Valuation</b>	<b>Council Dwellings £000</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles Plant Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Balance at 1 April</b>	<b>(2,214)</b>	<b>(8,977)</b>	<b>(36,126)</b>	<b>(59,318)</b>	<b>(1,451)</b>	<b>(3,520)</b>	<b>(1,499)</b>	<b>(113,105)</b>
Depreciation charge in year	(16,133)	(9,328)	(6,328)	(9,605)	-	(52)	-	(41,446)
Depreciation written out to the:								-
Revaluation Reserve	11,703	7,132	-	-	-	23	-	18,858
Surplus/Deficit on the Provision of Services	4,486	4,917	-	-	-	122	-	9,525
Impairment losses/(reversals) recognised in the:								-
Revaluation Reserve	-	(149)	-	-	-	-	-	(149)
Surplus/Deficit on the Provision of Services	-	(593)	-	-	-	-	(2,672)	(3,265)
Derecognition through disposal and transfer (non-schools)	6	4,504	3,652	2	-	-	4,164	12,328
Derecognition through disposal and transfer (schools)	-	-	-	-	-	-	-	6
Reclassifications within PPE	3,368	44	-	(2)	-	(3,368)	(42)	-
Reclassifications to IP		239						239
Assets reclassified (to)/from Held for Sale	209	5	-	-	-	-		214
<b>Balance at 31 March</b>	<b>1,425</b>	<b>(2,206)</b>	<b>(38,802)</b>	<b>(68,923)</b>	<b>(1,451)</b>	<b>(6,795)</b>	<b>(49)</b>	<b>(116,795)</b>
Net Book Value								
<b>At 31 March 2023</b>	<b>666,491</b>	<b>367,213</b>	<b>25,283</b>	<b>265,896</b>	<b>36,947</b>	<b>33,950</b>	<b>36,313</b>	<b>1,432,099</b>
At 31 March 2022	666,493	379,845	25,286	265,895	36,947	34,167	36,391	1,445,024

## 4.2.11 Assets (continued)

### b - Other Land & Buildings by Sub Class

Net Book Value as at 31/03/2023		Net Book Value as at 31/03/2024
£000	Sub Class	£000
36,370	Administrative Buildings	25,959
3,004	Bus Station	3,474
18,081	Civic Amentity Sites	11,592
7,275	Car Parks	8,479
2,456	Cemeteries & Crematorium	2,298
6,032	Children's Centres	6,088
7,801	Community	17,884
601	Coroners & Mortuary	616
8,160	Depots	7,795
32,773	Economic Development	35,061
5,192	Garages	5,413
20,284	Libraries & Museums	17,893
1,613	Local Centres	1,315
1,042	Markets	1,171
1,779	Miscellaneous	1,227
6,111	Other Educational Facilities	6,548
82	Public Conveniences	89
59,983	Recreation Facilities	63,836
73,898	Schools	46,158
5,174	Shops	4,010
52,455	Social Care Facilities	52,430
28,599	Theatre	26,877
641	Travellers Site	470
439	Youth Services	430
<b>379,845</b>	<b>Total</b>	<b>347,113</b>

## 4.2.11 Assets (continued)

### c - Surplus Assets

Surplus assets are properties that do not directly support the provisions of services. Within this category are a mixture of assets that are earmarked for strategic regeneration or are held for indeterminable use.

Net Book Value as at 31/03/2023 £000		Sub Class		Net Book Value as at 31/03/2024 £000	
3,954		Strategic regeneration sites		2,588	
7,641		Cleared land not currently qualifying as held for sale		1,451	
17,848		Vacant premises		27,998	
4,724		Other surplus assets		238	
<b>34,167</b>		<b>Total</b>		<b>32,275</b>	

## 4.2.11 Assets (continued)

### d - Revaluation of Property Plant & Equipment

The Authority carries out a revaluation programme that ensures all items of Property, Plant and Equipment are revalued at least every 5 years. Where any assets incur a significant level of capital enhancement or where the construction of an asset is completed within the reporting period, these assets are revalued. The effective revaluation date is 31st March.

All formal valuations for the reporting period to 31 March 2024 were completed by external valuers in accordance with the professional standards of the Royal Institute of Chartered Surveyors (RICS) with due regard to IFRS requirements for asset classification and measurement bases.

Operational housing property subject to secure tenancy is valued on the basis of Existing Use Value for Social Housing (EUV-SH) as defined by the RICS Appraisal and Valuation Standards.

To date EUV-SH has been based on the vacant possession value of the properties, adjusted to reflect the continuing occupation by a secure tenant (Vacant Possession adjustment factor) (The Beacon approach). EUV-SH thus reflects a valuation for a property if it were sold with sitting tenants paying rents at less than market value and tenants' rights including RTB. For 2023/24 there has been no change to this factor.

Buildings and Land used in the delivery of services are carried at current value in relation to their Existing Use Value based on the services provided to the Council. Properties for which there is no market-based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold, have had their current value estimated on a depreciated replacement cost basis.

For individual buildings that are revalued to current value that is greater than £1m, the building valuation is analysed into significant components and each component's remaining useful life is measured to ensure that the carrying value of the asset reflects the economic consumption of the asset's use and depreciated separately.

Surplus assets are properties that are surplus to service needs but do not fully meet the IFRS criteria for Investments or Held for Sale assets. Surplus Assets are carried at a fair value under IFRS 13 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'.

Items of Vehicles, Plant, Furniture and Equipment with short useful lives and/or low values are valued at depreciated historic cost as a proxy for current value.

## 4.2.11 Assets (continued)

### d - Revaluation of Property Plant & Equipment

The table below shows the last valuations date year and the assets net carrying value against each year. The purpose is to ensure that assets are valued within a reasonable time scale to reflect a reasonable fair value at the balance sheet.

	Council Dwellings £000	Other Land & Buildings £000	Vehicles Plant Furniture & Equipment £000	Surplus Assets £000	Total £000
Carried at Historical Value		133	23,475		23,608
Valued at Fair Value as at:					
31/03/2024	703,066	274,953		4,918	982,937
31/03/2023		64,138		4,244	68,382
31/03/2022		7,352		22,924	30,276
31/03/2021		349		139	488
31/03/2020		188		52	240
	<b>703,066</b>	<b>347,113</b>	<b>23,475</b>	<b>32,277</b>	<b>1,105,931</b>

## 4.2.11 Assets (continued)

### e(i) - Heritage Assets

The City Council's Heritage Assets are at various locations throughout the City but principally at the four main museums.

	Buildings £000	Collections £000	Statuary and Horological £000	Spitfire Aircraft £000	Total £000
<b>At 1 April 2022</b>	<b>2,318</b>	<b>61,451</b>	<b>852</b>	<b>768</b>	<b>65,389</b>
Additions	69	-	-	-	69
Depreciation charge	(54)	-	-	-	(54)
Upward revaluation	656	-	-	-	656
Downward revaluation	(3)	-	-	-	(3)
<b>At 1 April 2023</b>	<b>2,986</b>	<b>61,451</b>	<b>852</b>	<b>768</b>	<b>66,057</b>
Additions	24	-	-	-	24
Depreciation charge	(78)	-	-	-	(78)
Upward revaluation	534	-	-	-	534
Downward revaluation	(40)	-	-	-	(40)
<b>At 31 March 2024</b>	<b>3,426</b>	<b>61,451</b>	<b>852</b>	<b>768</b>	<b>66,497</b>

### Shared Assets

The Staffordshire Hoard is owned and cared for jointly by Stoke-on-Trent City Council and Birmingham City Council on behalf of the nation. The Hoard was acquired by both Councils for the value of £3.285m, 50% of the value is now included in Heritage Assets on the balance sheet of the City

### e(ii) -Intangible Assets- The city council's intangible assets are made up of software and other intellectual properties

	Mar-23 £000	Mar-24 £000
<b>Cost</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	15,144	17,691
Additions/ Enhancements	2,511	3,990
Disposals	(41)	0
Write offs/ Impairments		0
Transfers in/(out)	77	0
<b>Balance at 31 March</b>	17,691	21,681
<b>Depreciation</b>		
<b>Balance at 1 April</b>	9,368	10,948
Depreciation charge in year	1,612	2,404
Disposals	(32)	0
Write offs/ Impairments	0	0
Transfers in/(out)	0	0
<b>Balance at 31 March</b>	10,948	13,352
<b>Net Book Value 31 March</b>	<b>6,743</b>	<b>8,329</b>



## 4.2.11 Assets (continued)

### f - 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.

2022/23 £000	2023/24 £000
2,561 Rental income from investment property	3,681
(606) Direct operating expenses arising from investment property	(832)
<b>1,955 Net gain/(loss)</b>	<b>2,849</b>

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

2022/23 £000	2023/24 £000
<b>32,640 Balance at 1 April</b>	<b>44,451</b>
654 Additions	1,678
- Disposals	(521)
(1,500) Net gains/losses from fair value adjustments	(4,851)
12,657 Transfers to/from property, plant and equipment	(569)
<b>44,451 Balance at 31 March</b>	<b>40,188</b>

## 4.2.11 Assets (continued)

### g - Fair value measurement

The Council measures Investment Properties and Surplus Assets at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

- Level 1 - Quoted price (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
- Level 3 - Unobservable inputs for the asset or liability.

### Fair Value Hierarchy

All the Council's Investment Properties and Surplus Assets have been value assessed as Level 2 on the fair value hierarchy for valuation purposes.

### Valuation Techniques Use to Determine Level 2 Fair Values for Investment Property and Surplus Assets

The fair value of Land, Office, Industrial and Retail assets have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the levels of observable inputs are significant leading to the properties being categorised at Level 2 in the Fair Value Hierarchy.

## 4.2.11 Assets (continued)

### h - Impairment and Depreciation

The Authority recognised depreciation and amortisation charges totalling £49.417m representing an estimate of the value of fixed assets consumed during the financial year for the provision of services.

The Authority also recognised impairment losses resulting in a total charge of £0.457 (General Fund - £0.197).

Summary of Depreciation and Impairment charged to Comprehensive Income and Expenditure.

The amounts below represents the impairments and depreciation charge to services in the net cost of services.

	Amortisation £000	Depreciation £000	Impairment £000
Property, plant and equipment	-	46,913	457
Intangible assets	2,426	-	
Non current assets held for sale	-	-	
Investment properties	-	-	
Heritage assets	-	78	
<b>Total depreciation and impairment charged to services</b>	<b>2,426</b>	<b>46,991</b>	<b>457</b>

## 4.2.11 Assets (continued)

### i - Maintained Schools

The council has ten maintained schools

During the financial year two primary schools (Hanley St Luke's and Priory) and one special school (Abbey Hill) have converted to academies.

The treatment of land and buildings is based on the legal framework underlying each type of school. The Council controls the management and running of community and voluntary controlled schools. The land and buildings of voluntary aided and foundation schools are owned by the trustees of the schools or the foundation body. However, as all schools are part of the PFI contract, the buildings are all retained on the Council's Balance Sheet. Land assets relating to Foundation schools are written out once the legal agreement has been entered into.

Capital expenditure on community and voluntary controlled schools is added to the balances for those schools as reported in Property, Plant and Equipment.

Capital expenditure on voluntary aided schools is charged to the CIES within Children and Family services as "REFCUS".

Dedicated Schools Grant (DSG) is credited to Schools and Children & Family services within the CIES, based on amounts due from the Department for Education for 2023/24.

Individual schools' balance as 31st March 2024 are included in the Balance Sheet of the Council under the heading Earmarked Reserves - General Fund.

	Community	Voluntary Controlled	Voluntary Aided	Foundation
Number of schools subject to PFI contracts	7	1	1	-
Value of land and buildings at 31st March 2024	£36.8m	£2.9m	£5m	-

### PFI Schemes

All maintained schools are subject to PFI contracts. All schools buildings are shown on the Council's Balance Sheet as the Council is the party to the contract with the PFI Operator.

The PFI liability is retained on the Council's Balance Sheet and the income from the Academy school is recognised to reduce the overall charge in the year.

## 4.2.12 Capital

### a - Capital Expenditure and Capital Financing

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

31 March 2023 £000	Notes	31 March 2024 £000
<b>780,206</b>	<b>Opening Capital Financing Requirement</b>	<b>820,809</b>
	<b>Capital Investment</b>	
98,417	Property, Plant & Equipment	98,411
69	Heritage Assets	24
654	Investment Properties	1,678
2,511	Intangible Assets	3,990
793	Assets Held for Sale	11
1,446	Fortior Homes Investment	
-	Loans to companies	
	Capitalisation Directive (EFS)	20,450
21,728	Revenue Expenditure Funded from Capital under Statute	14,888
	<b>Sources of Finance</b>	
(5,525)	Capital receipts reserve applied to finance capital expenditure	(4,326)
(31,270)	Government grants and contributions received in year and applied	(24,144)
(12,399)	Government grants and contributions applied from reserves	(12,932)
(11,848)	Use of Major Repairs Reserve	(18,246)
(510)	Direct Revenue Contributions - General Fund	(308)
-	Contribution from HRA Reserve	(199)
(18,421)	Minimum Revenue Provision	(21,457)
(5,042)	HRA Repayment of debt (principal & leasing)	(1,120)
<b>820,809</b>	<b>Closing Capital Financing Requirement</b>	<b>877,529</b>

## 4.2.12 Capital (continued)

### b - Movement in Capital Financing Requirement

31 March 2023 £000	Notes	31 March 2024 £000
63,435	Increase in underlying need to borrow (unsupported by government financial assistance)	78,465
(18,421)	Decrease in underlying need to borrow (MRP and voluntary debt repayment)	(21,457)
(5,042)	Decrease in underlying need to borrow (HRA voluntary debt repayment)	(1,120)
-	72 Principal repayments of long term debt used for financing	832
703	Assets acquired under PFI/PPP contracts	
<b>40,603</b>	<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>56,720</b>

### c - Minimum Revenue Provision

MRP which relates to pre 2008 debt liability will be charged at the rate of 2% straight line (previously 4% reducing balance). Post 2008 MRP reflected within the debt liability at the end of the financial year will be subject to MRP based on Asset Life charged over a period which is reasonably commensurate with the estimated useful life of the asset (or group of assets) as determined by professional judgement. Where the underlying borrowing is by way of a finance lease or service concession arrangement (PFI Scheme), additional revenue provision may be set aside on the capital repayment plan of this agreement.

The minimum revenue provision and voluntary repayment of debt provision for 2023/24

31 March 2023 £000	Notes	31 March 2024 £000
9,679	Other Services	12,791
231	Finance Leases	
	Private Finance Initiative	
4,673	- Schools	5,622
1,954	- Street Lighting	1,203
1,625	- Extra Care	1,351
259	- Bentilee District Centre	490
<b>18,421</b>	<b>Total</b>	<b>21,457</b>

## 4.2.12 Capital (continued)

### d - Capital Commitments

At 31 March 2024, the Authority has entered into a number of significant contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years budgeted to cost £151.2m. Similar commitments at 31 March 2023 were £181.7m

Capital Scheme	£m
Housing Stock Maintenance	124.5
Transforming Cities - Station RD/Colle	5.8
Goods Yard	18.8
Longton Primary Care	0.2
ERP System	1.9
<b>Total</b>	<b>151.2</b>



## 4.2.13 PFI & Similar Contract

The Authority makes an agreed payment each year, which is adjusted year by year for inflation, variations to the contract and any compensation for failure to meet agreed performance targets. Payments made to the contractor are described as Unitary Payments, they have been calculated to compensate the contractor for the following:

- Fair value of service provided to the authority
- Capital expenditure incurred
- Interest payable on capital expenditure yet to be reimbursed
- Contingent rent
- Payments estimated to fund capital lifecycle replacements

Schools Estate PFI Scheme - 2023/24 was the 23rd year of a 25 year PFI contract with Transform Schools (Stoke) Limited (TSSL) for rebuilding, maintaining, upgrading and providing services to its schools. Services provided under the contract include utilities, window cleaning, legislative safety testing, buildings maintenance and pest control. The scheme is provided under the Private Finance Initiative and will benefit from government grants of around £53m over its remaining lifetime.

Legal ownership of the assets involved in the scheme is retained by the City Council throughout the contract period and these assets will be returned to the City Council at nil cost at the end of the contract period. The City Council may terminate the contract with TSSL subject to a period of notice and payment of compensation.

Street Lighting PFI Scheme - 2023/24 was the 20th year of a 25 year PFI contract with Tay Valley Lighting (TVL) for prioritised replacement, operation and maintenance of all the City's street lights, illuminated signs and bollards, giving illumination of designated public areas to contractually specified performance standards. Changes in energy supply costs passed on to the City Council via the contract are subject to separate provisions for market testing. Following agreement between the council and the PFI contractor to undertake an LED unit replacement programme and light control system, the energy consumption is expected to reduce, generating financial savings and a reduction in carbon emission. The contract will terminate on 31 August 2028.

Legal ownership of the assets involved in the scheme is retained by the City Council throughout the contract period and these assets will be returned to the City Council at nil cost at the end of the contract period. The City Council may terminate the contract at any time , with not less than six and not more than twelve months notice to TVL, subject to payment of compensation.

#### **4.2.13 PFI & Similar Contract (continued)**

Bentilee District Centre PFI Scheme - 2023/24 was the 17th year of a 25 year PFI contract with Bentilee HUB (Project Company) Limited (BHUB) for the provision and maintenance of a multi-service district centre on the Devonshire Square site in Bentilee. Clinical and community services accessed by the public at the district centre include GP, library, youth and advice services, as well as retail units.

Legal ownership of all assets involved in the scheme is retained by the City Council throughout the contract period and all scheme assets will be passed to the City Council at nil cost at the end of the contract period. The City Council may terminate the contract following the provision of six months notice to BHUB, subject to payment of compensation.

Extra Care Housing PFI - 2023/24 was the 7th year of a 25 year contract with Sapphire Extra Care Limited (SEC) to carry out and provide extra care housing. Extra care housing combines housing and care support for older people who have access to high quality accommodation with their own front door, with the security of a 24-hour care provider on site to provide reliable and responsive support as needed. The landlord is entitled to charge and retain rents from tenants. SEC shall ensure that the landlord does not charge rents in excess of the agreed rent.

The sites are based as Westcliffe, Abbey Hulton and Blurton. Legal ownership of the apartment blocks is held by SEC. At the end of the contract period the City Council have an option to purchase all the apartment blocks at market value. Termination in advance of the contract expiry date is available to the City Council, subject to payment of compensation. The contract will terminate on 9 July 2039.

## 4.2.13 PFI & Similar Contract (continued)

### a - Assets resulting from PFI arrangements

In accordance with the accounting requirements, all PFI assets are shown on the Council's Balance Sheet. The following table shows the value of assets recognised under PFI arrangements and analyses the movement in the value of the assets during the year.

At at 31 March 2024, 76 of the schools have converted to academy status ,3 schools converted to academy status during 23/24. It is deemed that such schools bear a significant part of the risks and rewards of ownership of the school assets and therefore such assets have been derecognised from the Council's Balance Sheet.

	Schools £000	Street Lighting £000	Bentilee District Centre £000	Extra Care Housing £000	Total £000
Value as at 31 March 2023	73,898	30,960	3,774	36,607	145,239
Additions	951	882	57	-	1,890
Additions through PFI	-	-	-	-	-
Revaluations	2,234	-	4,934	-	7,168
Derecognitions and Reclassifications	(990)	-	-	-	(990)
Depreciation/Impairment	1,759	(1,502)	(76)	(852)	(671)
<b>Value as at 31 March 2024</b>	<b>77,852</b>	<b>30,340</b>	<b>8,689</b>	<b>35,755</b>	<b>152,636</b>

## 4.2.13 PFI & Similar Contract (continued)

### b - Liabilities resulting from PFI arrangements

The following table shows the value of liabilities resulting from PFI arrangements and analyses the movement in the year. The interest shown in the table (£4.403m) has been expensed to the CIES in 2023/24.

The amount included on the Balance Sheet as other long term liabilities does not include any future capital replacement cost as such liabilities are only recognised as the capital replacement expenditure is incurred.

The element of the outstanding liability that is due to be paid within the next 12 months is shown within “Short Term Creditors”; the remainder forms part of the balance of “Other Long Term Liabilities”.

The PFI liabilities in respect of all PFI schools remain on the Council’s balance sheet as the Council is party to the contract with the PFI operator.

	Schools £000	Street Lighting £000	Bentilee District Centre £000	Extra Care Housing £000	Total £000
Value as at 31 March 2023	15,009	6,761	3,690	34,952	60,412
New loans raised	-				-
Interest added	1,331	702	531	1,839	4,403
Repayment of interest and liability	(6,953)	(1,696)	(1,021)	(3,190)	(12,860)
<b>Value as at 31 March 2024</b>	<b>9,387</b>	<b>5,767</b>	<b>3,200</b>	<b>33,601</b>	<b>51,955</b>
of which	Short Term			<b>4.2.14b</b>	9,950
	Long Term			<b>4.2.14b</b>	42,005
					<b>51,955</b>

## 4.2.13 PFI & Similar Contract (continued)

### c - Future Unitary Payments

Total payments remaining to be paid under each PFI service concession contract as 31st March 2024 (including estimated inflation, contract variations and estimated future capital replacement costs are analysed below in 5 year bandings).

Summary Future Unitary Payments	Repayment of Liability £000	Interest £000	Service Charge £000	Lifecycle Costs £000	Total £000
Within 1 year	10,284	3,635	18,132	4,628	36,679
2 - 5 years	15,741	6,841	7,671	27,494	57,747
6 - 10 years	11,238	2,775	15,000	4,703	33,716
11 - 15 years	13,646	(2,328)	12,077	3,831	27,225
16 - 20 years	1,047	(205)	649	-	1,491
	<b>51,955</b>	<b>10,719</b>	<b>53,528</b>	<b>40,655</b>	<b>156,858</b>

The predicted future PFI payments include assumptions around contractual indexation the Council will be prepared to pay. The effects of these assumptions will be monitored closely over the remaining life of the contract and mitigated through reduced energy consumption, contract negotiations and/or increased revenue contributions.

Schools Estate PFI Scheme Future Unitary Payments	Repayment of Liability £000	Interest £000	Service Charge £000	Lifecycle Costs £000	Total £000
Within 1 year	6,616	(382)	13,700	3,517	23,451
2 - 5 years	2,771	(3,637)	(12,313)	22,032	8,853
	<b>9,387</b>	<b>(4,019)</b>	<b>1,387</b>	<b>25,549</b>	<b>32,304</b>

Included in the estimated future unitary payment service charges for the schools PFI is the cost of services and maintenance in respect of schools incorporated into the contract that were built as part of the Building Schools for Future Programme (BSF). We have determined that these schools are service concession assets and accounted for them as such however it is not expected that these assets will produce a liability on the balance sheet. The repayment of the liability and interest in respect of assets replaced by BSF schools are retained as liabilities estimated to be £3.20m and will be repaid over the period of the remaining contract.

## 4.2.13 PFI & Similar Contract (continued)

### c - Future Unitary Payments

Extra Care PFI Scheme Future Unitary Payments	Repayment of Liability £000	Interest £000	Service Charge £000	Lifecycle Costs £000	Total £000
Within 1 year	1,959	1,655	1,793	39	5,445
2 - 5 years	7,301	5,078	7,642	1,759	21,780
6 - 10 years	9,649	2,200	10,674	4,703	27,225
11 - 15 years	13,646	(2,328)	12,077	3,831	27,225
16 - 20 years	1,047	(205)	649	-	1,491
	<b>33,601</b>	<b>6,400</b>	<b>32,834</b>	<b>10,331</b>	<b>83,166</b>

Bentilee District Centre PFI Scheme Future Unitary Payments	Repayment of Liability £000	Interest £000	Service Charge £000	Lifecycle Costs £000	Total £000
Within 1 year	604	863	1,429	-	2,896
2 - 5 years	1,007	821	7,792	-	9,620
6 - 10 years	1,589	575	4,326	-	6,491
	<b>3,200</b>	<b>2,259</b>	<b>13,547</b>	<b>-</b>	<b>19,006</b>

Street Lighting PFI Scheme Future Unitary Payments	Repayment of Liability £000	Interest £000	Service Charge £000	Lifecycle Costs £000	Total £000
Within 1 year	1,105	1,499	1,210	1,073	4,887
2 - 5 years	4,663	4,579	4,550	3,702	17,494
6 - 10 years	-	-	-	-	-
	<b>5,767</b>	<b>6,079</b>	<b>5,761</b>	<b>4,775</b>	<b>22,381</b>

## 4.2.13 PFI & Similar Contract (continued)

### d - Income and Expenditure

Transactions under the schemes during 23/24	Schools 2022/23 £000	Schools 2023/24 £000	Extra Care Housing 2022/23 £000	Extra Care Housing 2023/24 £000	Bentilee District Centre 2022/23 £000	Bentilee District Centre 2023/24 £000	Street Lighting 2022/23 £000	Street Lighting 2023/24 £000
Fair value of services	14,809	15,298	1,689	2,277	1,292	1,314	2,932	1,153
Finance cost	1,807	1,331	1,922	1,839	568	531	801	702
Contingent rent	(30)	(739)	197	21	-	360	481	795
<b>Revenue Unitary Charge</b>	<b>16,586</b>	<b>15,890</b>	<b>3,808</b>	<b>4,137</b>	<b>1,860</b>	<b>2,205</b>	<b>4,214</b>	<b>2,650</b>
Recharge to academies	(9,607)	(2,704)	-	-	-	-	-	-
Other revenue expenditure	309	605	-	-	-	-	-	-
Depreciation	2,507	2,261	678	699	65	25	1	1,500
<b>Total Expenditure</b>	<b>9,795</b>	<b>16,052</b>	<b>4,486</b>	<b>4,836</b>	<b>1,925</b>	<b>2,230</b>	<b>4,215</b>	<b>4,150</b>
PFI special grant	(8,294)	(8,294)	(4,790)	(2,277)	(1,346)	(1,346)	(1,351)	(1,351)
Other contributions	(1,659)	(673)	-	(716)	(627)	(1,010)	(10)	(10)
<b>(Surplus)/Deficit in Income and Expenditure</b>	<b>(158)</b>	<b>7,085</b>	<b>(304)</b>	<b>1,843</b>	<b>(48)</b>	<b>(126)</b>	<b>2,854</b>	<b>2,789</b>
<b>Movement in Reserves</b>								
Depreciation	(3,080)	(2,261)	(678)	(699)	(65)	(25)	(1)	(1,500)
MRP	4,673	5,622	1,625	1,351	259	40	1,954	1,202
<b>Transfer to/(from) Earmarked Reserves</b>								
Transfer to PFI reserve	55	-	-	-	196	-	2	283
Transfer (from) reserve	(1,107)	(6)	(206)	-	-	-	(1,151)	(2)
<b>Net Charge to General Fund</b>	<b>383</b>	<b>10,441</b>	<b>437</b>	<b>2,495</b>	<b>342</b>	<b>(111)</b>	<b>3,658</b>	<b>2,772</b>

A number of schools have converted to Academy status and entered into a contractual arrangement with the Council in respect of properties under the PFI scheme. The Council recharges the Unitary Charges on such properties to the schools.



## 4.2.14 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

### a - Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.

The financial assets disclosed in the Balance Sheet are analysed below across the following categories:

Long-Term Assets 2022/23 £000	Current Assets 2022/23 £000		Notes	Long-Term Assets 2023/24 £000	Current Assets 2023/24 £000
		<b>Investments</b>			
20,702	-	Fair value through other comprehensive income	<b>4.2.14d(iv)</b>	15,728	-
<b>20,702</b>	-	<b>Total Investments</b>	<b>-</b>	<b>15,728</b>	-
		<b>Debtors</b>			
10,881	-	Fair value through profit and loss	<b>4.2.14d(iii)</b>	11,356	-
37,492	50,854	Amortised cost	<b>4.2.14d(ii)</b>	36,831	86,720
2,297	19,080	Classes of debtor not recognised as financial instruments		2,297	-
<b>50,670</b>	<b>69,934</b>	<b>Total Debtors</b>		<b>50,484</b>	<b>86,720</b>
		<b>Cash and Cash Equivalents</b>			
-	28,150	Fair value through profit and loss	<b>4.2.14e</b>	-	29,394
-	837	Amortised cost	<b>4.2.14e</b>	-	46
-	<b>28,987</b>	<b>Total Cash and Cash Equivalents</b>		-	<b>29,440</b>

## 4.2.14 Financial Instruments (continued)

### b - Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable.

Long-Term Liabilities 2022/23 £000	Current Liabilities 2022/23 £000		Notes	Long-Term Liabilities 2023/24 £000	Current Liabilities 2023/24 £000
		<b>Borrowings</b>			
575,392	48,458	Amortised cost		602,042	121,731
<b>575,392</b>	<b>48,458</b>	<b>Total Borrowings</b>		<b>602,042</b>	<b>121,731</b>
		<b>Other Liabilities at amortised cost</b>			
4,454	1,829	Liability with Staffordshire County		2,625	1,829
51,955	8,457	PFI liabilities	<b>4.2.13b</b>	42,005	9,950
11,817	-	PFI liabilities - deferred credit		11,101	-
704	103	Finance lease liabilities	<b>4.2.14j</b>	496	209
326	-	Lease Premium Retentions		321	-
				6,680	
<b>69,256</b>	<b>10,389</b>	<b>Total Other Liabilities</b>		<b>63,228</b>	<b>11,988</b>
		<b>Creditors</b>			
-	82,902	Amortised cost	<b>4.2.14d(i)</b>	-	82,460
-	17,574	Classes of creditor not recognised as financial instruments		-	15,063
<b>-</b>	<b>100,476</b>	<b>Total Creditors</b>	<b>4.2.21c</b>	<b>-</b>	<b>97,523</b>

## 4.2.14 Financial Instruments (continued)

### c - Gains and Losses on Financial Instruments

31st March 2023					31st March 2024					
Liabilities Measured at amortised cost £000	Assets Measured at amortised cost £000	Fair Value Elected through OCI £000	Fair Value through Profit and Loss £000	Total £000		Liabilities Measured at amortised cost £000	Assets Measured at amortised cost £000	Fair Value Elected through OCI £000	Fair Value through Profit and Loss £000	Total £000
-	(811)	-	-	(811)	Impairment losses	-	-	-	-	-
(24,660)	-	-	-	(24,660)	Interest expenses	20,017	-	-	-	20,017
(24,660)	(811)	-	-	(25,471)	Total expenses in surplus or deficit on the provision of services	20,017	-	-	-	20,017
-	-	-	-	-	Impairment loss reversals	-	-	-	-	-
-	2,671	2,367	630	5,668	Interest income and investment income	-	2,051	2,428	-	4,479
-	2,671	2,367	630	5,668	Total Income in surplus or deficit on the provision of services	-	2,051	2,428	-	4,479
-	-	-	-	-	Gains on revaluation	-	-	-	-	-
-	-	(1,296)	-	(1,296)	Losses on revaluation	-	-	-	-	-
-	-	(1,296)	-	(1,296)	Impact on other comprehensive income	-	-	-	-	-
(24,660)	1,860	1,071	630	(21,099)	Net gain/(loss) for the year	20,017	2,051	2,428	-	24,496

## 4.2.14 Financial Instruments (continued)

### d - Fair Value of Assets and Liabilities

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

For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price. Where applicable, the fair values of other instruments have been estimated using the following methods and assumptions:

- Certificates of deposit and forward loan contracts have been discounted at market interest rates for instruments of similar credit quality and remaining term to maturity;
- Shares in unlisted companies have been valued from the company's balance sheet net assets.

The fair values for financial assets classified as amortised cost have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2024, using the following methods and assumptions:

- Loans from the PWLB have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of embedded options. Lender's options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity at 31st March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument

The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Fair values are shown split by their level in the fair value hierarchy, as prescribed in IFRS 13:

Level 1 - fair value is only derived from quoted prices in active markets for identical assets or liabilities

Level 2 - fair values are calculated from inputs other than quoted prices that are observable for the asset or liability

Level 3 - fair values are determined using unobservable inputs

### 4.2.14 Financial Instruments (continued)

#### d (i) - Financial Liabilities carried at Amortised Cost

31 March 2023						31 March 2024				
Carrying Amount Long Term £000	Carrying Amount Short Term £000	Fair Value Long Term £000	Fair Value Short Term £000		Fair Value Level	Carrying Amount Long Term £000	Carrying Amount Short Term £000	Fair Value Long Term £000	Fair Value Short Term £000	
555,392	22,576	390,585	22,618	PWLB - maturity	2	582,042	33,392	533,703	33,454	
-	5,882	-	5,882	Interest accrued	2	-	5,480		5,480	
20,000	-	24,193	-	LOBO's	2	-	20,000	23,432	-	
-	20,000	-	20,457	Inter-authority loans	2	-	82,858	-	83,811	
704	103	718	122	Finance leases	2	496	209	506	248	
51,955	8,457	52,376	12,201	PFI schemes	2	42,006	9,950	43,344	14,355	
4,454	1,829	4,339	1,988	Liability with Staffordshire County	2	2,625	1,829	2,472	1,867	
-	82,902	-	82,902	Creditors <sup>1</sup>	2	-	82,460	-	82,460	
<b>632,505</b>	<b>141,749</b>	<b>472,211</b>	<b>146,170</b>	<b>Financial liabilities</b>		<b>607,169</b>	<b>216,178</b>	<b>603,458</b>	<b>221,675</b>	

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the authority’s portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date.

<sup>1</sup> The fair value of short-term financial liabilities including trade payables is assumed to approximate to the carrying amount

4.2.14 Financial Instruments (continued)

d (ii) - Financial Assets carried at Amortised Cost

31 March 2023 Carrying Amount £000	31 March 2023 Fair Value £000	Note	Fair Value Level	31 March 2024 Carrying Amount £000	31 March 2024 Fair Value £000
38,313	38,313	Long Term Debtors		10,880	37,492
51,635	51,635	Short Term Debtors <sup>1</sup>		75,578	50,854

Short-term debtors exclude amounts receivable of £19.080m from Statutory debtors, Central Government. and prepayments. Long term debtors exclude amounts receivable of £2.297m relating to housing benefits overpayments. These have not arisen from contracts and are therefore not classed as financial instruments and do not fall within the scope of IFRS 9.

d (iii) - Financial Assets Held at Fair Value through Profit and Loss

31 March 2023 £000	Note	Fair Value Level	31 March 2024 £000
2,366	Kick Start <sup>1</sup> 4.2.21a	3	2,164
72	Home Improvement Loans <sup>1</sup> 4.2.21a	3	73
8,193	GenR8 Smithfield Hotel Ltd 4.2.21a	3	9,119
10,631	Total		11,356

<sup>1</sup> Consists of soft loans whose cash flows are not solely payments of principal and interest. Soft loans have been valued by discounting the contractual payments at the estimated market rate of interest for a similar loan.

## 4.2.14 Financial Instruments (continued)

### d (iv) - Financial Assets Held at Fair Value through Other Comprehensive Income

The Council has elected to account for the following investments in equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance.

The City Council's share holdings were valued using the adjusted net asset value in the company's latest balance sheet. Changing unobservable inputs in the measurement of the fair value of level 3 financial assets to reasonably possible alternative assumptions would not have a significant impact on profit for the year or total assets.

31 March 2023 £000		Note	Fair Value Level	31 March 2024 £000
	<b>Stoke-on-Trent Regeneration Limited</b>			
4,974	19% Shareholding - 19,000 B ordinary shares of £1 each		3	-
	<b>Stoke EnergyCo Limited (Dormant)</b>			
-	100% Shareholding - 1 ordinary share of £1		3	-
	<b>Rhead Homes Ltd (Dormant)</b>			
-	100% Shareholding - 1 ordinary share of £1		3	-
<b>4,974</b>	<b>Sub-total (Group long term investments)</b>			<b>-</b>
	<b>Fortior Homes Limited</b>			
13,535	100% Shareholding - 14,900,420 ordinary shares of £1		3	13,535
	<b>Unitas Stoke-on-Trent Limited</b>			
2,193	100% Shareholding - 1 ordinary share of £1		3	2,193
<b>20,702</b>	<b>Total long term investments (SOTCC)</b>			<b>15,728</b>



## 4.2.14 Financial Instruments (continued)

### e - Cash and Cash Equivalents

The table reflects the level of cash and cash equivalents held at the balance sheet date

31 March 2023			31 March 2024		
Carrying Amount £000	Fair Value £000		Carrying Amount £000	Fair Value £000	
28,150	28,150	Money market funds	24,030	24,030	
<b>28,150</b>	<b>28,150</b>	<b>Financial Assets Held at Fair Value through Profit and Loss</b>	<b>24,030</b>	<b>24,030</b>	
400	400	On call accounts	-	-	
-	-	Term deposits	-	-	
13	13	Cash held by the authority	46	46	
424	424	Bank current accounts	5,364	5,364	4.2.14f
-	-	Accruals attached to term deposits	-	-	
<b>837</b>	<b>837</b>	<b>Financial Assets for which fair value is not disclosed</b>	<b>5,410</b>	<b>5,410</b>	
<b>28,987</b>	<b>28,987</b>	<b>Total Cash and Cash Equivalents (SOTCC)</b>	<b>29,440</b>	<b>29,440</b>	
379	379	Cash & Cash Equivalents (Unitas)	720	720	
1,383	1,383	Cash & Cash Equivalents (Fortior)	1,113	1,113	
89	89	Cash & Cash Equivalents (Fortior Homes (Rental))	-	-	
<b>30,838</b>	<b>30,838</b>	<b>Total Cash and Cash Equivalents (Group)</b>	<b>31,273</b>	<b>31,273</b>	

## 4.2.14 Financial Instruments (continued)

### f - Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that

31 March 2023				31 March 2024			
Net position				Net position			
on the				on the			
balance				balance			
sheet				sheet			
Gross	(Liabilities)			Gross	(Liabilities)		
Assets	set off			Assets	set off		
£000	£000	£000	Notes	£000	£000	£000	
70,186	(69,762)	424	Bank accounts in credit	25,507	(20,143)	5,364	
<b>70,186</b>	<b>(69,762)</b>	<b>424</b>	<b>Total bank current accounts</b>	<b>25,507</b>	<b>(20,143)</b>	<b>5,364</b>	

The Council has an agency arrangement in place to hold funds on behalf of third parties. Details of the amounts held at 31 March 2023 are detailed in the table below:

31 March		31 March
2023		2024
£000	Notes	£000
11,637	Monies held on behalf of vulnerable adults	11,112

### g - Nature and extent of risks arising from Financial Instruments

The Authority's activities expose it to a variety of financial risk:

- Credit risk - the possibility that other parties might fail to pay amounts due to the authority - **4.2.14h.**
- Market risk - the possibility that the financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements - **4.2.14i.**
- the possibility that the Authority might not have funds available to meet its commitments to make payments - **4.2.14j.**

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 a central treasury team, under policies approved by the city council in the annual Treasury Management Strategy Statement. The council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

## 4.2.14 Financial Instruments (continued)

### h - Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by credit ratings services. Deposit risk is also managed by limiting the level of investments placed with counterparties, but subject to regular review.

The council has made significant efforts to further protect the capital of the Authority and mitigate against this risk in line with its Treasury Management Strategy Statement, including:

- (a) the quarterly reporting of Treasury Management activity to the council's Audit and Standards Committee;
- (b) Use of the Debt Management Office (DMO), the Government's investment vehicle, and the most secure place to invest;
- (c) Investments are limited to £10m for the highest rated or government owned institution except in the case of the DMO which has no limit. The use of money market funds to a maximum level as advised by the council's treasury management advisors,
- (d) Utilising professional advice from external treasury advisers on the credit worthiness of counterparties;
- (e) Utilising all market and other 'soft' information which officers research through the financial press and independent advice;
- (f) Investing funds only in the UK durations below 12 months until it is safe to do otherwise (in accordance with the Council's Treasury Management Strategy).

The Authority's maximum possible exposure to credit risk in relation to funds held as investments by the council at the Balance Sheet date is £24,030,000. As the deposits rest with several financial institutions the risk of any single institution failing to make interest payments or repay the principle sum will be specific to each individual institution. It is not expected for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at 31 March 2024 that this was likely to crystallise. The figure does not include balances held by Cheque Book Schools.

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

## 4.2.14 Financial Instruments (continued)

### h - Credit Risk

#### Treasury Investments

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

31 March 2023			31 March 2024		
Long-term	Short-term		Long-term	Short-term	
£000	£000		£000	£000	
-	28,150	AAA	-	24,030	
-	400	On-call Account	-	-	

#### Trade Receivables

The City Council operates a Corporate Debt Management Policy which endeavours to keep outstanding debt at a minimum. The policy provides the framework for a consistent and sensitive approach to collecting debt whilst at the same time ensuring the council continues to maximise collection performance. Wherever possible the council will try to distinguish between those who cannot pay with those who will not pay.

The following analysis summarises the Council's trade receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

31 March 2023		31 March 2024
£000		£000
43,444	Past due < 3 months	61,706
3,535	Past due 4 - 12 months	3,349
11,776	Past due 12+ months	13,163
<b>58,755</b>	<b>Gross receivables</b>	<b>78,218</b>
(7,901)	Less: loss allowance	(9,202)
<b>50,854</b>	<b>Net receivables</b>	<b>69,016</b>

## 4.2.14 Financial Instruments (continued)

### h - Credit Risk

Loss allowances on trade receivables have been calculated by reference to the Council's experience of default. Receivables for credit risk in the following groupings:

31 March 2023		31 March 2024	
Gross receivable £000	Loss allowance £000	Gross receivable £000	Loss allowance £000
22,967	(2,736)	29,956	(3,121)
2,086	(1,214)	2,262	(1,217)
3,580	(1,038)	3,953	(1,238)
3,300	(2,538)	3,674	(2,300)
27,413	(375)	33,798	(1,326)
49	-	4,576	-
<b>59,395</b>	<b>(7,901)</b>	<b>78,218</b>	<b>(9,202)</b>
5,654	-	5,268	-
18,279	(14,543)	20,533	(12,915)
4,197	(3,281)	4,954	(3,126)
2,076	(23)	1,923	(14)
<b>89,601</b>	<b>(25,748)</b>	<b>110,896</b>	<b>(25,257)</b>

## 4.2.14 Financial Instruments (continued)

### h - Credit Risk

#### Loans and Loan Commitments

In furtherance of the Council's service objectives, it has lent money to Fortior Homes Ltd and GenR8 Smithfield Hotel Ltd. At 31st March 2024 £38.6m has been drawn down by Fortior Homes. The City Council also has a number of smaller loans at below market rate.

The amounts recognised on the balance sheet, and the Council's total expected credit loss allowance and credit risk for these instruments are shown in the table below.

31 March 2023		31 March 2024	
Balance Sheet	Expected Credit Loss Allowance	Balance Sheet	Expected Credit Loss Allowance
£000	£000	£000	£000
<b>Loans at Market Rates</b>			
38,786	(2,217)	38,566	(2,217)
8,644	-	9,120	-
834	-	790	-
5	-	3	-
<b>Loans below Market Rates</b>			
2,164	-	2	-
74	-	0	-
6	-	2	-
<b>Loan Commitment at Market Rates</b>			
-	(1,206)	-	(1,206)
<b>50,513</b>	<b>(3,423)</b>	<b>48,483</b>	<b>(3,423)</b>

<sup>1</sup> Classified as Financial assets held at fair value through profit and loss

The Council manages the credit risk inherent in its loans for service purposes and loan commitments in line with its published investment strategy.

## 4.2.14 Financial Instruments (continued)

### h - Credit Risk

#### Loans and Loan Commitments

For loans classified as held at amortised cost, loss allowances have been calculated with consideration of the probability that a default event will take place within the next 12 months. The risk of default will be monitored on a ongoing basis. Where there is evidence of a significant increase in credit risk, lifetime expected losses will be calculated.

A reconciliation of opening to closing loss allowances on loans for service purposes is as follows:

	12-month expected credit losses £000	Simplified approach for receivables £000	Total loss allowance £000
Opening allowance as at 1st April 2023	-	27,747	<b>27,747</b>
New loans made	-	-	-
Reversal of impairment	-	-	-
Movement in trade debtors impairment	-	(490)	<b>(490)</b>
<b>Closing allowance as at 31st March 2024</b>	-	<b>27,257</b>	<b>27,257</b>

### i - Market Risk

The Authority does not generally invest in equity shares for the purposes of treasury management. The Council does have shareholdings to the value of £20.702m, which have arisen through the creation of wholly owned subsidiaries and joint working arrangements. The authority is not in a position to limit its exposure to price movements by diversifying its portfolio and is consequently exposed to losses arising from movements in the price of the shares.

The £20.702m shares are all recognised as 'fair value through other comprehensive income and expenditure, meaning that all movements in price will impact on gains and losses in Other Comprehensive Income and Expenditure.

## 4.2.14 Financial Instruments (continued)

### j - Liquidity Risk

The Authority has a comprehensive cash flow management process that seeks to ensure that cash is available as needed, Should unexpected movements happen, the Authority has ready access to short term funding. There is no significant risk that it will not be able to raise finance to meet its commitments under financial instruments. The City Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future, to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The City Council limits how much it will borrow through its Treasury Management Strategy and Prudential Indicators. Which takes account of whether it is prudent to take new loans out and, where it is economic to do so, make early repayments.

### Outstanding Debt Liabilities

The City Council has the following debt liabilities (excluding sundry creditors) on its balance sheet:

31 March 2023 £000	31 March 2023 £000	31 March 2023 £000	Interest Rates %	Source of Loan	Note	Interest Rates %	31 March 2024 £000	31 March 2024 £000	31 March 2024 £000
577,968	-		3.40	Public Works Loan Board		3.38	615,434	-	
40,000	-		2.18	Market Loans		3.28	102,858	-	
60,412	-			PFI	4.2.13a		51,955	-	
807	-		3.13	Finance Lease Liabilities	4.2.14j	3.32	704	-	
-	5,882			Interest Accrual			-	5,480	
6,283	-			Transferred Debt			4,454	-	
<b>685,470</b>	<b>5,882</b>			<b>Total</b>			<b>775,405</b>	<b>5,480</b>	
<b>Principal</b>	<b>Interest</b>	<b>Total</b>		<b>Payable as follows:</b>			<b>Principal</b>	<b>Interest</b>	<b>Total</b>
52,965	24,508	77,473		Less than one year			128,177	23,777	151,954
31,795	25,271	57,066		Between one and two years			32,151	45,227	77,378
75,371	84,151	159,522		Between two and five years			99,660	57,866	157,526
123,282	75,037	198,319		Between five and ten years			101,819	62,127	163,946
402,057	177,555	579,612		More than ten years			413,600	195,182	608,782
<b>685,470</b>	<b>386,522</b>	<b>1,071,992</b>		<b>Total</b>			<b>775,407</b>	<b>384,179</b>	<b>1,159,586</b>



#### 4.2.14 Financial Instruments (continued)

j-Liquidity Risk

Finance Lease Liabilities

The City Council has 4 current finance leases ranging from 1 to 8 years. Interest payable (25,504) on the outstanding lease liability at the 1st April 2024 ( £0.704m) gave an associated interest rate of 3.32%

31 March 2023	Interest		Interest	31 March 2024
£000	Rates	Source of Loan	Rates	£000
	%	Note	%	
1,038		Opening Balance		807
-		New Finance Leases		-
(231)		Repayment of Principal		(103)
<b>807</b>	<b>3.13%</b>	<b>Closing Balance</b>	<b>3.32%</b>	<b>704</b>
		<b>Payable as follows:</b>		
103		Less than one year		106
106		Between one and two years		340
340		Between two and five years		258
258		Between five and ten years		-
-		More than ten years		-
<b>807</b>		<b>Total</b>		<b>704</b>

## 4.2.15 Provisions

	Liability Insurance Claim £000	Business Rates Appeals £000	Expected Credit Loss Allowance £000	Other Provisions £000	Total £000
Balance at 1 April 2023	4,942	2,659	1,206	608	<b>9,415</b>
Additional provisions made in 2023/24	1,701	4,203	-	1	<b>5,905</b>
Amounts used in 2023/24	-	(1,706)	-	-	<b>(1,706)</b>
Unused amounts reversed in 2023/24	(1,605)	-	-	-	<b>(1,605)</b>
Transferred to non-current assets	-	-	-	-	-
<b>Balance at 31 March 2024</b>	<b>5,038</b>	<b>5,156</b>	<b>1,206</b>	<b>609</b>	<b>12,009</b>
of which:					
- Short term liability					<b>5,719</b>
- Long term liability					<b>6,290</b>
					<b>12,009</b>

### Liability Insurance Claims

These provisions are for settlement of claims for compensation for personal injury, loss or damage to property due to alleged negligence. All claims are dealt with on a legal liability basis and the provision for each claim is assessed by the Council's insurers or legal advisers based on the information available and experience of the type of claims involved and adjusted individually as further information becomes available until either a settlement is made and the claim is closed or the claim is successfully defended. Provisions include associated legal costs. The Council currently self-funds a £100,000 excess for each and every claim with a "stop loss" amount for each insurance year and the provisions are net of amounts payable by insurers.

### Business Rates Appeals

The provision reflects an estimate of the potential loss of income to Stoke-on-Trent City Council which could arise in future years as a result of those appeals still outstanding at 31 March 2024

### Expected Credit Loss Allowance

The City Council has a contractual commitment to make loans of up to £54.89m to Fortior Homes Ltd, at some point in the future. As at 31st March 2024, £34.30m had been drawn down. Under IFRS 9, a loss allowance is needed to reflect potential defaults if the borrower were to exercise their drawdown rights. The expected credit loss reflects the expectations that the loans will be drawn down in the next year.

## 4.2.16 Grants

### a - Grant Income - Credited to Net Cost of Services

2022/23 £000	Restated 2022/23 £0002	Service Area	Type of Funding/Grant	2023/24 £000
51,016	-	Children and Family Services	Dedicated Schools Grant	-
11,432	11,432	Children and Family Services	Other	10,978
	87,890	Schools	Dedicated Schools Grant	90,131
3,988	3,988	Schools	Other	1,999
36,874	-	Schools	Dedicated Schools Grant	-
1,351	1,351	Housing, Development and Growth	PFI - Street Lighting	1,351
6,275	6,275	Housing, Development and Growth	Other	6,986
		Housing, Development and Growth	DFT	4,102
		Housing, Development and Growth	DEFRA	1,315
24,153	24,153	Public Health	Public Health Grant	24,429
		Public Health	Other	3,113
4,790	4,790	Social Care, Health and Wellbeing	PFI - Extra Care	4,790
15,398	15,398	Social Care, Health and Wellbeing	BCF Grant	15,398
10,638	10,638	Social Care, Health and Wellbeing	Other	9,896
		Social Care, Health and Wellbeing	DWP	5,373
8,294	8,294	Strategy and Resources	PFI - Schools	9,640
1,290	1,290	Strategy and Resources	PFI - Bentilee	
605	605	Strategy and Resources	Other	2,300
-	-	City Directorate	Other	2,824
-	-	Govt Grant and Local Taxpayers	Other	178
63	63	Civic and Corporate Expenses	Other	
40,584	40,584	Benefit Payments	Rent Allowances	45,101
20,722	20,722	Benefit Payments	Rent Rebates	20,873
625	625	Benefit Payments	Other	634
<b>238,098</b>	<b>238,098</b>	<b>Total</b>		<b>261,411</b>

## 4.2.16 Grants (continued)

### b - Credited to Taxation and Non-specific Grant Income

Capital 2022/23 £000	Revenue 2022/23 £000		Capital 2023/24 £000	Revenue 2023/24 £000
17,627	66,173	Department for Levelling Up, Housing & Communities	12,351	78,792
10,814	(19)	Department for Education	6,189	5
-	1,054	Department of Health and Social Care		285
-	1,424	Department of Work & Pensions		1,010
1,724	-	Private Sector Contributions	2,577	-
904	-	Public Sector Contributions	1,867	-
6,021	-	Department for Transport	14,313	-
-	7	Other Grants		
6,672	-	Homes and Communities Agency	1	-
-	-	National Lottery		-
-	-	NNDR Extended Retail Discount		-
-	-	COVID-19 Support Grants	-	-
<b>43,762</b>	<b>68,639</b>	<b>Total</b>	<b>37,298</b>	<b>80,092</b>

## 4.2.16 Grants (continued)

### c - Grants - Receipts in Advance

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

2022/23 £000	2023/24 £000
<b>Capital</b>	
256 Department for Education (DfE)	230
574 Department for Transport	
115 Department for Levelling Up, Housing & Communities	40
202 Public Sector Contributions	271
376 Homes and Communities Agency	374
697 Green Homes	
140 Other	223
6,397 <b>Revenue</b>	1,040
<b>8,757 Total</b>	<b>2,178</b>

All grants, contributions and donations received that have conditions attached which have not been satisfied as at 31st March 2024 are held within current liabilities as they are expected to be recognised as income within the next 12 months.

## 4.2.16 Grants (continued)

### d - Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DfE), the Dedicated Schools Grant (DSG). An element of the grant is recouped by the DfE to fund academy schools directly.

DSG is ring-fenced and can only be applied to meet expenditure properly included in the School Finance (England) Regulations 2012. The Schools Budget includes elements for a range of educational services provided on an authority- wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2023/24 are as follows:

	Central Expenditure £000	ISB £000	Total £000
Final DSG for 2023/24 before academy and high needs recoupment			290,011
Reduction for reallocation to Academies			199,880
<b>Total DSG after Academy and High Needs recoupment for 2022/23</b>			<b>90,131</b>
Plus: Brought forward from 2022/23			6,649
Less: Carry-forward to 2024/25 agreed in advance			-
Agreed initial budget distribution in 2023/24	57,495	39,285	96,780
In year adjustments	1,800	(224)	1,576
<b>Final budget distribution for 2023/24</b>	<b>59,295</b>	<b>39,061</b>	<b>98,356</b>
Less: Actual central expenditure	(50,467)	-	(50,467)
Less: ISB deployed to Schools	-	(39,061)	(39,061)
Plus local authority contribution for 2023/24	-	-	-
<b>Carry forward in year to 2024/25</b>	<b>8,828</b>	<b>-</b>	<b>8,828</b>
Carry forward to 2024/25 agreed in advance			-
<b>Carry forward to 2024/25 agreed in advance</b>	<b>8,828</b>	<b>-</b>	<b>8,828</b>
			-
DSG Unusable Reserve at the end of 2023/24			(21,202)
Addition to DSG unusable reserve at the end 2023/24			-
Total of DSG unusable reserve at the end of 2023/24			(21,202)
			-
<b>Net DSG position at the end of 2023/24</b>			<b>(12,374)</b>

## 4.2.17 Officers Remuneration

### Disclosure of Senior Officers Remuneration

The following table shows senior employees whose salary is greater than £50,000 per year

2022/23						2023/24					
Salary, Fees and Allowances (£)	Expense Allowances (£)	Compensation for Loss of Office (£)	Pension Contributions (£)	Total (£)	Post title and name	Salary, Fees and Allowances (£)	Expense Allowances (£)	Compensation for Loss of Office (£)	Pension Contributions (£)	Total (£)	
Senior employees whose salary is £150,000 pr more per year											
177,269	-	-	27,654	204,923	City Director - Jon Rouse	183,473	-	-	39,997	223,470	
Senior employees whose salary is between £50,000 and £150,000 per more per year											
148,030	28	-	23,093	171,151	Director - Children & Family Services*	117,791	22	4,714	25,678	148,205	
148,030	-	-	23,093	171,123	Director - Housing, Growth & Development***	126,408	-	-	27,557	153,965	
102,256	-	-	15,952	118,208	Assistant Director - Governance and Registration (Monitoring Officer)	110,154	-	-	24,013	134,167	
139,175	-	-	21,711	160,886	Director - Strategy & Resources (& Section 151 Officer)	148,628	-	-	32,400	181,028	
-	-	-	-	-	Director of Public Health**	82,826	-	-	18,056	100,882	
133,817	-	-	20,875	154,692	Director of Adult Social Care, Health Integration and Wellbeing	146,238	-	-	31,880	178,118	

\* Left on 7 January 2024, role covered by interim agency worker

\*\*The role of Director of Public Health was covered by interim agency worker in financial year 2022/23. New officer appointed on the 4 September 2023

\*\*\* change in Role holder from 9 October 2023

During the year an additional lumpsum Employers' contribution payment was made to reduce the pension fund liability. This secondary contribution is equivalent to 10.5% of salary.

Some of the employees in the Officers Remuneration note are on 50:50 employees pension contribution arrangement. This means that they are entitled to only half of the benefit from the employer contributions, the remainder of which goes into the pension fund for the benefit of all members.

#### 4.2.17 Officers Remuneration (continued)

Number of employees excluding senior employees receiving total remuneration above £50,000 including expense allowances chargeable to income tax and an estimated value of other benefits by excluding employer's pension.

2022/23					2023/24				
Teaching staff	Non-teaching staff	Total employees <sup>1</sup>	Left in year	Range	Teaching staff	Non-teaching staff	Total employees <sup>1</sup>	Left in year	
15	100	115	3	£50,000 - £54,999	6	160	166	9	
10	26	36	5	£55,000 - £59,999	8	44	52	10	
4	16	20	5	£60,000 - £64,999	6	25	31	4	
2	20	22	4	£65,000 - £69,999	1	16	17	4	
4	23	27	1	£70,000 - £74,999	3	19	22	2	
1	11	12	6	£75,000 - £79,999	1	12	13	3	
1	3	4	2	£80,000 - £84,999	2	5	7	2	
1	1	2	-	£85,000 - £89,999	1	2	3	1	
-	2	2	1	£90,000 - £94,999	1	1	2	1	
-	2	2	1	£95,000 - £99,999	-	1	1	-	
-	-	-	-	£100,000 - £104,999	-	1	1	-	
1	6	7	2	£105,000 - £109,999	-	1	1	-	
-	-	-	-	£110,000 - £114,999	-	4	4	-	
-	1	1	-	£115,000 - £119,999	-	-	-	-	
-	-	-	-	£120,000 - £124,999	-	1	1	1	
-	-	-	-	£125,000 - £129,999	-	-	-	-	
-	-	-	-	£130,000 - £134,999	-	-	-	-	
-	-	-	-	£135,000 - £139,999	-	-	-	-	
-	-	-	-	£140,000 - £144,999	-	-	-	-	
-	-	-	-	£145,000 - £149,999	-	-	-	-	
-	1	1	-	£150,000 - £154,999	-	-	-	-	
				£150,000 - £159,999		1	1		
39	212	251	30	Total	29	292	321	37	

<sup>1</sup> Includes 4 (24 - 2022/23) employees in receipt of compensatory payments for redundancy which has moved their remuneration into the >£50k banding.



## 4.2.18 Termination Benefits and Exit Packages

The authority terminated the contracts of 124 employees in 2023/24. A total of £3.021 million in compensatory payments was incurred (including redundancy costs and post employment notice pay, where notice not worked) plus an additional £1.560 million re payments to the pension fund in respect of actuarial strain costs. One person has committed to leave in 2024/25 and a total of £0.2 million has been included in a provision.

<b>2023/24 Range</b>	<b>Number of Compulsory Redundancies</b>	<b>Number of Other Departures Agreed</b>	<b>Total Number of Exit Packages Agreed</b>	<b>Compensation for Loss of Office £000</b>	<b>Actuarial Pension Strain £000</b>	<b>Total Cost of Exit Packages £000</b>
£0 - £20,000	3	44	47	359	8	367
£20,001 - £40,000	-	31	31	777	151	928
£40,001 - £60,000	-	22	22	831	239	1,070
£60,001 - £80,000	-	11	11	433	338	771
£80,001 - £100,000	-	6	6	297	224	521
£100,001 - £150,000	-	6	6	271	479	750
£150,001 - £200,000	-	1	1	53	121	174
£200,001 - £250,000	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>121</b>	<b>124</b>	<b>3,021</b>	<b>1,560</b>	<b>4,581</b>

<b>2022/23 Range</b>	<b>Number of Compulsory Redundancies</b>	<b>Number of Other Departures Agreed</b>	<b>Total Number of Exit Packages Agreed</b>	<b>Compensation for Loss of Office £000</b>	<b>Actuarial Pension Strain £000</b>	<b>Total Cost of Exit Packages £000</b>
£0 - £20,000	5	28	33	265	10	275
£20,001 - £40,000	-	21	21	540	89	629
£40,001 - £60,000	-	4	4	104	104	208
£60,001 - £80,000	-	8	8	265	287	552
£80,001 - £100,000	-	1	1	32	68	100
£100,001 - £150,000	-	9	9	415	803	1,218
£150,001 - £200,000	-	1	1	48	110	158
£200,001 - £250,000	-	1	1	54	147	201
<b>Total</b>	<b>5</b>	<b>73</b>	<b>78</b>	<b>1,723</b>	<b>1,618</b>	<b>3,341</b>

## 4.2.19 Pensions

The City Council offers certain retirement benefits to its employees as part of their terms and conditions of employment and participates in the following schemes:

**a - Teachers Pension Scheme & NHS Pension Scheme** Teachers employed by the City Council are members of the Teachers' Pension Scheme (TPS) administered by the Teachers Pensions Agency (TPA). Public Health staff are members of the NHS pension scheme. Both of these schemes provide members with defined benefits on retirement, and the City Council pays towards the cost by making contributions. Although both schemes are unfunded, they use a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. It is not possible for the Council to identify a share of the underlying liabilities in these two schemes attributable to its own employees

For the purposes of these accounts, they are therefore accounted for as defined contribution plans. The City Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the schemes. These benefits are accrued within the pension liability. In 23/24 the City Council paid employer's contributions to the TPS of **£2,228,981** (2022/23 £2,389,346). Employer contributions in respect of the NHS scheme amounted to **£210,612** in 2023/24 (2022-23 £190,472). The employer contribution to the TPS was **23.68%** of pensionable pay for 2023/24 (2022/23 23.65%). Employer contributions to the NHS scheme was **16.88%** (2022/23 14.4%) of public health staff pay. Total pensionable pay for the year re the TPS, after Academy transfers, was **£9,412,928** (2022/23 £10,101,242) & **£1,194,387** (2022/23 £1,324,260) re the NHS scheme.

Employer's contributions for the year to 31 March 2025 will be approximately **£2.9m** re the TPS, before Academy Transfers which have not yet been formalised. Employer's contributions for the year to 31 March 2025 will be approximately **£0.1** re the NHS scheme.

**b - Local Government Pension Scheme** The Local Government Pension Scheme, administered locally by Staffordshire County Council and called the Staffordshire Pension Fund, was a funded defined benefit final salary scheme until 31st March 2014 (at which point it became a 'career average'). The City Council and its employees pay contributions into a fund, which provides its members with defined benefits relating to pay and service. Although these benefits will not actually be payable until employees retire, the City Council has a commitment to make the payments (for those benefits) and to account for them at the time that employees earn their future entitlement.

The contributions are based on rates that are determined by Hymans Robertson, the Pension Fund's professionally qualified actuaries, calculated at a level intended to balance the pensions liabilities with investment assets. The contributions are calculated on a triennial basis on full valuations of the fund. The most recent triennial valuation date was at 31 March 2022.

## 4.2.19 Pensions (continued)

The objectives of the scheme are to remove any deficit. The Pension Fund has agreed a strategy with the scheme's actuary to achieve this within the next 20 years. Funding levels are reviewed on an annual basis. The next triennial valuation is due to be completed on 31st March 2025. In 2023/24 the City Council paid an employer's contribution based on 21.80% (2022/23 – 30.6%) of employees' pensionable pay.

This was made up of **15.6%** in respect of current service (ie pension earned within the current year), the remainder being in respect of prior years' deficit recovery. Total pensionable pay for the year, after Academy transfers, was £116,795,673 (2022/23 £112,182,982). The Actuary estimates that the Employer's contributions for the year to 31 March 2025 re the LGPS will be approximately £26m which includes £15.9m in respect of a lump sum payment for the 2 years 2024/25 to 2025/26 secondary contributions. Discretionary retirement benefits awarded constitute an unfunded defined benefit arrangement under which liabilities are recognised when awards are made.

Effects of early retirements and unfunded benefits are considered in the Actuarial Assumptions and calculations. However, there are no investment assets built up to meet this type of pension liability and the funds have to be paid by the Council to meet the additional pension payments as they eventually fall due. During the year ended 31 March 2024, the City Council agreed to allow 26 employees (28 in 2022/23) over the age of 55 to retire prematurely on redundancy grounds. Added years' lump sum payments awarded by the authority in respect of these leavers was £260,698 (2022/23 £272,026).

The Staffordshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Staffordshire County Council. The Pensions Committee, which consists of 9 elected members & 6 non-voting representatives (5 from the Consultative Forum and 1 representing retired scheme members), is responsible for : setting overall strategy; monitoring performance; administering the scheme and; approving policy. Policy is determined in accordance with the Pensions Fund Regulations.

The Pensions Panel (consisting of 5 elected members), which reports to the Pensions Committee, is responsible for appointing investment managers; monitoring performance and; recommending strategy to the Pensions Committee. In addition, following the new regulations which came into force in April 2015, there is now a Pensions Board consisting of 6 members (of which 3 will be representatives of the Scheme Membership, and 3 will be representatives of the Employers within the Scheme) which will scrutinise the decisions made by the Pensions Committee & the Pension Panel.

In line with the Government's directive for LGPS schemes to pool assets, the Staffordshire Pension fund is now part of a pool known as the LGPS Central Limited. This pool was approved by Central Government in November 2016. LGPS Central Ltd has 9 members, 8 of which have voting rights : Staffordshire Pension Fund; Cheshire Pension fund; Worcestershire County Council; Derbyshire County Council; Leicestershire County Council; Nottinghamshire County Council; Shropshire County Pension Fund & West Midlands Pension Fund. The 9th member, with no voting rights, is West Midlands ITA which is managed by the West Midlands Pension Fund. There are new Governance structures in place to accommodate this.

4.2.19 Pensions (continued)

The principal risks to the City Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated by the statutory requirement to charge to the General Fund and Housing Revenue Account the amounts required by statute that aim to reflect the Act

In addition, any deficit remaining upon insolvency of any employers within the Staffordshire Pension Fund would fall to the other employers within the scheme. In order to minimise this eventuality, there is a risk assessment of all employers which is regularly monitored & kept up-to-date and action strategies in place for each eventuality. For example, an employer whose risk assessment indicates a less strong covenant will generally be required to pay higher contributions. uaries estimate of contributions necessary to balance liabilities & investments.

Included in Other Comprehensive Income and Expenditure is an analysis of the remeasurements of the scheme identified as movements on the Pensions Reserve. Remeasurements are recognised immediately in the period in which they occur.

Any

benefits promised under the formal terms of the scheme have been included in the pension scheme liabilities.

The assets of the scheme have been measured at their fair value, which complies with the Code regulations for IAS 19. Scheme liabilities have been deducted.,

Definitions of the elements contained in the tables below are shown in the glossary at the end of these accounts.

The weighted average duration of the defined benefit obligation for LGPS Scheme Members is 18.0 years.

## 4.2.19 Pensions (continued)

### c - Comprehensive and Expenditure Statement

The cost of post employment/retirement benefits reported in the net cost of services are recognised when they are earned by employees rather than when the benefits are actually paid as pensions. While charged to the net cost of services, this is not a proper charge to the general fund and is reversed out via the movement in reserves statement to the pensions reserve. The proper charge to the general fund is represented by the cash paid in the year to the superannuation fund representing employer contributions.

Comprehensive Income and Expenditure Statement	LGPS 2022/23	LGPS 2023/24	TPS 2022/23	TPS 2023/24	Total 2022/23	Total 2023/24
	Restated £000	Restated £000	£000	£000	Restated £000	£000
- current service cost	51,919	23,710	-	-	51,919	23,710
- past service costs incl curtailments	1,745	1,577	-	-	1,745	1,577
- settlements		(3,731)	-	-	-	(3,731)
<b>Within Net Cost of Services:</b>	<b>53,664</b>	<b>21,556</b>	<b>-</b>	<b>-</b>	<b>53,664</b>	<b>21,556</b>
- net interest expense	8,583	5,517	747	1,043	9,330	6,560
<b>Within Financing and Investment Income and Expenditure</b>	<b>8,583</b>	<b>5,517</b>	<b>747</b>	<b>1,043</b>	<b>9,330</b>	<b>6,560</b>
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>62,247</b>	<b>27,073</b>	<b>747</b>	<b>1,043</b>	<b>62,994</b>	<b>28,116</b>
Remeasurement of the net defined benefit liability comprising:						
- return on plan assets (excluding the amount included in the net interest expense)	330,451	40,039	-		330,451	40,039
- changes in demographic assumptions	(5,356)	(6,993)	(5,313)	(549)	(10,669)	(7,542)
- changes in financial assumptions	(628,875)	(66,721)	(185)	(156)	(629,060)	(66,877)
- other experience	91,208	38,142	871	858	92,079	39,000
<b>Within Other Comprehensive Income and Expenditure</b>	<b>(212,572)</b>	<b>4,467</b>	<b>(4,627)</b>	<b>153</b>	<b>(217,199)</b>	<b>4,620</b>
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(150,325)</b>	<b>31,540</b>	<b>(3,880)</b>	<b>1,196</b>	<b>(154,205)</b>	<b>32,736</b>

## 4.2.19 Pensions (continued)

### d - Movement in Reserves Statement

	LGPS 2022/23 £000	LGPS 2023/24 £000	TPS 2022/23 £000	TPS 2023/24 £000	Total 2022/23 Restated £000	Total 2023/24 £000
<b>Movement in Reserves Statement</b>						
- reversal of net charges against the General Fund Balance for the Provision of Services	(62,397)	(14,290)	(597)	(1,043)	(62,994)	(28,116)
- employers' contributions payable to the pension scheme	19,568	37,118	1,762	1,891	21,330	39,009
<b>Movement in Pension Reserve</b>	<b>169,893</b>	<b>5,578</b>	<b>5,642</b>	<b>695</b>	<b>175,535</b>	<b>6,273</b>

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

The amount included in the balance sheet arising from the City Council's obligation in respect of its defined benefit plans is shown in the table below. As can be seen, the balance sheet has deteriorated from last year. This is mainly a result of a lower discount rate applied, in line with regulations.

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 Restated £000	2023/24 £000
Present value of liabilities: All Pension Schemes	(1,576,196)	(1,311,193)	(1,722,672)	(1,641,210)	(1,167,958)	(1,166,182)
Present value of liabilities: Discretionary Benefits	(53,754)	(45,824)	(48,823)	(44,925)	(36,495)	(35,206)
	<b>(1,629,950)</b>	<b>(1,357,017)</b>	<b>(1,771,495)</b>	<b>(1,686,135)</b>	<b>(1,204,453)</b>	<b>(1,201,388)</b>
Fair value of assets in the LGPS	1,073,549	978,486	1,277,383	1,356,390	1,050,243	1,069,368
<b>Net pension asset/(liability) on the balance sheet</b>	<b>(556,401)</b>	<b>(378,531)</b>	<b>(494,112)</b>	<b>(329,745)</b>	<b>(154,210)</b>	<b>(132,020)</b>
<b>Pension Contribution in Advance</b>				<b>13,184</b>		<b>15,919</b>
<b>Net Pension asset/ (Liability)-after Asset ceiling</b>	<b>(556,401)</b>	<b>(378,531)</b>	<b>(494,112)</b>	<b>(342,929)</b>	<b>(154,210)</b>	<b>(147,939)</b>

Figures shown include the Pension contribution asset of £15,919,000 (£NIL - 2022/23). This represents the cash payment made in advance, to be recognised over two years.

In 2023/24, the Council has a net asset position of £308m on the pension fund, this includes a lump sum contribution of £15.9m. In addition, we have calculated the effect of applying the asset ceiling accounting requirements which will result in the net asset position becoming a liability, both for opening and closing balance sheet. The asset ceiling accounting requirements would result in £132m deficit relating to unfunded liabilities. .

## 4.2.19 Pensions (continued)

### f(i) - Pensions Assets and Liabilities Recognised in the Balance Sheet

This table shows a reconciliation of the present value of the scheme assets and liabilities and the reason why they have changed from the previous year. In other words, it summarises the effect of all of the factors responsible for the movement in the assets and liabilities over the last year.

Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)	LGPS 2022/23	LGPS 2023/24	TPS		Total 2022/23	
	Restated £000	2023/24 £000	2022/23 £000	2023/24 £000	Restated £000	Total 2023/24 £000
Opening balance at 1 April	(1,657,604)	(1,181,564)	(28,531)	(22,889)	(1,686,135)	(1,204,453)
Current service cost	(51,919)	(23,712)	-	-	(51,919)	(23,712)
Interest cost	(45,018)	(55,642)	(747)	(1,043)	(45,765)	(56,685)
Contributions by scheme participants	(7,420)	(7,592)	-	-	(7,420)	(7,592)
Remeasurement (gains) and losses :	-	-			-	
- changes in demographic assumptions	5,356	6,993	5,313	549	10,669	7,542
- changes in financial assumptions	628,875	66,721	185	156	629,060	66,877
- changes in experience	(91,208)	(38,142)	(871)	(858)	(92,079)	(39,000)
Benefits paid	39,119	47,370	1,762	1,891	40,881	49,261
Past service costs (including curtailments)	(1,745)	(1,577)	-	-	(1,745)	(1,577)
Settlements	-	7,951	-	-	-	7,951
Effect of Business Combinations & Disposals	-	-	-	-	-	-
<b>Closing balance at 31 March</b>	<b>(1,181,564)</b>	<b>(1,179,194)</b>	<b>(22,889)</b>	<b>(22,194)</b>	<b>(1,204,453)</b>	<b>(1,201,388)</b>

## 4.2.19 Pensions (continued)

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

Reconciliation of Present Value of Scheme (plan) Assets	LGPS 2022/23	LGPS 2023/24	TPS 2022/23		Total 2022/23	
	Restated £000	Restated £000	2022/23 £000	2023/24 £000	Restated £000	2023/24 £000
Opening balance at 1 April	1,356,390	1,050,243	-	-	1,356,390	1,050,243
Interest income	36,435	50,125	-	-	36,435	50,125
Remeasurement gains and (losses) :			-	-	-	-
- the return on plan assets, excluding the amount included in the net interest expense.	(330,451)	(40,039)	-	-	(330,451)	(40,039)
- other					-	-
Employer contributions	21,330	39,009	-	-	21,330	39,009
Contributions by scheme participants	7,420	7,592	-	-	7,420	7,592
Benefits paid	(40,881)	(49,261)	-	-	(40,881)	(49,261)
Settlements	-	(4,220)	-	-	-	(4,220)
Effect of Business Combinations & Disposals	-	-	-	-	-	-
<b>Closing balance at 31 March</b>	<b>1,050,243</b>	<b>1,053,449</b>	<b>-</b>	<b>-</b>	<b>1,050,243</b>	<b>1,053,449</b>
<b>Net Pension Asset/(Liability)</b>	<b>(131,321)</b>	<b>(125,745)</b>	<b>(22,889)</b>	<b>(22,194)</b>	<b>(154,210)</b>	<b>(147,939)</b>

### g- Pensions Assets and Liabilities Asset Ceiling adjustment

IAS 19 Employee Benefits, require that where a pension plan asset exist, it is measured at the lower of Surpluses in defined benefit plan and Asset ceiling. The asset ceiling is the present value of any economic benefit available in the form of future refunds from the plan or reduction in future contributions to the plan, it takes into accounts the adverse effect of any minimum funding requirement in accordance with IFRIC14. The

	2022/23 Restated £000	2023/24 £000
Present value of liabilities: All Pension Schemes	(1,167,958)	(1,166,161)
Present value of liabilities: Discretionary Benefits	(36,495)	(35,206)
	<b>(1,204,453)</b>	<b>(1,201,367)</b>
Fair value of assets in the LGPS	1,319,431	1,509,482
<b>Net pension asset/(liability) before Asset ceiling adjustment</b>	<b>114,978</b>	<b>308,115</b>
<b>Asset Ceiling Adjustment</b>	<b>(269,188)</b>	<b>(440,135)</b>
<b>Net pension asset/(liability) After Asset ceiling adjustment</b>	<b>(154,210)</b>	<b>(132,020)</b>
Pension Contribution in Advance		15,919
<b>Gross Pension asset/ (Liability)- after Asset ceiling</b>	<b>(154,210)</b>	<b>(147,939)</b>



## 4.2.19 Pensions (continued)

### h - Local Government Pension Scheme Assets

The Schemes assets consist of the following categories, by proportion and value of the total assets held:

	Quoted prices in active markets 2022/23 £000	Quoted prices not in active markets 2022/23 £000	Total 2022/23 £000	Percenta ge of total assets 2022/23 %	Quoted prices in active markets 2023/24 £000	Quoted prices not in active markets 2023/24 £000	Total 2023/24 £000	Percentage of total assets 2023/24 %
Equity Securities:								
- consumer	44,420	-	44,420	3%	40,876	-	40,876	3%
- manufacturing	36,251	-	36,251	3%	20,367	-	20,367	1%
- energy & utilities	9,956	-	9,956	1%	9,295	-	9,295	1%
- financial institutions	47,282	-	47,282	4%	55,462	-	55,462	4%
- health & care	49,928	-	49,928	4%	41,797	-	41,797	3%
- information technology	57,422	-	57,422	4%	66,757	-	66,757	4%
- Other	-	-	-	0%	-	-	-	0%
Debt Securities								
- corporate bonds (investment grade)	77,510	-	77,510	6%	112,366	-	112,366	7%
Private equity	-	65,375	65,375	5%	-	79,442	79,442	5%
Real Estate: Uk Property	-	105,662	105,662	8%	-	111,425	111,425	7%
Investment Funds & Unit Trusts:								
- equities	626,782	-	626,782	48%	684,015	-	684,015	45%
- bonds	82,577	-	82,577	6%	118,460	-	118,460	8%
- hedge funds	-	485	485	0%	-	-	-	0%
- other	-	3,514	3,514	0%	-	65,600	65,600	4%
Derivatives:	-	60,551	60,551	5%	-	79,077	79,077	5%
Cash & cash equivalents	51,716	-	51,716	4%	24,544	-	24,544	2%
<b>Total assets</b>	<b>1,083,844</b>	<b>235,587</b>	<b>1,319,431</b>	<b>100%</b>	<b>1,173,938</b>	<b>335,544</b>	<b>1,509,482</b>	<b>100%</b>

## 4.2.19 Pensions (continued)

### h - Local Government Pension Scheme Assets

As is required by the pensions and (where relevant) investment regulations, the suitability of various types of investment have been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range.

The return on the Fund in market value terms for the year to 31 March 2024, estimated based on actual Fund returns as provided by the Actuary and index returns where necessary, is :

- Actual Return from 01 April 2022 to 31st March 2024	(7.1) (1.8 previously)
- Estimated returns from 01 April 2022 to 31 March 2024	(13.7) (1.8 previously)

### i - Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method of valuation. An estimate of the pensions that will be payable in future years is dependent on assumptions about mortality rates, salary levels etc. The Pension scheme has been assessed by Hymans Robertson.

The principal assumptions used by the actuary have been:

	2022/23	2023/24
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- Men	20.5 years	20.5 years
- Women	23.7 years	23.4 years
Longevity at 65 for future pensioners:		
- Men	21.2 years	21.2 years
- Women	25.1 years	24.7 years
Rate of increase in salaries	3.4	3.3
Rate of increase in pensions	2.9	2.8
Rate for discounting scheme liabilities	4.8	4.9
Real discount rate for discounting scheme liabilities	2.0	2.1
Proportion of employees taking up commutation option		
- pre-April 2008 service	50.0	50.0
- post-April 2008 service	75.0	75.0

## 4.2.19 Pensions (continued)

### j - Sensitivity Analysis

The estimation of the defined benefit liability is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses 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 whilst all the other assumptions remain constant. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at year ended 31 March 2023	%	£000
0.1% decrease in real discount Rate	2	21,113
1 year increase in member life expectancy	4	48,055
0.1% increase in the Salary Increase Rate	0	1,925
0.1% increase in the Pension Increase Rate	2	19,573

The principal demographic assumption is the longevity assumption (ie member life expectancy). For sensitivity purposes, it is estimated that a one year increase in life expectancy would approximately increase the employer's defined benefit obligation by around **3 to 5%**. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption( i.e. if improvements to survival rates predominantly apply at younger or older ages).

## 4.2.20 Pooled Budgets and Other Arrangements (continued)

### a - Pooled Budgets

Stoke-on-Trent City Council has pooled budget arrangements with external bodies, as follows:

- Youth Offending Services Pooled Budget - For the provision of Youth Offending Services. Partners with the Youth Justice Board, the Police, the Probation Service and the Stoke-on-Trent Clinical Commissioning Group (CCG).

At 31st March, the net position arising on the pooled budget was as follows:

31 March 2023 £000	31 March 2024 £000
(199) Youth Offending Services Pooled Budget	(199)

Any (surplus)/deficit on the pooled budget for Mental Health Section 75 is managed through a carry forward agreement. The (surplus)/deficit on the Youth Offending Service Pooled Budgets are funded from reserves.

### b - Better Care Fund

The Better Care Fund (BCF) programme spans both the NHS and local government. The programme has been created to improve the lives of some of the most vulnerable people in our society, placing them at the centre of their care and support, and providing them with ‘wraparound’ fully integrated health and social care to deliver a better quality of life.

In 2017/18 Stoke on Trent City Council and Stoke on Trent Clinical Commissioning Group (CCG) entered into a Section 75 Framework Agreement of the National Health Service Act 2006 Pooled fund arrangement, known as Better Care Fund. Further agreements have since been entered into covering the financial years 2017/18 to 2023/24. The table below does not represent the full costs of support as the council and CCG also incur costs that are outside the pooling arrangement.

The agreed approach was that funding was identified to the BCF with the support services delivered by either the Council or CCG as appropriate. These arrangements are judged to lie solely with the respective public body and as such no joint control is exercised with the exception of the funding made available for the Integrated Community Equipment Service (ICES) which is a pooled budget as at the end of each financial year the ICES Board agrees on the use and sharing of any surplus or deficit, it is therefore judged to be a joint operation.

## 4.2.20 Pooled Budgets and Other Arrangements (continued)

### b - Better Care Fund

	Cost met by Authority £000	CCG Funded ASC delivered by NHS £000	CCG Contribution to Adults Social Care £000	Cost Incurred by CCG £000	Total £000
Enhanced Primary & Community Support	5,729	-	1,799	3,744	11,272
Ensuring Sustainability of Adult Social Care	-	-	11,125	15,398	26,523
Admission Avoidance/Discharge to Access	1,388	11,653	285	2,159	15,485
<b>Total 2023/24</b>	<b>7,117</b>	<b>11,653</b>	<b>13,209</b>	<b>21,301</b>	<b>53,280</b>

	c/f 23/24 £000	Pooled Funding Provided by Authority £000	Pooled Funding Provided by CCG £000	Cost met from the Pool £000	(Surplus)/deficit on the pool £000
Integrated Community Equipment Service	-	(372)	(1,787)	825	(1,334)

## 4.2.21 Debtors and Creditors

### a - Long Term Debtors

31 March 2023 £000	Note	31 March 2024 £000
2,164 Kickstart	4.2.14d(iii)	2,163
834 Cluster Loans		790
8,644 Smithfield Hotel Loan	4.2.14d(iii)	9,120
74 Home Improvement Loans	4.2.14d(iii)	74
6 Empty Homes Loans		1
2,297 Housing Benefit Overpayment		1,904
83 Other		84
<b>14,102 Sub-total (Group Long Term Debtors)</b>		<b>14,136</b>
36,569 Fortior Homes Loan		36,348
<b>50,671 Total City Council Long Term Debtors</b>		<b>50,484</b>

### b - Short Term Debtors

31 March 2023 £000	Note	31 March 2024 £000
11,302 Central Government Bodies		3,904
1,387 Academies		830
3,640 Other Local Authorities		13,059
9,018 NHS Bodies		2,149
44,587 Other Entities and Individuals		66,778
<b>69,934 Total</b>		<b>86,720</b>

### c - Short Term Creditors

31 March 2023 £000	Note	31 March 2024 £000
13,160 Central Government Bodies		10,536
744 Other Local Authorities		1,197
4,284 NHS Bodies		1,390
Academies		9
80,969 Other Entities and Individuals		84,391
<b>99,157 Total</b>		<b>97,523</b>

## 4.2.22 Related Party Transactions

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

### Central Government

Central government has effective control over the general operations of the Authority, as it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (such as those relating to council tax bills and housing benefits). Grants received from government departments are set out in the subjective analysis in Note 4.2.5. A breakdown of grants received by funder in 2023/24 is shown in Note 4.2.16.

### Members

Members of the City 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 4.2.23.

During 2023/24, the following members declared interests in related party companies which as 31st March 2024 had outstanding loans with the Authority.

The following Councillors are both Directors and Councillors for Fortior Homes (Rental) Limited:

***The following positions were only held part of 2023/24:***

James Robert Smith (July 2022 – June 2023)

Sarah Colclough (Current – Since June 2023)

Carl Edwards (August 2021 – June 2023)

Chris Robinson (June 2023 – November 2023)

David Mountford (Current – Since November 2023)

Details of all members' interests are available within the Members' Registers of Interest on the City Council website, [stoke.gov.uk](http://stoke.gov.uk).

### Officers

During 2023/24, no council officers declared material interests in related parties.

## 4.2.22 Related Party Transactions (continued)

### Other Public Bodies

Stoke-on-Trent City Council has a pooled budget for the provision of Youth Offending Services

The other bodies involved in this include:

The Youth Justice Board, the Probation Service, Stoke-on-Trent Clinical Commissioning Group and Staffordshire Police Authority.

In 2015/16 Stoke on Trent City Council and Stoke on Trent Clinical Commissioning Group (CCG) entered into a Section 75 Framework Agreement of the National Health Service Act 2006 Pooled fund arrangement, known as Better Care Fund.

The year end balances for all of these arrangements are detailed in Note 4.2.20

### Interest in Other Companies

Stoke-on-Trent City Council has a 19.0% share in Stoke-on-Trent Regeneration Limited and holds 19,000 B Ordinary Shares of £1 each. In order to represent that shareholding, the City Director, Jon Rouse, sits on the board of the company

3<sup>th</sup> March 2024 Stoke-on-Trent City Council has sold its 19 % stake in Stoke-on-Trent Regeneration Limited, a joint venture with St Modwen launched in 1993.



## 4.2.22 Related Party Transactions (continued)

### Entities Controlled or Significantly Influenced by the Authority

Details of all shareholdings can be found in note 4.2.14d.

**Fortior Homes Limited** - This company is wholly owned by Stoke-on-Trent City Council in order to deal with housing development.

#### Transactions and Balances

The City Council raised invoices against Fortior Homes Limited during 2023/24 of £72k (£0.209m in 2022/23) for charges incurred on behalf of the company during its establishment period and service charges. As at 31st March 2023/24 £nil (£nil -2022/23) was outstanding.

In previous years, the City Council has also disposed of assets to Fortior Homes Limited. However, no disposals have taken place during 2022/23 and 2023/24

As at 31 March 2023/24, included within short term debtors there is an intercompany balance of £123k (£49k 2022/23) which the Fortior Homes Limited owes to City Council.

As at 31st March 2023/24, the City Council made loans to Fortior Homes Limited of £38.566m (£38.768m in 2022/23). Interest on the loans for the year is £1.770m (£2.443m in 2022/23).

#### Related Party Officers/Members

For the Financial year of 2023/24:

James Robert Smith (July 2022 – June 2023)

Sarah Colclough (Current – Since June 2023)

Carl Edwards (August 2021 – June 2023)

Chris Robinson (June 2023 – November 2023)

David Mountford (Current – Since November 2023)

**Unitas Stoke on Trent Limited** - This company is wholly owned by Stoke-on-Trent City Council in order to provide housing maintenance.

#### Transactions and Balances

The City Council raised invoices against Unitas Stoke-on-Trent Limited during 2023/24 of £6.293m (£5.30m in 2022/23) for charges incurred on behalf of the company during its establishment period and service charges. As at 31st March 2023/24 £nil (£0.442m -2022/23) was outstanding.

Unitas raised invoices against the City Council during 2023/24 of £30.207m (£60.90m in 2022/23) for repairs and maintenance of housing stock and public buildings.

As at 31 March 2023/24, included within short term creditors is an intercompany balance of £1.56m (£1.6m in 2022/23) which the City Council owes to Unitas Stoke-on-Trent Limited.

#### Related Party Officers/Members

For the Financial year of 2023/24, Councillor Steve Watkins and Councillor Laura Carter were directors of Unitas Stoke-on-Trent Limited.

## 4.2.22 Related Party Transactions (continued)

**Stoke Energyco Limited (Dormant)** This company is wholly set up and owned by Stoke-on-Trent City Council in order to deal with green energy initiatives. In 2023/24, no transactions took place and the company is registered as dormant with both Companies House and HMRC.

**Rhead Homes Limited (Dormant)** This company is wholly set up and owned by Stoke-on-Trent City Council in order to build and provide private social housing. This company was dissolved on 30 January 2024 – remains dormant from 31st March 2023 as per Companies House.

**Stoke Futures Limited (Dissolved)** This company was wholly set up and owned by Stoke-on-Trent City Council to manage commercial properties. The company was dissolved on 29 March 2022.

**Stoke-on-Trent Regeneration Limited** On 13<sup>th</sup> March 2024 Stoke-on-Trent City Council sold its 19 % stake in Stoke-on-Trent Regeneration Limited, a joint venture with St Modwen launched in 1993. The council sold its shares within the development company for £5 million. The council have supported the development of a number of sites across the city, including sites across Etruria Valley that have led to significant job creation.

## 4.2.23 Members Allowances and Expenses/External Audit Costs

### a - Members Allowances and Expenses

2022/23 £000	Note	2023/24 £000
777 Allowances		830
35 Expenses		29
<b>812 Total</b>		<b>859</b>

### b - External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and non-audit services provided by the Authority's external auditors.

2022/23 £000	Note	2023/24 £000
81 Fees Payable to external auditors with regard to external audit services carried out by the appointed auditor for the year		606
53 Fees payable to external auditors for the certification of grant claims and returns for the year		15
- Fees payable to external auditors for other assurance work		-
<b>134 Total</b>		<b>621</b>

## 4.2.24 Notes to the Cash Flow Statement

### a - Operating Activities

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

2022/23 £000	Note	2023/24 £000
(41,499) Depreciation	4.2.11h	(46,991)
(46,265) Impairment & Downward Valuations		(17,519)
(1,635) Amortisations	4.2.11h	(2,426)
(5,532) Increase/(decrease) in impairment for bad debts		491
29,459 (Increase)/decrease in creditors		(12,047)
8,665 Increase/(Decrease) in debtors		22,238
80 (Increase)/decrease in revaluation of stock (write offs)		(133)
(41,664) Movement in pension liability		39,510
(21,655) Net carrying amount of non-current assets sold		(45,336)
(5,350) Other non-cash items charges to the net Surplus or Deficit on the Provision of Services		(6,678)
<b>(125,396)</b>		<b>(68,891)</b>

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

2022/23 £000	Note	2023/24 £000
15,723 Proceeds for the sale of PPE, investment property & intangible assets	4.2.8	16,362
43,762 Any other items for which the cash effects are investing or financing activities		37,298
<b>59,485</b>		<b>53,660</b>

iii - Included in Net Cash Flows from operating activities

2022/23 £000	Note	2023/24 £000
(359) Interest received		(1,427)
18,246 Interest paid		26,840
- Dividends received		-

## 4.2.24 Notes to the Cash Flow Statement (continued)

### b - Investing Activities

2022/23 £000	Note	2023/24 £000
103,112	Purchase of property, plant & equipment, investment property & intangible assets	103,888
-	- Purchase of short term and long term investments	-
(13,408)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(9,310)
(6,607)	Proceeds from short term and long term investments	-
(45,818)	Other receipts from investing activities	(36,810)
<b>37,279</b>	<b>Net cash flows from investing activities</b>	<b>57,768</b>

### c - Financing Activities

2022/23 £000	Note	2023/24 £000
8,689	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	8,457
(37)	Other payments from financing activities	1,609
82,072	Repayments of short and long-term borrowing	133,576
(10,393)	Other receipts from financing activities	(6,704)
(144,000)	Cash receipts of long-term borrowing	(233,500)
<b>(63,669)</b>	<b>Net cash flows from financing activities</b>	<b>(96,562)</b>

## 4.2.24 Notes to the Cash Flow Statement (continued)

### d - Reconciliation of Liabilities arising from Financing Activities

1 April 2022 £000	Financing Cash Flows £000	Non Financing Cash Flows £000	31 March 2023 £000		Note	1 April 2023 £000	Financing Cash Flows £000	Non Financing Cash Flows £000	31 March 2024 £000
513,800	104,167	(42,576)	<b>575,391</b>	Long-term borrowings		575,391	60,000	(22,576)	<b>612,815</b>
40,410	(40,410)	42,576	<b>42,576</b>	Short-term borrowings		42,576	173,500	(111,000)	<b>105,076</b>
1,038	(231)	-	<b>807</b>	Lease Liabilities	<b>4.2.14j</b>	807	-	-	<b>807</b>
67,864	(8,457)	1,005	<b>60,412</b>	PFI Liabilities	<b>4.2.13b</b>	60,412	(8,457)	4,403	<b>56,358</b>
8,111	(1,829)	-	<b>6,282</b>	Transferred Debt		6,282	(1,829)	-	<b>4,453</b>
<b>631,223</b>	<b>53,240</b>	<b>1,005</b>	<b>685,468</b>	<b>Total Liabilities from Financing Activities</b>		<b>685,468</b>	<b>223,214</b>	<b>(129,173)</b>	<b>779,509</b>

## 4.2.25 Contingent Assets and Liabilities

a - In 1992, Municipal Mutual Insurance (MMI) ceased to trade and now exists solely to discharge its responsibilities under policies that it had previously issued. These responsibilities relate mainly to legal liability claims, which will take many years to materialise and finalise. In the event of MMI's insolvency local authority policyholders had agreed to enter into a 'scheme of arrangement' under which there are claw-back provisions on claims payments made by MMI after the implementation of the scheme.

The scheme of administration has been triggered. In response to an initial levy of 15% the City Council has paid £177,005 to MMI from 01/01/2014 to 31/03/2016. In April 2016 the levy increased to 25% incurring a further charge of £118,003 with a maximum liability of £897,630. There is no indication at this stage as to whether a further levy will be applied but the scheme administrators have not ruled it out. The Council is uncertain as to whether further monies will be required to be set aside.

b - Potential liabilities exist regarding liability claims that pre date Local Government Reorganisation in 1974 when a number of services transferred to Staffordshire County Council including Education and Social Services. Potential liabilities also exist for other periods where the City Council does not hold verifiable evidence of Insurance cover. Any proven claims arising from these periods would have a financial consequence for the City Council that could exceed any insurance provisions that are currently held. The City Council is unable to estimate the value or timing of any obligations, hence, no amounts are recognised in the accounts in respect of this.

c - The City Council would be responsible for any pollution arising from closed landfill sites in any restored areas where it holds the relevant licence. Whether any pollution will arise is unknown as is the cost that would arise from such an incident. Hence, no monies have been set aside for such events as the risk is considered to be contingent at this time.

d - Claims under Part 1 of the Land Compensation Act 1973 may be made in respect of any public works undertaken by the City Council, between 1 year after opening of the works and 6 years after opening. Claims are for any depreciation in the value of an interest in land or property which is attributable to the use of public works. It is not possible in advance of the opening of a highway scheme, to value the likely scale or number of such claims.

e - The City Council has provided a guarantee for the pension liability relating to Unitas Stoke-on-Trent membership of the Local Government Pension Scheme (LGPS) and is responsible for any LGPS deficit relating to the Transferring Employees' membership of the LGPS referable to service up to and including the Relevant Transfer Date and, without limit of time, shall compensate Unitas in full on demand for costs, claims and liabilities of any kind in connection with any amount by which the assets of the LGPS attributable to it are less than the liabilities attributable to it at the Relevant Transfer Date. The pension fund is currently in a net Asset position . The value of the pension Asset for Unitas as at 31st March 2024 is £18.001m ( 31st March 2023 is £8.241m)

f - It is possible that the City Council will not be able to fulfil the full terms of the original agreement with respect to the Community Energy Scheme. This is in part due to the impact of the pandemic. The risk is being managed and kept under review. It is expected that the resolution to this issue will not involve the exchange of monies. Therefore a provision has not been recognised.

g-In February 2018, during a routine highway inspection, damage was noted to the adopted highway on Boatman Drive, a residential estate road. Following surveys and investigations of the highway and the vicinity with a view to providing increased certainty on the cause of the movement and extensive expert legal and engineering advice the Council served proceedings against Severn Trent Water and landowner Redrow Homes Limited at the High Court. It is noted that the legal proceedings brought by the Council relate to the defect on the adopted highway only. Proceedings are still at an early stage. The Council mitigates this risk by utilising the expert advice of experienced King's Counsel.

h-The council has carried out a small number of RAAC (Reinforced Autoclaved Aerated Concrete) surveys and so far no RAAC has been identified . Surveys will continue and increase in Pace during year 2025-26.

As it is not possible to provide accurate indication of whether RAAC remedial work will be required or the financial indication of such works. The council has not made any provisions in the statement of accounts for the year ended 31<sup>st</sup> March 2024.

4.2.26 Events after the Balance Sheet Date

Schools Conversions to Academies

The following schools have converted or are in the process of converting to an Academy in 2024/25:  
As a result of the above school transfers to academy status, the school as an entity will need to be derecognised in the Council's accounts by writing off the net assets of the school to the Comprehensive Income and Expenditure Statement (CIES). The gain or loss on transfer will be recognised within then Financing and Investment Income and Expenditure line on the CIES.

School Name	Date	NBV of OLB as at 1st April 2024
Holden Lane Primary School	2024/25	£5,606,000

Smithffield Hotel Loan

The City Council has an outstanding loan with GenR8 Smithfield Hotel Ltd for £9.1M.repayable in line with the legal agreement.  
The council is in the process of renegotiating the terms of the loan with smithfield and a solution is being considered to further enhance the collectability of the Original loan over appropriate timescales

Unitas Maintenance Contract

The council is in the process of bringing the maintenance of properties delivered by its wholly owned Subsidiary back in-house, with effect from financial year 2025/26

4.2.27 Going Concern

The Narrative Report sets out the challenges faced primarily as a result of the increasing demand for, and cost of, Children’s social care placements, which has driven a net overspend of **£10m in 2023/24**. More widely, the sustained impact of high inflation and increasing demand on both the local economy and on Council services continues to compound this challenging position. The overspend 2023/24 was mitigated through a successful application for Exceptional Financial Support (EFS), which also enabled a balanced budget to be set for 2024/25. The application for EFS set out the councils plan to invest in early help and targeted support in order to reduce the number and cost of children in care over the medium term.

Budget development for 2025/26 is underway, with savings identified to reduce the gap in conjunction with a further request for EFS. The request for EFS is lower than was originally set out in the medium-term plan submitted to government in 2024, as progress continues to be made on the Children's Social Care position. Funding remains an uncertainty, especially with the recent Autumn Statement and commitment from government to focus resources on deprived areas with a low tax base, both of which are predominant in Stoke-on-Trent. Elements of additional funding have been provided in the provisional finance settlement which are welcome, but do not mitigate the long term impact of austerity and also come with some additional pressures, such as the impact of the increased cost of National Insurance on both the councils payroll and indirectly, through increased expenditure on contracts and social care providers who will pass on the increased cost to the council. Whilst not required at this stage, the option remains to draw down from reserves to set a balanced budget in the short term, maintaining our going concern status, whilst the longer term solutions are pursued in conjunction with the governments commitment to review the funding of local government during 2025/26.

The council has undertaken cash flow modelling through to March 2026 which demonstrates the council’s ability to work within its Capital Financing Requirement and cash management framework. Current cash and cash-equivalents as at **the balance sheet date** have been modelled, using reasonable assumptions regarding service costs, staff costs and income.

As the cash flow modelling and medium term financial strategy 2024/25 demonstrate, the Council will continue to have liquidity and resources for the next 12 months from the balance sheet date. This supports the continuation of services assumption and management are satisfied that there is no material uncertainty relating to going concern.



# 5.0 Housing Revenue Account



## 5.1 Housing Revenue Account Income and Expenditure

2022/23		Note	2023/24	
£000	£000		£000	£000
	<b>Expenditure</b>			
(26,345)	Repairs and maintenance		(29,737)	
(76)	Revenue expenditure funded from capital under statute		(383)	
(19,893)	Supervision and management		(15,538)	
(984)	Rent, rates, taxes and other charges		(655)	
(16,916)	Depreciation and impairment of non-current assets		(19,692)	
(38,301)	Revaluation of assets		(8,340)	
-	Debt management costs	5.3.3b	-	
	<b>(102,515) Total Expenditure</b>			(74,344)
	<b>Income</b>			
67,197	Dwelling rents		71,933	
434	Non-dwelling rents		603	
1,387	Charges for services and facilities		1,533	
261	Contributions towards expenditure		181	
	<b>69,279 Total Income</b>			74,250
-	HRA services' share of Corporate and Democratic Core			
	<b>(33,236) Net Cost for HRA Services</b>	3.1		(94)
	<b>HRA share of the operating Income and Expenditure included in the CIES</b>			
(6,318)	Interest payable and similar charges	5.3.3b		(6,849)
50	HRA interest and investment income	5.3.3b		366
4,422	(Loss)/gain on disposal of non current assets			(2,004)
(453)	Increase or (decrease) in allowance for expected credit losses			(377)
(600)	Pensions interest cost and expected return on pensions costs			413
7,435	Grants and contributions receivable			-
	<b>(28,700) Surplus or (deficit) for the year on HRA services</b>			(8,545)

## 5.2 Statement of Movement in the Housing Revenue Account

31 March 2023 £000		Note	31 March 2024 £000
6,069	<b>Opening balance</b>		<b>5,767</b>
(28,700)	Surplus of (deficit) for the year on the HRA Income and Expenditure Statement	<b>5.1</b>	<b>(8,545)</b>
28,274	Adjustments between accounting basis and funding basis under statute	<b>5.3.2d</b>	<b>10,760</b>
<b>(426)</b>	<b>Net increase or (decrease) before transfers to or from reserves</b>		<b>2,215</b>
124	Transfers (to) or from reserves	<b>4.2.9b</b>	<b>172</b>
<b>(302)</b>	<b>Increase or (decrease) in year on the HRA</b>		<b>2,387</b>
<b>5,767</b>	<b>Closing balance</b>		<b>8,154</b>

## 5.3.1 Notes to the HRA - PPE

### a - Valuation of Housing Assets

.The vacant possession of dwellings within the HRA as at 1 April 2024 was £1,666,228,990. The balance sheet value of dwellings with the HRA shows the economic cost to Government of providing council housing at less than open market rent

<b>Movement on Balance</b>			Vehicles Plant				Assets Under	
<b>2023/24</b>	Council	Other Land	Furniture &	Infrastructure	Community	Surplus	Construction	<b>Total</b>
<b>Cost or Valuation</b>	<b>Dwellings</b>	<b>&amp; Buildings</b>	<b>Equipment</b>	<b>Assets</b>	<b>Assets</b>	<b>Assets</b>	<b>£000</b>	<b>£000</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>		
<b>Balance at 1 April</b>	<b>665,066</b>	<b>7,743</b>	<b>4,866</b>	<b>18,064</b>	<b>135</b>	<b>9,070</b>	<b>11,298</b>	<b>716,242</b>
Additions	24,598	0	-	70	-	13	16,976	41,656
Revaluation Increases/ (decreases) recognised in the:								
Revaluation Reserve	22,608	(272)	-	-	-	396	-	22,732
Surplus/Deficit on the Provision of Services	(12,594)	17	-	-	-	6	-	(12,571)
Derecognition through disposal and transfer	(35)	(49)	(58)	(277)	-	(5,978)	-	(6,397)
Reclassifications within PPE	2,012	14	-	-	-	490	(6,714)	(4,198)
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-
<b>Balance at 31 March</b>	<b>701,655</b>	<b>7,452</b>	<b>4,808</b>	<b>17,858</b>	<b>135</b>	<b>3,997</b>	<b>21,560</b>	<b>757,464</b>

### 5.3.1 Notes to the HRA - PPE (continued)

#### a - Valuation of Housing Assets

<b>Movement on Balance 2023/24 Cost or Valuation</b>	<b>Council Dwellings £000</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles Plant Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Balance at 1 April</b>	<b>1,426</b>	<b>(39)</b>	<b>(2,904)</b>	<b>(5,404)</b>	<b>-</b>	<b>(6,031)</b>	<b>-</b>	<b>(12,952)</b>
Depreciation charge in year	(18,590)	(147)	(101)	(507)	-	(1)	-	(19,346)
Depreciation written out to the:								
Revaluation Reserve	14,293	125	-	-	-	-	-	14,417
Surplus/Deficit on the Provision of Services	4,226	6	-	-	-	-	-	4,231
Impairment losses/(reversals) recognised in the:								
Revaluation Reserve								-
Surplus/Deficit on the Provision of Services	-	(48)	-	-	-	(242)	-	(290)
Derecognition through disposal and transfer	2	49	42	137	-	5,428	-	5,658
Reclassifications within PPE	55	-	-	-	-	86	-	141
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-
<b>Balance at 31 March</b>	<b>1,411</b>	<b>(55)</b>	<b>(2,964)</b>	<b>(5,774)</b>	<b>-</b>	<b>(760)</b>	<b>-</b>	<b>(8,141)</b>
Net Book Value								
<b>At 31 March 2024</b>	<b>703,066</b>	<b>7,398</b>	<b>1,845</b>	<b>12,084</b>	<b>135</b>	<b>3,237</b>	<b>21,560</b>	<b>749,323</b>
At 31 March 2023	666,492	7,704	1,962	12,660	135	3,039	11,298	703,290

### 5.3.1 Notes to the HRA - PPE (continued)

#### a - Valuation of Housing Assets

The vacant possession value of dwellings within the Housing Revenue Account as at 1 April 2022 was £1,558,695,500. The balance sheet value of dwellings within the Housing Revenue Account shows the economic cost to Government of providing council housing at less than open market rents.

<b>Movement on Balance 2022/23 Cost or Valuation</b>	<b>Council Dwellings £000</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles Plant Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Balance at 1 April</b>	<b>623,762</b>	<b>9,995</b>	<b>4,884</b>	<b>17,751</b>	<b>135</b>	<b>4,697</b>	<b>23,844</b>	<b>685,068</b>
Additions	29,600	22	-	315	-	190	10,100	40,227
Revaluation Increases/ (decreases) recognised in the:								-
Revaluation Reserve	45,858	(40)	-	-	-	292	-	46,110
Surplus/Deficit on the Provision of Services	(42,757)	(45)	-	-	-	(18)	-	(42,820)
Derecognition through disposal and transfer	(1,009)	-	(18)	(2)	-	-	(1,481)	(2,510)
Reclassifications within PPE	17,248	(2,220)	-	-	-	3,909	(21,165)	(2,228)
Assets reclassified (to)/from Held for Sale	(7,636)	-	-	-	-	-	-	(7,636)
<b>Balance at 31 March</b>	<b>665,066</b>	<b>7,743</b>	<b>4,866</b>	<b>18,064</b>	<b>135</b>	<b>9,070</b>	<b>11,298</b>	<b>716,242</b>

### 5.3.1 Notes to the HRA - PPE (continued)

#### a - Valuation of Housing Assets

<b>Movement on Balance 2022/23 Cost or Valuation</b>	<b>Council Dwellings £000</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles Plant Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Balance at 1 April</b>	<b>(2,214)</b>	<b>(74)</b>	<b>(2,815)</b>	<b>(4,899)</b>	<b>-</b>	<b>(2,663)</b>	<b>(1,472)</b>	<b>(14,137)</b>
Depreciation charge in year	(16,133)	(142)	(101)	(506)	-	-	-	(16,882)
Depreciation written out to the:								
Revaluation Reserve	11,703	178	-	-	-	-	-	11,881
Surplus/Deficit on the Provision of Services	4,487	33	-	-	-	-	-	4,520
Impairment losses/(reversals) recognised in the:								
Revaluation Reserve	-	-	-	-	-	-	-	-
Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition through disposal and transfer	6	-	12	1	-	-	1,472	1,491
Reclassifications within PPE	3,368	-	-	-	-	(3,368)	-	-
Assets reclassified (to)/from Held for Sale	209	-	-	-	-	-	-	209
<b>Balance at 31 March</b>	<b>1,426</b>	<b>(39)</b>	<b>(2,904)</b>	<b>(5,404)</b>	<b>-</b>	<b>(6,031)</b>	<b>-</b>	<b>(12,952)</b>
Net Book Value								
<b>At 31 March 2023</b>	<b>666,492</b>	<b>7,704</b>	<b>1,962</b>	<b>12,660</b>	<b>135</b>	<b>3,039</b>	<b>11,298</b>	<b>703,290</b>
At 31 March 2022	621,548	9,921	2,069	12,852	135	2,034	22,372	670,931



## 5.3.2 Notes to the HRA - Capital

### a - Major Repairs Reserve

2022/23 £000	Notes	2023/24 £000
- Opening Balance		15
16,906 Depreciation on HRA assets	5.3.1	19,370
(5,042) Voluntary debt repayment		(1,120)
(11,848) Reserve applied		(18,246)
<b>16 Closing balance</b>		<b>19</b>

### b - HRA Capital Receipts Reserve

2022/23 £000	Notes	2023/24 £000
10,160 Opening Balance		13,285
opening Balance Adjustment		1,445
<b>Value of Receipts</b>		
- - Land		500
9,892 - Houses		6,397
- - Mortgage Repayments		-
- - Repayments of discount		-
- - Notional receipts for end of lease		-
<b>Use of receipts</b>		
(1,320) - Capital receipts pooling payment to DCLG		(0)
(5,325) - Usable receipts applied to finance HRA capital expenditure		(1,298)
(121) - Usable receipts applied to finance transformation		(4,386)
(1) - Funding of disposal costs		(1)
<b>13,285 Closing balance</b>		<b>15,941</b>



### 5.3.3 Notes to the HRA - Usable Reserves

#### a - Summary of Capital Expenditure

2022/23 £000	Notes	2023/24 £000
<b>Expenditure:</b>		
40,227 Additions		38,361
77 REFCUS - Payment of Capital Grants		383
<b>40,304</b>		<b>38,744</b>
<b>Financed by:</b>		
16,016 Borrowing		16,081
CERA		65
- Revenue contribution from earmarked reserves		134
11,753 Major repairs reserves	5.3.2a	18,246
5,100 Usable capital receipts reserve		3,835
7,435 Grants and contributions		383
<b>40,304</b>		<b>38,744</b>

#### b - Capital Asset Charges and Adjustments

Capital asset charges are made to the HRA, by way of Item 8 Credit and Debit charges as specific by central government, to reflect the cost of managing the HRA's share of the Authority's debt portfolio.

In addition to the depreciation and impairment charges detailed above, the following charges are made:

2022/23 £000	Notes	2023/24 £000
<b>Item 8 Credit included within income</b>		
50 Interest receivable		366
- Discounts received		-
<b>50</b>		<b>366</b>
<b>Item 8 Debit included within expenditure</b>		
- Debt management costs		-
6,318 Interest payable and similar charges		(6,849)
<b>6,318</b>		<b>(6,849)</b>

## 5.3.4 Notes to the HRA - Other

### a - Explanation of the HRA Share of Contributions to/from Pension Reserve

Included within the HRA balance is £1.574m relating to the current service cost of HRA funded employees who participate in the Local Government Pension Scheme. The total defined benefit cost recognised (£1.018m) represents the value of pension benefits earned during the year by the relevant employees and is charged to the HRA Income and Expenditure account in place of the value of cash payments made by the Council to the pension fund. This accords with IAS 19 (Retirement Benefits) and ensures that the HRA Income and Expenditure account meets the requirement that benefit retirements should be accounted for when earned even if the actual giving of pension benefits may be in the future.

In addition, a proportionate share of the net pension interest cost and expected return on pension assets (£0.413m) is credited to the overall surplus or deficit on HRA services.

Information regarding the City Council's pension position as a contributing employer, for Balance Sheet and disclosure purposes, is supplied on an annual basis by Hymans Robertson for pension fund actuary. More detailed information regarding the overall position of the fund can be found within note 4.2.19.

### b - Rent Arrears

2022/23 £000	Notes	2023/24 £000
<b>Arrears at year end</b>		
2,064 Current tenants		2,322
988 Former tenants		1,112
<b>3,052 Total arrears at year end</b>		<b>3,435</b>
(654) Provision in respect of uncollectable debts		(843)
<b>2,398 Net arrears at year end</b>		<b>2,592</b>

### c - Housing Stock

2022/23	Notes	2023/24
17,454 <b>Number of dwellings at the beginning of the year</b>		17,358
145 Purchases		60
(204) Dwellings sold under Right to buy		(126)
(38) Awaiting demolition or unavailable for rent		(3)
1 Other		(2)
<b>17,358 Number of dwellings at the end of the year</b>		<b>17,287</b>
14,536 Houses/bungalows		14,468
2,822 Flats		2,819

### 5.3.4 Notes to the HRA - Other (continued)

#### d - Adjustments between accounting basis and funding basis under regulation

2022/23	2023/24
£000	£000
Adjustments primarily involving the:	Notes
<b>Capital Adjustment Account</b>	
(16,883) Depreciation of non-current assets	(19,347)
Impairment of non-current assets	(288)
(38,300) Revaluation losses on property, plant and equipment	(8,340)
(23) Amortisation of intangible assets	(23)
(76) Revenue expenditure funded from capital under statute	(383)
(5,469) Carrying amount of non-current assets written off on disposal to the CIES	(8,901)
7,435 Capital grants and contributions applied	-
Capital expenditure charged against revenue	132
5,042 HRA - Repayment of debt	1,120
<b>Pensions Reserve</b>	
(4,052) Reversal of items relating to retirement benefits debited or credited to the CIES	(1,018)
2,220 Employer's contributions and direct payments made in year to the pension fund	2,584
77 <b>Accumulated Absences Account</b>	22
<b>Capital Receipts Reserve</b>	
9,892 Transfer of cash sale proceeds credited as part of gain/loss in disposal to the CIES	6,897
(1) Contribution from capital receipts reserve to disposal costs	0
flexible use of capital receipts	(1,466)
<b>Major Repairs Reserve</b>	
16,906 Contribution for depreciation	19,370
(5,042) Voluntary contribution	(1,120)
<b>(28,274) Total</b>	<b>(10,760)</b>

# 6.0 Collection Fund





## 6.1 Collection Fund Statement

Business Rates 2022/23 £000	Council Tax 2022/23 £000	Total 2022/23 £000		Notes	Business Rates 2023/24 £000	Council Tax 2023/24 £000	Total 2023/24 £000
<b>Income</b>							
81,032	-	<b>81,032</b>	Business ratepayers	<b>6.2.1</b>	79,298		79,298
-	141,161	<b>141,161</b>	Council tax			149,059	149,059
-	(19,690)	<b>(19,690)</b>	Less council tax local support	<b>6.2.2</b>		(21,089)	(21,089)
<b>81,032</b>	<b>121,471</b>	<b>202,503</b>			<b>79,298</b>	<b>127,970</b>	<b>207,268</b>
<b>Charges to the Collection Fund</b>							
			Interests		(115)	-	(115)
(388)	(507)	<b>(895)</b>	Write (offs)/backs of uncollectable amounts		(506)	(727)	(1,233)
(2,096)	(4,002)	<b>(6,098)</b>	Impairment for uncollectable amounts		348	1,998	2,346
(1,443)	-	<b>(1,443)</b>	Provision for appeals		(8,579)	-	(8,579)
4,328	-	<b>4,328</b>	Use of previous years provision		3,482	-	3,482
(648)	-	<b>(648)</b>	Disregard amounts (Transitional Protection Payments)		3,570	-	3,570
(2,282)	-	<b>(2,282)</b>	Disregard amounts (Enterprise Zones)		(1,996)	-	(1,996)
(353)	-	<b>(353)</b>	Costs of collection		(352)	-	(352)
<b>(2,882)</b>	<b>(4,509)</b>	<b>(7,391)</b>			<b>(4,148)</b>	<b>1,271</b>	<b>(2,877)</b>
<b>78,150</b>	<b>116,962</b>	<b>195,112</b>	<b>Balance due for allocation</b>		<b>75,150</b>	<b>129,241</b>	<b>204,391</b>
<b>Precepts, Demands and Shares</b>							
(38,646)	-	<b>(38,646)</b>	Central Government		(44,219)		(44,219)
-	(16,203)	<b>(16,203)</b>	The Office of the PCC Staffordshire			(17,336)	(17,336)
(782)	(5,238)	<b>(6,020)</b>	Stoke-on-Trent and Staffordshire Fire and Rescue Authority		(884)	(5,605)	(6,489)
(38,336)	(95,697)	<b>(134,033)</b>	Stoke-on-Trent City Council		(43,335)	(102,549)	(145,884)
<b>(77,764)</b>	<b>(117,138)</b>	<b>(194,902)</b>			<b>(88,438)</b>	<b>(125,490)</b>	<b>(213,928)</b>
<b>386</b>	<b>(176)</b>	<b>210</b>			<b>(13,288)</b>	<b>3,751</b>	<b>(9,537)</b>

## 6.1 Collection Fund Statement (continued)

Business Rates 2022/23 £000	Council Tax 2022/23 £000	Total 2022/23 £000	Notes	Business Rates 2023/24 £000	Council Tax 2023/24 £000	Total 2023/24 £000
<b>Collection Fund Balance</b>						
(15,249)	3,681	(11,568)	Balance at the beginning of the year	11,568	3,480	15,049
<b>Previous year's estimated (surplus)/deficit paid in - current year</b>						
13,216	-	13,216	Central Government	(7,434)	-	(7,434)
-	(5)	(5)	The Office of the PCC Staffordshire		(288)	(288)
264	-	264	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	(149)	(93)	(242)
12,951	(20)	12,931	Stoke-on-Trent City Council	(7,285)	(1,705)	(8,990)
<b>26,431</b>	<b>(25)</b>	<b>26,406</b>		<b>(14,868)</b>	<b>(2,086)</b>	<b>(16,954)</b>
<b>Allocation of Surplus/(Deficit) in Year</b>						
193	-	193	Central Government	(6,644)		(6,644)
-	(24)	(24)	The Office of the PCC Staffordshire		518	518
4	(8)	(4)	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	(133)	168	35
189	(144)	45	Stoke-on-Trent City Council	(6,511)	3,065	(3,446)
386	(176)	210		(13,288)	3,751	(9,537)
<b>11,568</b>	<b>3,480</b>	<b>15,048</b>	<b>Balance at the End of the Year</b>	<b>(16,588)</b>	<b>5,145</b>	<b>(11,442)</b>
<b>Allocation of collection fund balance to:</b>						
5,784	-	5,784	Central Government	(8,294)		(8,294)
-	481	481	The Office of the PCC Staffordshire		711	711
116	156	272	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	(166)	230	64
5,669	2,843	8,512	Stoke-on-Trent City Council	(8,128)	4,204	(3,924)
<b>11,569</b>	<b>3,480</b>	<b>15,049</b>		<b>(16,588)</b>	<b>5,145</b>	<b>(11,443)</b>

## 6.2.1 Business Rates

The City Council collects business rates in its area based on non domestic rateable values multiplied by a uniform rate. From 1 April 2005 the Government introduced the small business rate relief scheme, those eligible pay a lesser rate.

'From 1 April 2013, the City Council retained 49% of the total amount collected, less certain reliefs and deductions, paying 1% to Stoke-on-Trent and Staffordshire Fire and Rescue Authority and 50% to Government. In 2023/24 the City Council's share amounted to £43,334k plus a proportion of the year end deficit of £6,511k (see note 6.1). In addition £33,701k was received as non-domestic rates top up

2022/23	Note	2023/24
51.2p Business rate multiplier		51.2p
49.9p Small business rate relief multiplier		49.9p
<b>£ 235,700,047 Non-domestic rateable value at year-end</b>		<b>£ 245,148,719</b>

2022/23 £000	Note	2023/24 £000
111,022 NDR gross charge		111,521
648 Transitional relief		(3,570)
(16,157) Mandatory relief		(16,720)
(9,768) Discretionary relief		(8,565)
(4,712) Other		(3,368)
<b>81,033</b>	<b>6.1</b>	<b>79,298</b>
388 Amounts written (off)/on	<b>6.1</b>	506
<b>81,421</b>		<b>79,804</b>

## 6.2.2 Council Tax

Council Tax income is derived from charges raised according to the value of the residential properties that have been classified into eight valuation bands for this purpose. The amounts credited to the collection fund are calculated as follows:

2022/23 £000	Note	2023/24 £000
159,783 Council tax gross charge		168,446
(4,689) Exemptions		(5,303)
(13,825) Discounts		(13,981)
(108) Disabled allowances		(103)
<b>141,161</b>		<b>149,059</b>
(507) Amounts written (off)/on		(727)
<b>140,654</b>		<b>148,332</b>
(19,690) Council tax local support	6.1	(21,089)
<b>120,964</b>		<b>127,243</b>

The following authorities made a demand or precept on the Collection Fund

2022/23 (£)	Note	2023/24 (£)
95,697,088 Stoke-on-Trent City Council	6.1	102,548,400
16,203,085 The Office of the Police and Crime Commissioner Staffordshire	6.1	17,336,269
5,237,631 Stoke-on-Trent and Staffordshire Fire and Rescue Authority	6.1	5,605,329
<b>117,137,804</b>	<b>6.1</b>	<b>125,489,998</b>

2022/23 (£000) Derivation of the Band D Council Tax	Note	2023/24 (£000)
95,697 Council Tax Requirement	6.1	102,548
65,185 Tax Base		66,532

£	<b>1,425.46</b>	<b>City Council Band D</b>	£	<b>1,541.34</b>
£	248.57	The Office of the Police and Crime Commissioner Staffordshire	£	260.57
£	80.35	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	£	84.25
£	<b>1,754.38</b>	<b>Combined Band D Council Tax</b>	£	<b>1,886.16</b>



## 6.2.2 Council Tax (continued)

The Council Tax Base is calculated by considering the number of dwellings in each band (after allowing for discounts) and expressing these in terms of Band D property equivalents. The bands are based on the open market capital values at 1 April 1991.

Valuation Band	Value Range	Number of Dwellings	Dwellings after discounts & exemptions	Ratio to Band D	Band D Equivalents
<b>A (entitled to Disabled Reduction)</b>		-	120	5/9	66.5
<b>A</b>	Up to £40,000	70,561	61,649	6/9	41,099.0
<b>B</b>	£40,001 - £52,000	25,316	22,764	7/9	17,705.5
<b>C</b>	£52,001 - £68,000	15,852	14,497	8/9	12,886.4
<b>D</b>	£68,001 - £88,000	5,073	5,265	1	5,264.9
<b>E</b>	£88,001 - £120,000	1,917	1,809	11/9	2,210.4
<b>F</b>	£120,001 - £160,000	526	505	13/9	729.4
<b>G</b>	£160,001 - £320,000	197	179	15/9	298.8
<b>H</b>	Over £320,000	40	24	18/9	47.5
					<b>80,308.4</b>
Local council tax support scheme: Estimated level of discounts to be awarded					(10,998.2)
Care Leavers					(6.0)
					<b>69,304.2</b>
Adjustments for collection rates					(2,772.1)
<b>Council Tax Base for 2023/24</b>					<b>66,532.1</b>

## 6.2.2 Council Tax (continued)

The overall Council Tax requirement of £102.548m then translates into individual Council Tax bills as shown below. The City Council also collects Council Tax on behalf of the Office of the Police and Crime Commissioner Staffordshire and the Stoke-on-Trent and Staffordshire Fire and Rescue.

The level at which Council Tax was set in 2023/24 was:

2022/23 £	Valuation Band	Stoke-on-Trent City Council	The Office of the Police and Crime Commissioner	Stoke-on-Trent and Staffordshire Fire and Rescue Authority	2023/24 £
1,198.00	<b>A</b>	1,027.56	173.71	56.17	1,257.44
1,397.67	<b>B</b>	1,198.81	202.67	65.53	1,467.01
1,597.33	<b>C</b>	1,370.08	231.62	74.89	1,676.59
1,797.00	<b>D</b>	1,541.34	260.57	84.25	1,886.16
2,196.33	<b>E</b>	1,883.87	318.47	102.97	2,305.31
2,595.67	<b>F</b>	2,226.38	376.38	121.69	2,724.45
2,995.00	<b>G</b>	2,568.90	434.28	140.42	3,143.60
3,614.00	<b>H</b>	3,082.68	521.14	168.50	3,772.32

# 7.0 Group Accounts



## 7.1 Group Accounts Introduction

The purpose of the Group Accounts is to provide a picture of Stoke-on-Trent City Council and the group of companies and other entities, which are either controlled or are significantly influenced by the Council. The Group accounts show the full extent of the Authority;s wider assets and liabilities. While the Group Accounts are not primary statements, they provide transparency and enable comparison with other entities that have different corporate entities.

The City Council has interests in a number of companies that are classified as a subsidiary, all of which have been considered for consolidation. Two of these, Fortior Homes Limited and Unitas Stoke-on-Trent Limited are considered to be material to the financial statements. Details of all subsidiary companies can be found in note 4.2.22.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with Fortior Homes Limited and Unitas Stoke-on-Trent Limited. Copies of the individual audited accounts are available from Companies House. The subsidiaries have been consolidated into the Group Accounts on a line by line basis, incorporating their income and expenditure fully in the relevant service revenue accounts.

The subsidiaries have been consolidated into the Group Accounts on a line by line basis, incorporating their income and expenditure fully in the relevant service revenue accounts.

The overall impact of the companies on the financial performance, financial position and cash flows of the group is relatively low. Compared to the single entity Stoke-on-Trent City Council accounts the overall surplus on the CIES decreased by £0.430m (£0.290m - 2022/23 increase), the net assets increase by £0.183m (£0.466m - 2022/23 increase) and the net increase /(decrease) in cash increased by £3.279m (£2.300m - 2022/23 increase).

The purpose of each of the core statements is explained in the relevant sections of the single entity accounts. No amendments have been necessary to the accounts of the group entities as a result of material differences arising from the variation in accounting policies.

The Group Accounts should be read in conjunction with Stoke City Council single entity accounts on pages 35 to 139. Only notes to the accounts that are materially different from the single entity accounts are produced for the group accounts.

## 7.1 Group Accounts Introduction (continued)

### **Fortior Homes Limited Support**

The Directors of Fortior Homes Ltd have received confirmation from the parent entity that it will continue to support the company in meeting its liabilities as they fall due for a period to 31 March 2027. Acknowledging this support and having reviewed the company's forecasts and rental projections, the Directors have a reasonable expectation that the company has adequate resources to continue in operation for at least 12 months from the date the financial statements are signed.

The company has therefore adopted the going concern basis in preparing its financial statement for 2023/24.

Fortior Homes has a loan covenant with the Council. Fortior is now fully compliant with the loan covenant.

During the period of the loan agreement and repayment period i.e. to the end of 31 March 2027, the Council is not intending to recall any loans or remove financial support for the company in its activities.

## 7.2 Comprehensive Income and Expenditure Statement - Group

2022/23				2023/24			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
191,370	(77,539)	113,831	Children and Family Services		142,865	(34,959)	107,906
173,578	(109,240)	64,338	Social Care, Health Integration and Wellbeing		199,468	(127,133)	72,335
115,035	(42,164)	72,871	Housing, Development and Growth		107,704	(53,783)	53,921
81,043	(36,714)	44,329	Strategy and Resources		79,502	(39,624)	39,878
809	-	809	City Director		16,537	(9,603)	6,934
94,811	(69,149)	25,662	Housing Revenue Account		77,652	(77,947)	(295)
56,517	(46,773)	9,744	Schools		97,210	(94,822)	2,388
988 -	63	925	Civic and Corporate Expenses		1,722	0	1,722
65,283	(61,930)	3,353	Benefit Payments		69,404	(66,607)	2,797
425	(4,169)	(3,744)	Non Departmental Costs		761	(1,005)	(244)
		-	- Redundancy/Actuarial Strain				0
779,859	(447,741)	332,118	Net Cost of Services		792,825	(505,483)	287,342
		50	Other Operating Expenditure				(2,704)
		42,169	Financing and Investment Income and Expenditure				58,515
		(284,046)	Taxation and Non-specific Grant Income	4.2.6d			(290,009)
		90,291	(Surplus)/Deficit on Provision of Services				53,144

## 7.2 Comprehensive Income and Expenditure Statement - Group (continued)

2022/23 Restated		2023/24	
Net Expenditure £000	Continuing Service Areas	Note	Net Expenditure £000
90,291	<b>(Surplus)/Deficit on Provision of Services</b>		<b>53,144</b>
(71,347)	(Surplus)/deficit on revaluation of non-current assets	4.2.10b	(58,246)
149	Impairment losses on non-current assets charged to revaluation reserves	4.2.10b	-
-	(Surplus)/deficit from investments in equity instruments designated at fair value through other comprehensive income	4.2.10f	-
(217,199)	Remeasurements on pension fund (assets) & liabilities	4.2.19c	(11,834)
(288,397)	<b>Other Comprehensive Income and Expenditure</b>		<b>(70,080)</b>
(198,106)	<b>Total Comprehensive Income and Expenditure</b>		<b>(16,936)</b>

## 7.3 Balance Sheet - Group

31 March 2022 Restated £000	31 March 2023 Restated £000		Note	31 March 2024 £000
1,390,945	1,432,266	Property, Plant and Equipment	7.6b	1,492,093
65,389	66,057	Heritage Assets	4.2.11e	66,497
74,689	94,673	Investment Property	7.6c	92,279
6,008	6,947	Intangible Assets		8,432
4,974	4,974	Long Term Investments	4.2.14d	
13,314	14,102	Long Term Debtors		14,136
-		Net Pensions Assets		1,546
<b>1,555,319</b>	<b>1,619,019</b>	<b>Long Term Assets</b>		<b>1,674,983</b>
13,184	-	Pension Contribution Debtor	4.2.19e	15,919
20	2	Short Term Investments		
1,770	1,832	Assets Held For Sale	-	
1,262	1,550	Stocks		1,509
68,146	67,798	Short Term Debtors	7.6d	12,337
30,160	30,838	Cash and Cash Equivalents	7.5	32,719
<b>114,542</b>	<b>102,020</b>	<b>Current Assets</b>		<b>62,484</b>
(45,924)	(48,458)	Short Term Borrowing	4.2.14b	(121,731)
(9,512)	(10,389)	Other Short Term Liabilities	4.2.14b	(16,488)
(115,465)	(97,804)	Short Term Creditors	7.6e	(22,120)
(4,054)	(8,757)	Grants Receipts in Advance	4.2.16b	(2,178)
(3,224)	(3,221)	Provisions		(5,719)
<b>(178,179)</b>	<b>(168,629)</b>	<b>Current Liabilities</b>		<b>(168,236)</b>
(5,975)	(4,988)	Provisions		(6,290)
(513,801)	(575,392)	Long Term Borrowing	4.2.14b	(604,261)
(80,035)	(69,256)	Other Long Term Liabilities	4.2.14b	(63,228)
(381,042)	(192,737)	Net Pensions Liabilities	4.2.19c	(147,939)
<b>(980,853)</b>	<b>(842,373)</b>	<b>Long Term Liabilities</b>		<b>(821,718)</b>
<b>510,829</b>	<b>710,037</b>	<b>Net Assets</b>		<b>747,513</b>



### 7.3 Balance Sheet - Group (continued)

31 March 2022 £000	31 March 2023 £000 Restated		Note	31 March 2024 £000
11,402	11,903	General Fund Balance	3.3	14,799
91,163	59,164	Earmarked Reserves - General Fund	4.2.9a	53,814
12,856	16,405	Usable Capital Receipts Reserve	4.2.9c	25,144
6,069	5,768	Housing Revenue Account Balance	5.2	8,154
541	417	Earmarked Reserves - HRA	4.2.9b	245
-	15	Major Repairs Reserve	5.3.2a	19
50,449	50,556	Capital Grants Unapplied	4.2.9d	50,850
<b>172,480</b>	<b>144,228</b>	<b>Total Authority Usable Reserves</b>		<b>153,025</b>
(40,774)	(39,821)	Subsidiary Profit & Loss		(1,362)
<b>131,706</b>	<b>104,407</b>	<b>Total Group Usable Reserves</b>		<b>151,663</b>
445,506	383,517	Capital Adjustment Account		359,400
297,858	381,244	Revaluation Reserve	4.2.10b	402,024
(4,464)	8,512	Collection Fund Adjustment Account	6.1	(3,587)
(342,515)	(154,210)	Pensions Reserve (Deficit)	4.2.10c	(146,393)
(4,478)	(3,848)	Accumulated Absences Account		(3,339)
(2,440)	(2,571)	Financial Instruments Adjustment Account	4.2.10e	(1,592)
4,955	5,782	Financial Instruments Revaluation Reserve		5,782
(21,202)	(21,202)	Dedicated Schools Grant Adjustment Account	4.2.10g	(21,202)
5,903	5,810	Deferred Capital Receipts Reserve	4.2.10d	5,587
<b>379,123</b>	<b>603,034</b>	<b>Total Authority Unusable Reserves</b>		<b>596,680</b>
	2,596	Share of Group Reserves		(830)
<b>379,123</b>	<b>605,630</b>	<b>Total Group Unusable Reserves</b>		<b>595,850</b>
<b>510,829</b>	<b>710,037</b>	<b>Total Reserves</b>		<b>747,513</b>

## 7.4 Movement in Reserves Statement - Group

2023/24	Note	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Authority Usable Reserves £000	Total Authority Unusable Reserves £000	Total Authority Reserves £000	Subsidiary Profit and Loss £000	Group Share of Reserves £000	Total Group Reserves £000
<b>Balance at 31 March 2023</b>		<b>71,067</b>	<b>6,185</b>	<b>15</b>	<b>16,405</b>	<b>50,556</b>	<b>144,228</b>	<b>603,034</b>	<b>747,262</b>	<b>(39,821)</b>	<b>2,597</b>	<b>710,038</b>
Group Surplus/Deficit	7.2	(52,450)	48,516	-	-	-	(3,934)	-	(3,934)	(49,210)	-	(53,144)
Other Comprehensive Income and Expenditure	7.2	-	-	-	-	-	-	53,626	53,626	(16,454)		37,172
Adjustments between group accounts and authority accounts	7.6f	7,421	(57,061)	-	-	-	(49,640)	2,375	(47,265)	104,123	(3,427)	53,431
<b>Net increase or decrease before transfers</b>		<b>(45,029)</b>	<b>(8,545)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(53,574)</b>	<b>56,001</b>	<b>2,427</b>	<b>38,459</b>	<b>(3,427)</b>	<b>37,459</b>
Adjustments between accounting basis and funding basis under statutory provisions	4.2.8	42,575	10,761	3	8,739	294	62,371	(62,355)	16			16
<b>Increase or decrease in year</b>		<b>(2,454)</b>	<b>2,216</b>	<b>3</b>	<b>8,739</b>	<b>294</b>	<b>8,797</b>	<b>(6,354)</b>	<b>2,443</b>	<b>38,459</b>	<b>(3,427)</b>	<b>37,475</b>
<b>Balance at 31 March 2024</b>		<b>68,613</b>	<b>8,401</b>	<b>18</b>	<b>25,144</b>	<b>50,850</b>	<b>153,025</b>	<b>596,680</b>	<b>749,705</b>	<b>(1,362)</b>	<b>(830)</b>	<b>747,513</b>

## 7.4 Movement in Reserves Statement - Group (continued)

2022/23	Note	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Authority Usable Reserves £000	Total Authority Unusable Reserves £000	Total Authority Reserves £000	Subsidiary Profit and Loss £000	Group Share of Reserves £000	Total Group Reserves £000
<b>Balance at 31 March 2022</b>		<b>102,566</b>	<b>6,612</b>	-	<b>12,856</b>	<b>50,449</b>	<b>173,928</b>	<b>376,235</b>	<b>550,163</b>	<b>(39,619)</b>	<b>1,388</b>	<b>511,932</b>
Group Surplus/Deficit	<b>7.2</b>	(71,404)	35,658	-	-	-	<b>(35,746)</b>	-	<b>(35,746)</b>	(54,545)	-	<b>(90,291)</b>
Other Comprehensive Income and Expenditure	<b>7.2</b>	-	-	-	-	-	-	287,101	<b>287,101</b>	-	-	<b>287,101</b>
Adjustments between group accounts and authority accounts	<b>7.6f</b>	10,104	(64,360)	-	-	-	<b>(54,256)</b>		<b>(54,256)</b>	54,343	1,209	<b>1,296</b>
<b>Net increase or decrease before transfers</b>		<b>(61,300)</b>	<b>(28,702)</b>	-	-	-	<b>(90,002)</b>	<b>287,101</b>	<b>197,099</b>	<b>(202)</b>	<b>1,209</b>	<b>198,106</b>
Adjustments between accounting basis and funding basis under statutory provisions	<b>4.2.8</b>	29,801	28,275	15	2,104	107	<b>60,302</b>	(60,302)	-	-	-	-
<b>Increase or decrease in year</b>		<b>(31,499)</b>	<b>(427)</b>	<b>15</b>	<b>2,104</b>	<b>107</b>	<b>(29,700)</b>	<b>226,799</b>	<b>197,099</b>	<b>(202)</b>	<b>1,209</b>	<b>198,106</b>
<b>Balance at 31 March 2023</b>		<b>71,067</b>	<b>6,185</b>	<b>15</b>	<b>14,960</b>	<b>50,556</b>	<b>144,228</b>	<b>603,034</b>	<b>747,262</b>	<b>(39,821)</b>	<b>2,597</b>	<b>710,038</b>

## 7.5 Cashflow Statement - Group

2022/23 £000		Note	2023/24 £000
<b>(90,291) Net surplus/(deficit) on the provision of services</b>		<b>7.2</b>	<b>(53,144)</b>
128,531	Adjustments to net surplus or deficit on the provision of services for non-cash movements		<b>69,891</b>
(57,850)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		<b>(53,660)</b>
<b>(19,610) Net Cash Flows from Operating Activities</b>			<b>(36,913)</b>
(43,381)	<b>Net Cash Flows from Investing Activities</b>		<b>(57,768)</b>
63,669	<b>Net Cash Flows from Financing Activities</b>	<b>4.2.24c</b>	96,562
<b>678 Net Increase or decrease in Cash and Cash Equivalents</b>			<b>1,881</b>
30,160	Cash and Cash Equivalents at the beginning of the reporting period	<b>7.3</b>	30,838
<b>30,838</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>	<b>7.3</b>	<b>32,719</b>

## 7.6 Notes to the Group Accounts

### a - Accounting Policies for the Group

In preparing the Group Accounts the council has aligned the accounting policies of the company with those of the council and made consolidation adjustments where necessary.

The Council has consolidated its interests in all the entities over which it exercises control or significant influence. The results of entities have been consolidated on a line by line basis as subsidiaries. Consolidation has been based on:

- For 2023/24 - the draft accounts of Fortior Homes Limited Group and Unitas Stoke-on-Trent Limited for the period ended 31 March 2024.
- For 2022/23 - the final accounts of Fortior Homes Limited Group and Unitas Stoke-on-Trent Limited for the period ended 31 March 2023.

Where group entities use different accounting policies to the Council, their accounts have been restated to re-align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

Intra-group transactions have been eliminated before consolidation on a line by line basis.

## 7.6 Notes to the Group Accounts (continued)

### b - Property, Plant & Equipment

<b>Movement on Balance 2023/24 Cost or Valuation</b>	<b>Council Dwellings £000</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles Plant Furniture &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Balance at 1 April</b>	<b>665,066</b>	<b>369,168</b>	<b>64,591</b>	<b>334,825</b>	<b>38,398</b>	<b>41,112</b>	<b>36,362</b>	<b>1,549,522</b>
Additions	24,598	4,755	4,858	20,794	1,063	1,116	41,229	98,413
Revaluation Increases/ (decreases) recognised in the:								
Revaluation Reserve	22,608	12,379		-		(82)		34,905
Surplus/Deficit on the Provision of Services	(12,594)	(4,362)		-		(2,756)		(19,712)
Derecognition through disposal and transfer (non- schools)		(1,183)	(1,902)	(277)		(5,978)	(458)	(9,798)
Derecognition through disposal and transfer (schools)		(29,546)	(1,367)	-		(119)		(31,032)
Reclassifications within PPE		(2,619)		42	146	3,285	(3,187)	(2,333)
Reclassifications (Other)						(2,451)		(2,451)
Reclassifications to IP	1,977			-				1,977
Assets reclassified (to)/from Held for Sale		26						26
<b>Balance at 31 March</b>	<b>701,655</b>	<b>348,618</b>	<b>66,180</b>	<b>355,384</b>	<b>39,607</b>	<b>34,127</b>	<b>73,946</b>	<b>1,619,517</b>

## 7.6 Notes to the Group Accounts (continued)

### b - Property, Plant & Equipment

<b>Movement on Balance</b>			Vehicles Plant				Assets Under	
<b>2023/24</b>	Council	Other Land	Furniture &	Infrastructure	Community	Surplus	Construction	<b>Total</b>
<b>Cost or Valuation</b>	<b>£000</b>	<b>£000</b>	<b>Equipment</b>	<b>Assets</b>	<b>Assets</b>	<b>Assets</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>1,426</b>	<b>(2,171)</b>	<b>(39,140)</b>	<b>(68,930)</b>	<b>(1,451)</b>	<b>(6,941)</b>	<b>(49)</b>	<b>(117,256)</b>
Depreciation charge in year	(18,589)	(9,405)	(6,302)	(12,539)		(78)		(46,913)
Depreciation written out to the:								-
Revaluation Reserve	14,293	6,047		-		60		20,400
Surplus/Deficit on the Provision of Services	4,225	2,986		-		154		7,365
Impairment losses/(reversals) recognised in the:		(96)				(361)		(457)
Revaluation Reserve				-				-
Surplus/Deficit on the Provision of Services				-				-
Derecognition through disposal and transfer (non-schools)		152	1,845	137				
Derecognition through disposal and transfer (schools)		724	1,057	-		5,547		7,328
Reclassifications within PPE	57	68			(37)	(14)		74
Assets reclassified (to)/from Held for Sale				-		(99)		(99)
<b>Balance at 31 March</b>	<b>1,412</b>	<b>(1,695)</b>	<b>(42,540)</b>	<b>(81,332)</b>	<b>(1,488)</b>	<b>(1,732)</b>	<b>(49)</b>	<b>(127,424)</b>
Net Book Value								
<b>At 31 March 2024</b>	<b>703,067</b>	<b>346,923</b>	<b>23,640</b>	<b>274,052</b>	<b>38,119</b>	<b>32,395</b>	<b>73,897</b>	<b>1,492,093</b>
At 31 March 2023	666,492	366,997	25,451	265,895	36,947	34,171	36,313	1,432,266

## 7.6 Notes to the Group Accounts (continued)

### b - Property, Plant & Equipment

<b>Movement on Balance</b>			Vehicles Plant Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	<b>Total</b>
<b>2022/23</b>	Council Dwellings	Other Land & Buildings						
<b>Cost or Valuation</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>623,762</b>	<b>380,868</b>	<b>60,422</b>	<b>272,900</b>	<b>37,808</b>	<b>35,292</b>	<b>93,494</b>	<b>1,504,546</b>
Additions	28,811	8,227	8,046	19,093	407	991	33,066	98,641
Revaluation Increases/ (decreases) recognised in the:								
Revaluation Reserve	45,858	6,210	-	-	183	784	-	53,035
Surplus/Deficit on the Provision of Services	(42,757)	(10,285)	-	-	-	668	-	(52,374)
Derecognition through disposal and transfer (non- schools)	(220)	(14,527)	(3,877)	(4)	-	(1,982)	(4,552)	(25,162)
Derecognition through disposal and transfer (schools)	-	-	-	-	-	-	-	-
Reclassifications within PPE	17,248	11,660	-	42,836	-	5,775	(77,519)	-
Reclassifications (Other)	-	(12,849)	-	-	-	-	(77)	(12,926)
Reclassifications to IP	-	(136)	-	-	-	-	(8,050)	(8,186)
Assets reclassified (to)/from Held for Sale	(7,636)	-	-	-	-	(416)	-	(8,052)
<b>Balance at 31 March</b>	<b>665,066</b>	<b>369,168</b>	<b>64,591</b>	<b>334,825</b>	<b>38,398</b>	<b>41,112</b>	<b>36,362</b>	<b>1,549,522</b>



## 7.6 Notes to the Group Accounts (continued)

### b - Property, Plant & Equipment

Movement on Balance 2022/23 Cost or Valuation	Council Dwellings £000	Other Land & Buildings £000	Vehicles Plant Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Balance at 1 April	(2,214)	(8,977)	(36,312)	(59,325)	(1,451)	(3,515)	(1,499)	(113,293)
Depreciation charge in year	(16,133)	(9,328)	(6,479)	(9,605)	-	(52)	-	(41,597)
Depreciation written out to the:								-
Revaluation Reserve	11,703	6,314	-	-	-	8	-	18,025
Surplus/Deficit on the Provision of Services	4,487	6,009	-	-	-	(14)	-	10,482
Impairment losses/(reversals) recognised in the:								-
Revaluation Reserve	-	(149)	-	-	-	-	-	(149)
Surplus/Deficit on the Provision of Services	-	(593)	-	-	-	-	(2,672)	(3,265)
Derecognition through disposal and transfer (non- schools)	6	4,504	3,651	2	-	-	4,164	12,327
Derecognition through disposal and transfer (schools)	-	-	-	-	-	-	-	-
Reclassifications within PPE	3,368	44	-	(2)	-	(3,368)	(42)	-
Assets reclassified (to)/from Held for Sale	209	5	-	-	-	-	-	214
Balance at 31 March	1,426	(2,171)	(39,140)	(68,930)	(1,451)	(6,941)	(49)	(117,256)
Net Book Value								
At 31 March 2023	666,492	366,997	25,451	265,895	36,947	34,171	36,313	1,432,266
At 31 March 2022	621,548	371,891	24,110	213,575	36,357	31,777	91,995	1,391,253

## 7.6 Notes to the Group Accounts (continued)

### c - Group Investment Property

	Note	City Council £000	Fortior Homes Ltd £000	Total Assets £000
<b>At 1 April 2022</b>		<b>32,640</b>	<b>42,049</b>	<b>74,689</b>
Additions		654	-	654
Upward revaluation		-	805	805
Downward revaluation		(1,500)	-	(1,500)
Disposals		-	(682)	(682)
Reclassification to/(from) investment property		12,657	8,050	20,707
<b>At 31 March 2023</b>		<b>44,451</b>	<b>50,222</b>	<b>94,673</b>
Additions		1,678	404	2,082
Upward revaluation		-	5,053	5,053
Downward revaluation		(5,372)	(482)	(5,854)
Disposals		-	(3,105)	(3,105)
Reclassification to/(from) investment property		(569)	-	(569)
<b>At 31 March 2024</b>		<b>40,188</b>	<b>52,091</b>	<b>92,279</b>

## 7.6 Notes to the Group Accounts (continued)

### d - Short Term Debtors

31 March 2023 £000		Note	31 March 2024 £000
11,302	Central government bodies	4.2.21b	3,904
1,387	Academies	4.2.21b	830
3,640	Other local authorities	4.2.21b	13,059
9,018	NHS bodies	4.2.21b	2,149
42,451	Other entities and individuals		(7,605)
<b>67,798</b>			<b>12,337</b>

### e - Short Term Creditors

31 March 2023 £000		Note	31 March 2024 £000
14,480	Central government bodies	4.2.21c	10,536
744	Other local authorities	4.2.21c	1,197
4,284	NHS bodies	4.2.21c	1,390
79,615	Other entities and individuals		8,997
<b>99,123</b>			<b>22,120</b>

## 7.6 Notes to the Group Accounts (continued)

### f - Adjustments between Group Accounts and Authority Accounts in the Group Movement in Reserves

	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Authority Usable Reserves £000	Total Authority Unusable Reserves £000	Total Authority Reserves £000	Subsidiary Profit and Loss £000	Share of Group Reserves £000	Total Group Reserves £000
<b>2023/24</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Sale of goods and services to subsidiaries	5,380	-	-	-	-	5,380	-	5,380	(5,380)	-	-
Purchases of goods and services from subsidiaries	-	(57,061)	-	-	-	(57,061)	-	(57,061)	111,430	-	54,369
Elimination of interest on loans	1,771	-	-	-	-	1,771	-	1,771	(1,771)	-	-
Surplus reallocation	270	-	-	-	-	270	-	270	(270)	-	-
Share valuation movement	-	-	-	-	-	-	3,427	3,427		(3,427)	-
Reclassification reserves to unuseable							(115)		115		
Expected credit loss on long term loan		-	-	-	-	-	-	-		-	-
<b>Adjustments between group accounts and authority accounts</b>	<b>7,421</b>	<b>(57,061)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(49,640)</b>	<b>3,312</b>	<b>(46,213)</b>	<b>104,124</b>	<b>(3,427)</b>	<b>54,369</b>

## 7.6 Notes to the Group Accounts (continued)

### f - Adjustments between Group Accounts and Authority Accounts in the Group Movement in Reserves

2022/23	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Usable Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Authority Usable Reserves £000	Total Authority Unusable Reserves £000	Total Authority Reserves £000	Subsidiary Profit and Loss £000	Share of Group Reserves £000	Total Group Reserves £000
Sale of goods and services to subsidiaries	5,375	-	-	-	-	5,375	-	5,375	(5,375)	-	-
Purchases of goods and services from subsidiaries	-	(64,360)	-	-	-	(64,360)	-	(64,360)	64,360	-	-
Elimination of interest on loans	2,442	-	-	-	-	2,442	-	2,442	(2,442)	-	-
Surplus reallocation	2,200	-	-	-	-	2,200	-	2,200	(2,200)	-	-
Share valuation movement	-	-	-	-	-	-	(1,296)	(1,296)	-	1,296	-
Expected credit loss on long term loan	87	-	-	-	-	87	-	87	-	(87)	-
<b>Adjustments between group accounts and authority accounts</b>	<b>10,104</b>	<b>(64,360)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(54,256)</b>	<b>(1,296)</b>	<b>(55,552)</b>	<b>54,343</b>	<b>1,209</b>	<b>-</b>

## 8.0 Other Statements





## 8.1 Statement of Accounting Policies (continued)

### Purpose

Accounting policies are the specific principles, conventions, rules and practices applied by a local authority in preparing and presenting its financial statements. They:

- set out the basis for accounting i.e. confirm (or otherwise) that the authority complies with the Accounting Code and relevant statutory reporting requirements
- highlight any changes in accounting policies or other information compared to previous years
- set out how any discretion on accounting policy choices permitted by the Accounting Code have been exercised
- identify new accounting policies which have been adopted, for example, on the implementation of a new reporting standard.

Accounting policies focus on recognition, measurement and presentation

The Statement of Accounts summarises the Council's transactions for the financial year as published and its position at the year-end of 31 March of that financial year. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2014, which require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2023/24 supported by International Financial Reporting Standards (IFRS).

The Cipfa code 2023/24 follows amendments to IAS 1 *Presentation of Financial Statements* to require disclosure of **material** accounting policy information not significant accounting policy information. Accounting policy information is material if, when considered together with other information included in an authority's financial statements, it can reasonably be expected to influence decisions that the users of local authority financial statements make on the basis of those financial statements

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been prepared on a 'going concern' basis; that is that there is the assumption that the functions of the Council will continue in operational existence.

## 8.1 Statement of Accounting Policies (continued)

### Accrued Revenue Income and Expenditure

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

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

### Basis of Charges for Capital

All interest charges and expenses arising on loans raised to fund capital expenditure are recharged on an accruals basis to the Housing Revenue Account and the General Fund as appropriate.

### Cash and Cash Equivalents

Cash is represented as cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Balance Sheet and 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 City Council's cash management strategy.



## 8.1 Statement of Accounting Policies (continued)

### Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following to record the service cost of using non-current assets during the year;

- depreciation
- revaluation and impairment losses
- amortisation of intangible assets

For General Fund the Council is not required to raise council tax to finance depreciation, revaluation and impairment losses or amortisation. These are replaced by a Minimum Revenue Provision charged to the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

For the Housing Revenue Account, the Council is not required to charge a Minimum Revenue Provision but instead sets aside resources to finance the principal of any amount borrowed.

### Contingent Liabilities

A contingent liability is a possible financial obligation that arises from past events which will only crystallise if certain events take place. The obligation cannot be measured sufficiently reliably and is disclosed as such.

### Council Tax and Non-Domestic Rates

The collection of council tax and non-domestic rates is an agency arrangement for the council, as billing authority, other preceptors and central government. The income in respect of the council from council tax and non-domestic rates is included in the Comprehensive Income and Expenditure Statement for the year on an accruals basis. The cash collected belongs proportionately to the City Council, the preceptors and central government. The City Council recognises its share of any outstanding council tax and non-domestic rates arrears, receipts in advance adjusted by an impairment allowance and an allowance for appeals made by non-domestic rates payers in its balance sheet.

Regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. 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 in the Movement in Reserves statement.

## 8.1 Statement of Accounting Policies (continued)

### Employee Benefits

#### Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period. This charge is reversed through the Movement in Reserves Statement to unusable reserves.

#### Termination Benefits

When the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the respective Service line in the Comprehensive Income and Expenditure Statement. Where those benefits involve the enhancement of pensions the amount payable is charged to the General Fund Balance.

#### Post-employment Benefits

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered on behalf of the Department for Education (DfE),
- The National Health Service (NHS) Pension scheme,
- The Local Government Pension Scheme (LGPS).

Each scheme provides defined benefits to members (retirement lump sums and pensions), earned whilst employees are working for the Council. However, the centralised arrangements for the Teachers' and NHS schemes mean that liabilities for these benefits cannot be identified specifically to the Council. These schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits recognised in the Balance Sheet. The Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pension Scheme and the NHS Pension Scheme in the year.

## 8.1 Statement of Accounting Policies (continued)

### Employee Benefits (continued)

The Local Government Pension Scheme is accounted for as a defined benefits scheme. The liabilities of the Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and forecasts of projected earnings for current employees). The increase in the liability arising from pensionable service earned during the year is recognised within the net cost of services.

The assets of the Pension Fund attributable to the Council are included in the Balance Sheet at their fair value. The change in the net pension liability is analysed into its components:

- **Current Service Cost:**

The increase in liabilities as a result of years of service earned this year is allocated in the Comprehensive Income and Expenditure Statement to the service areas for which the employees worked.

- **Past service cost;**

Is the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-distributed Costs. The Council also recognise a gain or loss on settlement when the settlement occurs. The settlement is deemed to occur when the authority enters into a transaction which eliminates all further obligations for part or all of the benefits provided under the LGPS defined benefit plan.

- **Net interest on the net defined benefit liability:**

The expected increase in the present value of liabilities during the year as they move one year closer to being paid offset by the interest on assets which is the interest on assets held at the start of the year and cash flows occurring during the period. The result is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- **Remeasurements:**

These comprise the return on plan assets excluding amounts included in net interest and actuarial gains and losses. The latter is the changes in the net pension liability which arise because actuaries have updated their assumptions. These are charged to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

- **Contributions paid to the Pension Fund:**

Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

## 8.1 Statement of Accounting Policies (continued)

### Employee Benefits (continued)

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and to replace them with debits for the cash paid to the pension fund and pensioners and any such amounts that are payable but remain unpaid at the year end.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

The figures that are used to account for the scheme are commissioned annually from the Staffordshire County Council Pension Fund actuary.

#### Discretionary Benefits

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

### Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period (31 March) and the date when the Statement of Accounts is authorised for issue. Two types of events can occur:

#### Adjusting Events

Those events that provide evidence that conditions existed at the end of the reporting period that would require accounting for – the Statement of Accounts is adjusted to reflect such events.

#### Non-adjusting Events

Those events that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and either their estimated financial effect or a statement that such an estimate cannot be made reliably.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts however the S.151 officer will advise the

## 8.1 Statement of Accounting Policies (continued)

### Financial Instruments

Financial Instruments are defined as any contract that gives rise to a financial asset of one body and a financial liability of another. Many assets and liabilities are collectively financial instruments even where separately identified on the balance sheet.

#### Financial Assets

The City Council has a number of investments that are financial assets which are classified on the basis of the authority's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The three main classes of financial assets are: .

- Amortised Cost
- Fair Value through Profit or Loss (FVPL), and
- Fair Value through Other Comprehensive Income (FVOCI)

#### Amortised Cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 and are subsequently carried at their amortised cost except for short-term receivables with no stated interest rate which are measured at invoiced cost. Annual credits to the Financing and Investment Income and Expenditure line in Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for that instrument.

## 8.1 Statement of Accounting Policies (continued)

### Financial Instruments (continued)

Where the City Council loans to organisations at less than market rates (soft loans) that are not material they are disclosed in a note to the financial statements, but no entries have been made in the Comprehensive Income and Expenditure Statement. Where a loan is material and has been treated as a soft loan and carried at fair value in the accounts. Any loss is debited to the appropriate service in the Comprehensive Income and Expenditure Statement with 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. The basis for the percentage rate used is a combination of the base rate at the time the loan was granted and an allowance for the risk that the loan may not be repaid.

Any gains and losses that arise on the de-recognition of the asset, are credited / debited to the Comprehensive Income and Expenditure Statement.

#### Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

Values are based on the following principles:

- instruments with quoted marked prices - the market price
- other instruments with fixed and determinable payments - discounted cash flow analysis
- equity shares with no quoted market prices – professional estimate

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

## 8.1 Statement of Accounting Policies (continued)

### Financial Instruments (continued)

#### Fair Value through Other Comprehensive Income

The Council has elected to designate investments in equity instruments to FVOCI where they are not held for trading. Movements in fair value will be accumulated in the Financial Instruments Revaluation Reserve until the asset is derecognised, at which point the net gain or loss would be transferred to the General Fund.

#### Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost, and where relevant FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place borrower could default on their obligations. Where the credit 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.

The Council will assess losses for the portfolio on a collective basis where a significant number of small loans are made at less than market rates to individuals and it does not have reasonable and supportable information available without undue cost or effort to support the measurement of lifetime expected losses on an individual basis.

Where the authority has a commitment to make loans at some point in the future, this commitment is not reflected in any accounting entries until the lender actually draws down some or all of the facility. A provision might be required to reflect potential defaults if the borrower were to exercise their drawdown rights.

#### Financial Liabilities

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

## 8.1 Statement of Accounting Policies (continued)

### Financial Instruments (continued)

The City Council may pay off or replace loans earlier than originally planned as part of its debt management strategy, dependent upon prevailing market conditions, risk and financial benefits that may accrue to the Council.

One of the mechanisms for managing long term loans is the restructuring of the debt portfolio. This may be carried out in order to achieve a more balanced debt profile, to change the volatility of existing debt, to amend cash flows or to reduce financing costs. Debt rescheduling may give rise to a payment to the lender (a premium) or a payment to the borrower (a discount).

Gains and losses on the re-purchase or early settlement of borrowing are credited / debited to Net Cost of Services in the Comprehensive Income and Expenditure Statement in the year of repurchase / settlement. However, where re-purchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

### Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the Council satisfies the conditions of entitlement to the grant / contribution, and there is reasonable assurance that the monies will be received. Where conditions are outstanding, the amounts are treated as either capital or revenue receipts in advance, forming part of short or long term creditors.

Service specific revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant) form part of Taxation and Non-Specific Grant Income at the foot of the Comprehensive Income and Expenditure Statement.

### Heritage Assets

The City Council's heritage assets are situated at various locations throughout the city but principally at the four main museums.

- Potteries Museum and Art Gallery – containing nationally important ceramics, the Staffordshire Hoard; the largest and most valuable Anglo-Saxon treasure ever found and a WWII Spitfire.
- Gladstone Pottery Museum – the only complete Victorian pottery factory from the days when coal-burning ovens made the world's finest bone china.



## 8.1 Statement of Accounting Policies (continued)

### Heritage Assets (continued)

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the City Council's accounting policies on property, plant and equipment, as amended and include intangible heritage assets. A level of £10,000 has been established for assets to be valued. Any assets less than this level are valued in line with the average increase in assets above £10,000.

The City Council's collections of heritage assets are reported in the balance sheet at valuations where the cost of obtaining professional valuations has not been prohibitive.

#### Ceramics, Porcelain and Fine Arts

The ceramics and porcelain artefacts and fine art collection, which includes paintings (both oil and watercolour), prints, sculptures and sketches are deemed to have indeterminate useful lives and a high residual value therefore depreciation is not charged.

Acquisitions are initially recognised at cost and donations are recognised using a valuation provided by an external valuer.

#### Machinery, Equipment and other Artefacts from the Pottery Industry

The City Council considers that obtaining valuations for the vast majority of machinery, equipment and other artefacts and ephemera from the pottery industry exhibited would, due to the diverse nature of the assets held and the lack of comparable values, involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements and consequently the City Council does not specifically recognise this collection of heritage assets on the balance sheet. Where acquisitions take place, these are initially recognised at cost or where bequeathed or donated, at nil consideration.

#### Archaeology

The Council does not consider that reliable cost or valuation information can be obtained for the items held for the majority of its archaeological collection. This is because of the diverse nature of the assets held and lack of comparable market values. Consequently the City Council does not recognise these assets on the balance sheet

#### Property

The City Council considers the Gladstone Pottery Museum, Etruria Industrial Museum and Ford Green Hall buildings as heritage assets and are held on the balance sheet in accordance with the City Council's accounting policies on property, plant and equipment.

## 8.1 Statement of Accounting Policies (continued)

### Heritage Assets (continued)

#### Heritage Assets – General

Where there is evidence of impairment the carrying amounts of heritage assets will be reviewed e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for, where applicable, in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

### Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the City Council e.g. software licenses, is capitalised when it brings economic or service benefits for more than one year. Intangible fixed assets are initially recognised at cost. Thereafter, where an active market exists for the asset they are carried at fair value, otherwise they are included in the balance sheet at historic cost less any accumulated amortisation and impairment.

## 8.1 Statement of Accounting Policies (continued)

### Interests in Companies and Other Entities

The Council has registered subsidiary companies in respect of a Fortior Homes, Unitas Stoke-on-Trent, Stoke EnergyCo, STCC RP and Stoke on Trent Futures. Subsidiary companies are consolidated as part of the group accounts only when transactions are considered material. The Council has no material interests in companies and other entities that have the nature of associates and jointly controlled entities. In order to align group entities accounting policies to those used by the Council and ensure consistency of accounting treatment across the group, the following principles have been adopted:

- Consolidation of Subsidiaries - Subsidiaries have been consolidated using the acquisition accounting basis. This is a full, line by line consolidation of the financial transactions and balances of the Council and its subsidiaries. To avoid overstating the figures within the group financial statements, all transactions and balances between members of the group (the Council and its subsidiaries) have been eliminated.
- Alignment of accounting framework and policies - Where group organisations use different accounting policies to the Council, their accounts have been restated to align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.
- Unrealised profits from intra-group transactions - Any unrealised profit reflected in the carrying amount of property, plant and equipment and inventory arising from trading between the Council and its group companies will be eliminated to avoid the double counting of gains.
- Company losses Accounting Treatment - The Group Comprehensive Income and Expenditure Account includes the profits / losses arising in each of the wholly owned subsidiary companies. Profits/losses from wholly owned subsidiaries are included in Group Surplus or Deficit on Provision of Services from ordinary trading activities.

### Investment and Surplus Property

Investment property is held solely to earn rentals and / or for capital appreciation and are measured initially at cost and subsequently at fair value. Investment Properties are not depreciated but are revalued annually. Gains and losses on revaluation and disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The gains and losses are not permitted by statute to impact on the General Fund Balance so are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Costs and Income received in relation to investment properties is credited to the Financing and Investment Income line and result in a gain/loss to the General Fund Balance.

Assets identified as 'of indeterminate use' are classified as surplus assets within Property, Plant and Equipment. Housing related assets and assets held to provide economic regeneration are classified as operational properties based on their principal function being service related.

## 8.1 Statement of Accounting Policies (continued)

### Leases

#### Finance Leases

The City Council as lessee:

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to pay the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the surplus / deficit for the year. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rentals are expensed in the period in which they are incurred.

The City Council as lessor:

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is treated as a disposal. Amounts due from lessee is recorded as a long-term debtor at the amount of the City Council's net investment in the lease. Where income received under leases qualifies under the definition of capital receipts, the element of finance lease payments relating to the write-down of the debtor's obligation will be treated as a capital receipt applied to accounting periods, so to reflect a constant periodic rate of return on the City Council's net investment outstanding in respect of the leases.

#### Operating Leases

The City Council as lessee:

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

The City Council as lessor:

Where the Council grants an operating lease, the asset is retained in the Balance Sheet. Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying

## 8.1 Statement of Accounting Policies (continued)

### Minimum Revenue Provision

The Council set aside from its General Fund Revenue Account a regular provision for repayment of debt. There is no longer a separate requirement to set aside a minimum revenue provision from the Housing Revenue Account.

MRP relating to pre 2008 debt liability will be charged at the rate of 2% straight line. Post 2008 MRP reflected within the debt liability at the end of the financial year will be subject to MRP based on Asset Life charged over a period which is reasonably commensurate with the estimated useful life of the asset (or group of assets) as determined by professional judgement. Where the underlying borrowing is by way of a finance lease or service concession arrangement (PFI scheme), additional revenue provision may be set aside based on the capital repayment plan of the agreement.

The City Council may apply an additional voluntary contribution, including capital receipts or revenue contributions, to reduce its debt liability. In instances where the Council incurs borrowing in order to lend funds to a third party, it will treat any advance as “Serviced debt” and therefore no MRP will be set-aside providing there is an agreed repayment date. Annually the Council will undertake a financial assessment of the third parties ability to repay the debt and where any adverse changes are perceived to be occurring then a provision will be created to cover any future potential financial losses.

### Non-Current Assets Held for Sale

Classified as Non-current assets where the sale is highly probable, the asset is available for immediate sale in its present condition and the City Council is committed to and actively marketing the sale and which is normally expected to qualify for recognition as a completed sale within one year from the date of classification. The assets is measured at the lower of their previous carrying amount or fair value less costs to sell. Fair value is open market value including alternative uses. Depreciation is not charged on Assets Held for Sale.

The gain or loss on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in Other Operating Expenditure within the Comprehensive Income and Expenditure Statement. Where the asset no longer meets the criteria it is 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 Assets Held for Sale, and their recoverable amount at the date of the decision not to sell.

### Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Authority’s arrangements for the operation

## 8.1 Statement of Accounting Policies (continued)

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

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

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

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

### Private Finance Initiative (PFI) and Similar Contracts

PFI and service concessionary transactions are treated in the City Council's accounts in accordance with the Code, based on IFRIC12 (control of asset). Non-current assets related to these contracts and recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The following PFI schemes (or similar) are deemed to be controlled and the assets recognised as operational as a consequence:

- Schools - assets transferred to Transform Schools (Stoke) Limited
- Street Lighting - assets transferred to Tay Valley Lighting (Stoke-on-Trent)
- Bentilee District Centre - assets transferred to Bentilee HUB (Project Company)
- Extra Care – assets transferred to Sapphire Extra Care Limited

The amounts payable to the PFI operators each year (known as the unitary charge) are analysed into five elements:

- fair value of the services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- finance cost - an interest charge of an agreed % on the outstanding balance sheet liability, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;
- contingent rent - increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement;
- lifecycle replacement costs (regular major planned refurbishments) - recognised as non-current assets on the balance sheet;
- payment towards liability - applied to write down the balance sheet liability towards the PFI operator.

## 8.1 Statement of Accounting Policies (continued)

### Property, Plant and Equipment

#### Recognition

Classified as assets that have physical substance and provide benefits and are expected to be used during more than one financial year.

Expenditure on the acquisition, creation or enhancement of property, plant and equipment has been capitalised on an accruals basis where it is probable that the future economic benefits or service potential associated with the item will flow to the entity and the cost of the item can be measured reliably.

This excludes routine repairs and maintenance, which is charged directly to the service revenue accounts.

The Council has set an administrative capital de minimis levels:

o Land and Buildings	£15,000
o Equipment	£5,000
o Schools Capital	£2,000

This does not preclude expenditure below these levels being recognised particularly those relating to a number of assets the costs of which are collectively above the de minimis levels e.g. computer equipment.

Where expenditure is determined not to add value to an asset and the asset is held at fair value the expenditure is treated as impairment and charged to the Comprehensive Income and Expenditure Statement in the year incurred.

#### Measurement and Valuation

Property, plant and equipment is initially measured at cost, being costs attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Thereafter the assets are valued, dependent upon their class, as follows:

- Infrastructure and community assets – depreciated historic cost less any impairment loss where applicable;
- community buildings – depreciated historic cost
- assets under construction – historic cost;

## 8.1 Statement of Accounting Policies (continued)

### Property, Plant and Equipment (continued)

Current value is assessed as:

- council dwellings – existing use value - social housing (EUV-SH) with an adjustment factor (Vacant Possession Adjustment Factor) applied to the open market value to recognise the continuing occupation of a secure tenant;
- specialised assets for which there is no active market – depreciated replacement cost;
- non-property assets with short useful lives and/or low values – depreciated historic cost as a proxy for fair value;
- other properties - existing use value;

The asset values for property related assets are based upon certificates issued by the City Council's Valuation Officers and independent external valuers. Revaluations will be made with sufficient regularity to ensure that the carrying amount reflects the fair value at the end of the reporting period. Valuations shall be carried out at intervals of no more than five years.

Revaluation gains or losses arising are taken to the Revaluation Reserve except where the asset has been subject to a previous revaluation or impairment loss in which case all or part of the gain/loss is credited/debited to the Comprehensive Income and Expenditure Statement.

Asset Components are considered for recognition where individual buildings are revalued to a fair value that is greater than £1m, have different useful lives and / or depreciation bases and the depreciation charges materially affect the statement of accounts.

#### Depreciation

The City Council does not charge depreciation in the year of acquisition, but does charge a full year's depreciation in the year of disposal. The general principle being that the value of assets is allocated to services over the periods expected to benefit from their use.

Property, plant and equipment are depreciated using the straight line method, over the useful economic lives as advised typically:

- Infrastructure 20 - 40 years
- Buildings 20 - 60 years
- Vehicles, Plant and Equipment 5 – 20 years

Land is considered to have an indefinite useful life and is not depreciated but is subject to impairment review.

#### Impairment

The City Council undertakes an annual assessment as to whether any indication of impairment of its assets exists or that any impairment loss



## 8.1 Statement of Accounting Policies (continued)

### Property, Plant and Equipment (continued)

Where a material impairment is identified this is accounted for by writing off the impairment charge against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the Comprehensive Income and Expenditure Statement. as to whether any indication of impairment of its assets exists or that any impairment loss previously recognised may have decreased.

Where an impairment reversal is identified it is credited to the Comprehensive Income and Expenditure Statement to the extent that the carrying value of the assets returns to that which would have been the case if no previous impairment had occurred. Any excess gain over this amount is treated as a revaluation gain and credited to the Revaluation Reserve.

#### Disposals and asset derecognition

When an asset or significant component is disposed of, derecognised, replaced or decommissioned the gain or loss on disposal, being the difference between the net disposal proceeds, if any, and the net carrying amount of the asset, is recognised in the Comprehensive Income and Expenditure Statement. Any revaluation gains in the Revaluation Reserve related to the asset or part thereof are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposal is payable to the Government. As a result of changes in legislation, as set out in amendments to the Local Government Act 2003, the City Council also has the option to retain 100% of some receipts (Non Right-to-Buy and 1-4-1 replacement) provided that they are used for the provision of affordable housing, regeneration projects or the repayment of housing debt. The balance of receipts is credited to the Usable Capital Receipts Reserve, and, subject to any direction by central government, can then only be used to finance new capital investment or reduce the City Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Usable Capital Receipts Reserve via the Movement in Reserves Statement.

#### Revaluation on Disposal of Housing Assets

HRA assets disposed of under Right to Buy (RTB) legislation continue to be valued as operational assets up to the point of disposal. Once disposal takes place there is no revaluation to the discounted RTB value. This approach is in line with the MHCLG Guidance on Stock Valuation for Resource Accounting which authorities in England are required to follow.

### Provisions

Provisions are only recognised when the City Council has a present obligation as a result of a past event, where it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made however the timing or the actual amount involved is uncertain. Where the obligation is expected to be settled after more than one year and the effect of the time value of money is material, the amount of a provision reflects the present value of the expenditure expected to be required to settle the obligation.

## 8.1 Statement of Accounting Policies (continued)

### Provisions (continued)

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

### Reserves

The City Council sets aside specific amounts as reserves for future policy purposes or to cover future events / contingencies. When the expenditure to be financed from reserves is incurred, it is charged to the appropriate service revenue account and included in net cost of services in the Comprehensive Income and Expenditure Statement. The corresponding amount is then transferred from the appropriate reserve account back into the General Fund to ensure that there is no further charge on the council tax for that year. The City Council's usable reserves include both usable earmarked reserves, which are set aside for specific purposes; and the General Reserve, which is set aside for future general use.

The City Council has a number of unusable reserves that are not able to be used to provide services. These represent unrealised gains and losses and adjustments between accounting basis and funding basis under regulation.44.

### 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 fixed assets has been charged as expenditure to the relevant service revenue account in the year. Where the City Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, amounts charged are reversed out of the General Fund Balance as a Movement on Reserves to ensure there is no impact on the level of Council Tax.

### Schools - Foundation Schools and Academies

In accordance with the "Schools Organisation" (Prescribed Alteration to Maintained School) (England) Regulation 2007, the freehold title to land and buildings occupied by any foundation school, is transferred from the City Council to the governing body of the school, together with any contractual obligations and benefits. To determine the Balance Sheet treatment of Foundation School assets, the City Council has considered who bears the risk and rewards of ownership. It is the City Council's view that land is foundation school responsibility and is derecognised from the Councils balance sheet. Where the Foundation School building is part of the PFI scheme, the accounting treatment is in line with IFRIC 12: Service Concession Arrangements and is recognised on the balance sheet for the period of the PFI contract.

## 8.1 Statement of Accounting Policies (continued)

### Schools - Foundation Schools and Academies (continued)

For Academies, it is the City Council's view that academy schools are an independent entity and bear a significant proportion of the risks and rewards relating to the school, hence the assets and liabilities of the academies are not consolidated into the City Council's Balance Sheet.

The City Council derecognises all of the assets and liabilities in the financial year applicable to the date specified in the academy conversion order for the schools to convert. Derecognition is applied in full and charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the financial year in which they were derecognised.

### VAT

VAT is included within the accounts only to the extent that it is irrecoverable. The City Council is able to recover VAT on nearly all its expenditure (input tax) and in addition, accounts for VAT on its income (output tax) where applicable.

### Voluntary Aided and Voluntary Controlled (Faith) Schools

Schools governing bodies are separate entities to the Council but (with the exception of academies and free schools) are considered to be part of the council and their activities are reported within the Comprehensive Income and Expenditure Statement. Non-current assets are recognised on the balance sheet as they are considered to be within the scope of IFRIC 12: Service Concession Arrangements and controlled by the Council under that contract.

## 8.2 Glossary of Financial Terms

Term	Definition
12-month expected credit losses	The expected credit losses for a financial asset that are projected for the possible default events that might happen only in the next financial year.
Accruals accounting	A basis of accounting in which the effects of transactions and other events on an authority's resources are accounted for when the effects occur; not when the relevant cash receipts or payments take place. For instance, employee costs are treated as an expense as employees provide services to the authority, not when salaries are paid.
Accumulated Absences Adjustment Account	The unusable reserve that absorbs the differences that would otherwise arise from accruing for the cost of holiday entitlements outstanding at the end of the year whereas statutory provisions permit them to be funded in the year the benefit is taken.
Actuarial gains and losses	Changes in the Council's pensions liabilities calculated at the end of the previous year as a result of actual events being different from those predicted by the actuary or because the actuary has updated their assumptions.
Actuary	The expert engaged by the Council to calculate its pensions liabilities.
Agency arrangements	Arrangements under which the Council provides goods or services to third parties on behalf of another organisation.
Amortisation	The spreading of the cost of an asset over a number of financial years to fairly represent the period over which the Council benefits from the asset.
Amortised cost	A way of measuring financial instruments that ignores changes in fair value but takes into account the spreading of transactions costs over the instrument term and the impact of any concessionary interest rates.
Amortised cost financial assets	Investments for which any gains and losses in fair value are not accounted for until the investment matures or is sold. Defined as financial assets: held within a business model whose objective is to hold investments in order to collect their contractual cash flows, and; which have the form of a basic lending arrangement (i.e., contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding).
Annual Governance Statement	A statement published with the Statement of Accounts prepared in accordance with the CIPFA/SOLACE publication Delivering Good Governance in Local Government: Framework. It assesses the effectiveness of the arrangements the Council has put in place to govern decision-making and accountability.
Appointed auditors	The auditor appointed by Public Sector Audit Appointments to carry out the external audit of the Council's accounts.
Assets	Present economic resources controlled by the Council as a result of past events. Assets include such things as the Council's property, cash and investments and sums owed to it.
Asset held for sale	An asset (or group of assets and liabilities) whose value will be recovered principally by being sold rather than through its continued use in the provision of services.

## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Assets under construction	Property, plant and equipment that is being constructed for use by the Council but which is not yet operational.
Audit	Activity that investigates whether the Council's financial systems and other accounting arrangements are adequately designed and operating effectively, and that the information they produce is reliable for the purposes of preparing financial statements.
Audit committee	A committee of the Council that oversees the work of internal auditors and considers reports from the external auditors.
Balance Sheet	The financial statement that summarises the assets and liabilities of the Council at the end of the financial year and shows how net assets are balanced by the reserves held by the Council.
Balance sheet date	The last day of the financial year - the date for which the balance sheet is prepared.
Beacon property	A property that is similar to others held by the Council, so that its valuation can be used to estimate a valuation for those other properties.
Capital Adjustment Account	The unusable reserve that absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets (largely depreciation) and for the financing of the acquisition, construction or enhancement of those assets from revenue, grants, contributions and capital receipts as determined under statutory provisions. (The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.)
Capital expenditure	The expenditure incurred by the Council that is intended to provide longer-term benefits and qualifies to be paid for from capital resources, rather than charged to revenue as it is incurred. The definition covers expenditure that results in the recognition of non-current assets in the Balance Assets and other transactions specified in Government regulations.
Capital financing	The Council's arrangements for meeting the cost of capital expenditure, covering capital grants and contributions, capital receipts and charges to revenue over the period that will benefit from the expenditure.
Capital Financing Requirement	The measure of the Council's capital expenditure that has yet to be financed, as defined in the Prudential Code. It increases as capital expenditure is incurred and reduces when resources are set aside as capital finance.
Capital grants	Grants given to meet the cost of capital expenditure.
Capital Grants Unapplied	The amount in the Balance Sheet of capital grants that have not yet been used and will have to be repaid if conditions for their use are not met.
Capital programme	The Council's plans for capital expenditure, usually detailing the individual projects that are to be carried out, their budgeted cost and the expenditure incurred to date on them.
Capital receipts	Income received from the sale of non-current assets (particularly property) and from other transactions specified in Government regulations. Their use is largely restricted to financing capital expenditure.

## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Capital Receipts Reserve	The reserve in the Balance Sheet that holds the capital receipts that have yet to be applied to financing capital expenditure.
Capital resources	All the resources available to the Council to finance capital expenditure, comprising capital grants and contributions and capital receipts.
Capital strategy	The annual strategy that the Prudential Code requires the Council to prepare. It gives an overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services, how associated risk is managed and the implications for future financial sustainability.
Capitalisation direction	A permission from the Government to treat a specified amount of revenue expenditure as if it were capital expenditure, allowing it to be financed from capital resources or MRP.
Cash	Notes and coins held by the Council and money in bank accounts that can be withdrawn on demand.
Cash equivalents	Investments that are comparable to cash, being short-term, highly liquid and readily convertible to known amounts of cash and unlikely to change in value.
Code of Practice on Local Authority Accounting	The document that specifies the contents of the Council's statement of accounts, the accounting policies it must follow, the presentation of the financial statements and the notes to be provided.
Collection Fund	The separate accounting arrangements for the collection of council tax and business rates and the sharing of the proceeds between the Council, Government and other public bodies.
Collection Fund Adjustment Account	The unusable reserve that manages the differences arising from the recognition of council tax and business rates income as it falls due from tax payers compared with the statutory arrangements for paying across annual entitlements from the Collection Fund to the General Fund.
Community assets	Property, plant or equipment that the Council intends to hold in perpetuity that has no determinable life (such as open spaces) and which may have restrictions on its disposal (excluding heritage assets).
Community schools	State-funded schools for which the Council is responsible for owning the land and buildings, employing the staff and determining admissions.
Componentisation	The process of splitting an asset into its component parts so that depreciation can be calculated separately for components with different useful lives.
Comprehensive Income and Expenditure Statement (CIES)	The financial statement that summarises the expenditure that the Council has incurred in providing services and the income it has generated during the year and other gains and losses arising from changes in the value of assets and liabilities.
Contingent rent	Rent payable under a lease that is not fixed but based on the future amount of a factor (such as a rent review based on an inflation index).

## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Contingent liability	A possible obligation for the Council that arises as a result of something that has happened before the year-end, but whose existence will not be confirmed until an uncertain future event (not wholly within the Council's control) either takes place or does not.
Contract asset	An asset arising from a contract for the purchase of goods and/or services from the Council, where the Council has met some of its performance obligations but is not yet entitled unconditionally to receive payment
Council tax	The tax raised on households, based each year on the position of the property in eight valuation bands A to H.
Council tax base	The measure of the Council's potential to raise council tax, based on the number of Band D equivalent properties in the local area.
Council tax requirement	The excess of the expenditure planned by the Council for the next financial year over its projected income and use of reserves, which will therefore need to be raised from council tax.
Creditors	The organisations and individuals that the Council owes money to.
Current value	The measurement bases for property, plant and equipment, reflecting the economic environment for the service the item is supporting. Possible methods comprise: existing use value, existing-use value - social housing, depreciated replacement cost and fair value.
Debtors	The organisations and individuals that owe the Council money.
Dedicated Schools Grant	The Government funding provided to the Council to support the Schools Budget.
DSG Adjustment Account	An adjustment account that accumulates overspends on the Schools Budget.
Deferred Capital Receipts Reserve	The unusable reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place
Defined benefit scheme	A pension scheme where the future benefits receivable by pensioners are guaranteed and sufficient contributions have to be paid into the fund to ensure that payments will be affordable.
Defined contribution scheme	A pension scheme where the contributions payable into the fund are fixed and the benefits receivable by pensioners will depend on the assets that the fund has accumulated to pay them.
Dividends	Income received from distribution of the profits of companies in which the Council holds shares.
Depreciated historical cost (DHC)	A method for measuring property, plant and equipment based on the cost of an asset, reduced by the depreciation charged on it and impairment losses incurred.
Depreciated replacement cost (DRC)	A method for valuing property, plant and equipment based on the estimated cost of replacing an asset with its modern equivalent less deductions to reflect its current physical condition.
Earmarked reserves	Amounts of revenue reserves that have been identified as cover for future spending plans or contingencies.
Events after the reporting period	Events that have taken place after the financial year that might require the accounts to be adjusted or supplemented with further information in order for them to be true and fair.



## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Expected credit losses (ECLs)	The credit losses that the Council estimates will arise from the amounts that it is currently owed. ECLs are calculated by measuring the losses that would arise from different default scenarios, resulting in a weighted average loss based on the probability of each scenario taking place.
Expenditure and Funding Analysis	A note to the financial statements that compares the Council's net expenditure for the year in accounting terms (as shown in the Comprehensive Income and Expenditure Statement) to the net spend against the General Fund Balance (against which the Council monitors its progress against budget, as shown in the Movement in Reserves Statement).
Existing use value (EUV)	A basis for valuing property, plant and equipment that estimates a sale price for an asset disregarding potential alternative uses and any other characteristics of the asset that would make its market value different from the expenditure needed to replace the remaining service potential at least cost.
Existing use value - social housing	A specific existing use valuation basis for social housing.
Fair value	The price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants.
Fair value through other comprehensive income financial assets	Investments for which gains and losses in fair value are recognised on the Balance Sheet but do not impact on the Council's income as they arise but only when the investment matures or is sold. Defined as financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling investments, and which have the form of a basic lending arrangement.
Fair value through profit or loss financial assets	Defined as financial assets that do not qualify for measurement at amortised cost or fair value through other comprehensive income. Movements in their fair value are recognised as income and expenditure when they arise.
Financial instrument	A contract that gives one party a financial asset and the other party a financial liability (or an equity instrument), such as a loan, credit terms for the purchase of goods or services or a share in a company.
Financial Instruments Adjustment Account	An unusable reserve that absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. For example, a debit balance on the Account shows that the Council has incurred expenses on borrowings that the Government has permitted it to spread over future years.
Financial Instruments Revaluation Reserve	An unusable reserve that contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The Council might benefit in the future from the gains when the investments mature or are sold or they might be lost in falls in value.



## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Flexible use of capital receipts	Statutory arrangements allowing revenue expenditure to be financed from capital receipts if the expenditure is intended to generate ongoing savings in the delivery of services and/or transform service delivery to reduce costs.
General Fund	The fund into which the Council pays all its revenue income and from which it incurs all its revenue expenditure, unless specifically mandated by law not to.
General Fund Balance	The surplus or deficit on the General Fund at a particular date arising from all transactions up to that date, showing the ability of the Council to fund future revenue expenditure (surplus) or the requirement to make savings or raise additional income (deficit).
Group accounts	Financial statements that bring together the transactions and balances of a local authority and its subsidiaries, associates and joint ventures as if they were a single economic entity.
Going Concern	The assumption made when preparing the financial statements that the functions of the Council will continue in operational existence for the foreseeable future, in particular so that assets can be valued on the contribution they will continue to make to the Council's services rather than the price that would be obtained if they were sold on its liquidation.
Heritage assets	Assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture (such as historic buildings, museum collections and public art).
Historical cost	An accounting convention based on what items actually cost to acquire or construct and the cost of their subsequent enhancement, rather than the value they currently have.
Housing Revenue Account (HRA)	The account that ring-fences the running costs for the Council's housing stock and the rents collectable from tenants, ensuring that the service is not subsidised by council tax payers.
IAS	International Accounting Standard - the title for the various standards issued by the IASB before 2003.
IFRIC	The title of interpretations of IFRS issued by the IFRS Interpretations Committee and its predecessors
IFRS	International Financial Reporting Standards - the suite of standards issued by the IASB that form the basis for the Code of Practice on Local Authority Accounting. Also the title for the various individual standards issued by the IASB from 2003 onwards.
Infrastructure assets	Assets whose purpose is fixed once they are constructed and whose value can only be recovered through their continued use for this purpose, such as roads and bridges.
Intangible assets	Assets that do not have physical substance, such as computer software, licences and websites supporting the Council's services.

## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Investment property	Land and/or buildings held solely to earn rentals or to benefit from increases in their value (or both), and not for use in the production or supply of goods or services, for administrative purposes or for sale as part of the Council's normal business.
Lifecycle replacement costs	Costs incurred under a service concession arrangement for the replacement of worn-out components of the service concession asset over the term of the contract.
Lifetime expected credit losses	The expected credit losses that are projected to arise from all possible default events that might happen in the lifetime of a financial asset.
LOBO (lender option borrower option)	A type of loan where the lender has options on particular dates to change the interest rate. If a lender option is exercised, this triggers an option for the borrower to repay the loan.
Loss allowance	An allowance made by setting funds aside to cover the expected credit losses calculated for a financial asset.
Maintained schools	Schools overseen by the Council, particularly in the provision of funding, comprising community, foundation, voluntary-aided and voluntary-controlled schools.
Major Repairs Reserve	A statutory reserve that accumulates resources to finance capital expenditure on the Council's housing stock, built up from transfers from the HRA of amounts equal to the depreciation of the stock each year.
Market value	The price at which an asset could be sold in a competitive market.
Materiality	A measure of the significance of information potentially to be included in the financial statements, whereby its omission, misstatement or obscuration could reasonably be expected to influence decisions that the primary users make on the basis of those financial statements. Materiality is important for influencing what figures should be included in the financial statements, how precise those figures need to be, and how much additional information needs to be provided about them.
Movement in Reserves Statement (MiRS)	The financial statement that shows the balances of capital and revenue resources available to the Council at the year-end, detailing how these balances have been arrived at by adjustments to the financial performance established by proper accounting practices in the Comprehensive Income and Expenditure Statement.
Money market funds	Collective investment schemes in which a number of investors put their money, which is then invested by the fund manager in a portfolio of highly liquid and low risk investments.
MRP (Minimum Revenue Provision)	The method by which capital expenditure is financed by setting aside amounts from revenue over the useful life of the relevant asset (or in accordance with some other methodology that prudently approximates this).
Net realisable value	The estimated selling price of an inventory item, less any estimated costs of completing the item, and less the costs necessary to make a sale or exchange.
NNDR	National Non-Domestic Rates - an alternative name for business rates.

## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Past service cost	The change in pensions liabilities relating to employee service in previous years as result of changes to the pension scheme or the ending of the Council's responsibility for employees transferred to another organisation.
Pensions assets	The assets held by a pension fund that are attributable to the contributions paid into it by the Council.
Pensions liabilities	The present value of the obligation that the Council has to fund expected pension payments in relation to employee service rendered up to the end of the current year.
Pensions Reserve	An unusable reserve that absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. For instance, a debit balance on the Reserve shows that the Council has made commitments to fund pensions that the Government has permitted it to fund from contributions to be made in future years.
PFI (Private Finance Initiative)	Contracts under which an operator constructs or enhances an asset and then provides services on behalf of the Council through the use of that asset in return for payment. Payments are normally based on a fixed annual sum, but can be reduced if the operator does not achieve targets for availability of the asset or standards of service.
Prepayments	Payments made by the Council in advance of goods or services being supplied.
Principal	The amount advanced as a loan and which is required to be repaid during or at the end of the loan term.
Property, plant and equipment	A class of assets with physical substance that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes (and expected to be used for more than one year).
PWLB (Public Works Loan Board)	A lending facility operated on behalf of HM Treasury that provides loans to local authorities and other public bodies.
Rateable value	The value assigned to a property by the Valuation Office for the purposes of calculating business rates payable for the year.
Related parties	Persons or entities with which the Council has a relationship, such as a company in which the Council has an interest or an organisation that is controlled by a member or chief officer.
Remeasurements of the net defined benefit liability	Changes in the net pensions liability comprising actuarial gains/losses and the difference between the return on plan assets and net interest on the net defined benefit liability.
Residual value	The amount that an item of property, plant or equipment could be sold for (less costs of disposal), if it were in the condition expected at the end of its useful life.
Retirement benefits	The benefits that employees earn during their period of employment but which are not paid to them until after they retire (predominately pensions).
Return on plan assets	The income of pension schemes attributable to the Council - interest, dividends, unrealised gains/losses, etc - less costs of asset management and taxes.

## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Revaluation gain	The excess of the revalued amount of an asset over its previous carrying amount.
Revaluation loss	A shortfall in the revalued amount of an asset compared with its previous carrying amount.
Revaluation Reserve	The unusable reserve that accumulates the gains made by the Council from increases in the value of its Property, Plant and Equipment assets. The Council might benefit from these gains in the future from the continued use of the assets or from their sale. (The Reserve contains only revaluation gains accumulated since 1 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.)
REFCUS	Expenditure that would normally be charged to revenue resources but which Government regulations allows to be treated as capital expenditure and funded from capital receipts or MRP.
Right to buy	The right acquired by tenants of Council dwellings to buy their homes at a discounted price.
Section 151 officer	The officer statutorily responsible for the proper administration of the Council's financial affairs.
Soft loan	A loan where the interest rate is less than that which would apply if the loan had been negotiated on a wholly commercial basis.
Statement of Accounts	The formal name for the financial statements that the Council is required to prepare each year.
Statutory adjustments	The adjustments made under law and regulations to the outcomes of the Accounting Code's requirements before establishment of the General Fund Balance, allowing the budgetary impact of specified items of expenditure on particular financial years to be managed. Adjustments relate primarily to the revenue impact of capital expenditure and pensions costs.
Surplus assets	Property, plant or equipment that is not being used to provide services but that does not meet the criteria for an investment property or an asset held for sale.
Termination benefits	Employee benefits given in relation to the termination of an officer's employment, usually as a result of redundancy or early retirement.
Trade receivables	The amounts that the Council is owed for goods and services that it has provided in the course of its normal activities but which have yet to be paid for.
True and fair	The standard against which local authority accounts are prepared, requiring compliance with statutory requirements and the Accounting Code, the absence of material misstatements and bias in the presentation of information, and faithful representation of transactions and events.

## 8.2 Glossary of Financial Terms (continued)

Term	Definition
Unfunded pension scheme	A scheme where pensions are paid out of contributions from employers and employees made as payments to pensioners fall due, rather than contributions being paid into a fund as entitlements to future payments are earned by employees.
Unitary payment	The payments made to the contractor under a service concession arrangement, consolidating into a single amount the consideration due for the construction, acquisition or enhancement of the asset, interest payments and the services provided through operation of the asset.
Unusable reserves	The reserves in the Balance Sheet that are not balances of usable resources, comprising revaluation reserves and adjustment accounts.
Usable reserves	The reserves in the Balance Sheet that are balances of usable resources, both revenue and capital.
Useful life	The period for which an asset is expected to be available for use by the Council.
Vacant possession value	The value of a property that would normally be occupied by a tenant on the presumption that it is not currently so occupied.
Valuation	An estimate by an appropriately qualified person of the amount the Council could sell an asset for or of the benefit of continuing to use it for the provision of services. The basis of valuation will depend on the nature of the asset being valued.
Value in use	If use of an asset generates cash, the present value of the future cash flows expected from use of the asset; otherwise, the present value of an asset's remaining service potential.
Voluntary aided schools	Schools for which the Council is responsible for funding their running costs and the majority of capital expenditure but another party (usually a faith-based organisation) is responsible for employing the staff and administering admissions and owns the land and buildings.
Voluntary controlled schools	State-funded schools for which the Council is responsible for employing the staff and administering admissions, but the land and buildings are owned by another party (usually a faith-based organisation).
Write-off	The derecognition of an asset (such as a debtor) from the Balance Sheet when it becomes probable that the Council will not recover any further value from the asset. This does not preclude the Council from continuing attempts to (e.g.) recover a debt.