Audited Statement of Accounts for the year ended

March 31

2023

Calderdale MBC

CONTENTS

CALDERDALE MBC STATEMENT OF ACCOUNTS 2022/23

Narrative Report

Introduction

The purpose of this narrative report is to provide information on Calderdale Council, its main objectives and strategies and the principal risks it faces. It is a requirement of the Accounts and Audit Regulations 2015 for local authorities to provide a narrative statement as part of their annual statement of accounts.

The report aims to provide a commentary on how the Council has used its resources to achieve its desired outcomes in line with its Vision 2024 and Council Plan priorities. It also provides an analysis on the Council's performance for the year.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code). The purpose of this narrative statement is to explain, in an easy-to-understand way, the financial facts in relation to the Council.

This Statement of Accounts explains Calderdale Council's financial performance during the year 2022/23 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The Narrative Statement is not part of the financial statements but is prepared on the basis that it is consistent with the financial statements. Its purpose is to comment on the financial performance of the council and the economy, efficiency and effectiveness in its use of resources over the financial year.

Accounts Timetable

The Government has recognised issues with auditing the accounts and the Department for Levelling Up Housing and Communities, following consultation with key stakeholders, introduced legislation to amend the deadlines for the audit of accounts. The draft accounts must be approved by the council's Chief Financial Officer by 31st May 2023 and the audit of accounts concluded by 30th September 2023 (previously 31st July 2023). The extension to the audit deadline will remain in place until after the financial year 2027/2028. The accounts inspection period is 30 working days which must include the first 10 working days of June.

It is acknowledged that the publication of the draft accounts for 2022/2023 has not met with the above timelines, a notice of delay was issued in accordance with the Accounts and Audit Regulations 2015.

The 30 day inspection period for these accounts will commence on 24 November 2023.

About Calderdale

Calderdale is a beautiful area in West Yorkshire, between Leeds and Manchester, with unique natural landscapes, vibrant towns, a thriving cultural and arts scene and diverse and resilient communities. It comprises the towns of Halifax, Elland, Brighouse, Sowerby Bridge, Hebden Bridge and Todmorden as well as a number of villages.

It is part of the Leeds City Region. Although one of the smallest metropolitan boroughs in terms of its population of 206,600 (2021 Census), it is one of the largest by area (140 square miles), with over 80% being rural with an average number of people per hectare of 5.7 people.

We are rich in diversity of cultures, with communities from the Asian sub-continent and eastern Europe. Three quarters of the population live in urban areas.

Once known as 'the town of 100 trades', Halifax was traditionally a manufacturing area based around textiles and had a pioneering role in the Industrial Revolution. Apart from manufacturing, the biggest employers are in wholesale / retail (15%), health and social care (11%), education (9%) and financial services (8%).

Halifax is the birthplace of the former building society of that name, and Lloyds Bank still has a large presence in the borough today. There are flourishing creative and digital industries, with the Upper Calder Valley recognised as a magnet for creative businesses seeking inspiring places to invest.

More than 8,500 thriving, enterprising businesses and an overall economy worth around £4.5 billion each year (Gross Value Added (GVA) – Inclusive Recovery Plan, Calderdale Council 2021) highlight the scale of the opportunity that we want to maximise for all our communities.

Calderdale Council is a Metropolitan Borough Council and is responsible for hundreds of essential local government services. To deliver these services it employs a workforce of around 2,600 people.

The council operates a Leader and Cabinet model of governance and 2022/23 represented year 4 of a Labour administration as ruling group having the overall majority. The Council consists of 51 elected members representing 17 wards through 28 labour councillors, 15 conservative councillors, 6 liberal democrat councillors and 2 green councillors. Labour retained the majority in the May 2023 elections.

Our vision

Our vision for Calderdale in 2024 is for a place where you can realise your potential whoever you are, whether your voice has been heard or unheard in the past.

We aspire to be a place where **talent and enterprise** can thrive.

A place defined by our innate **kindness and resilience**, by how our people care for each other, are able to recover from setbacks and are full of hope.

Calderdale will stand out, be known and be **distinctive**.

A great place to visit, but most importantly, a place to live a larger life.

Our Priorities

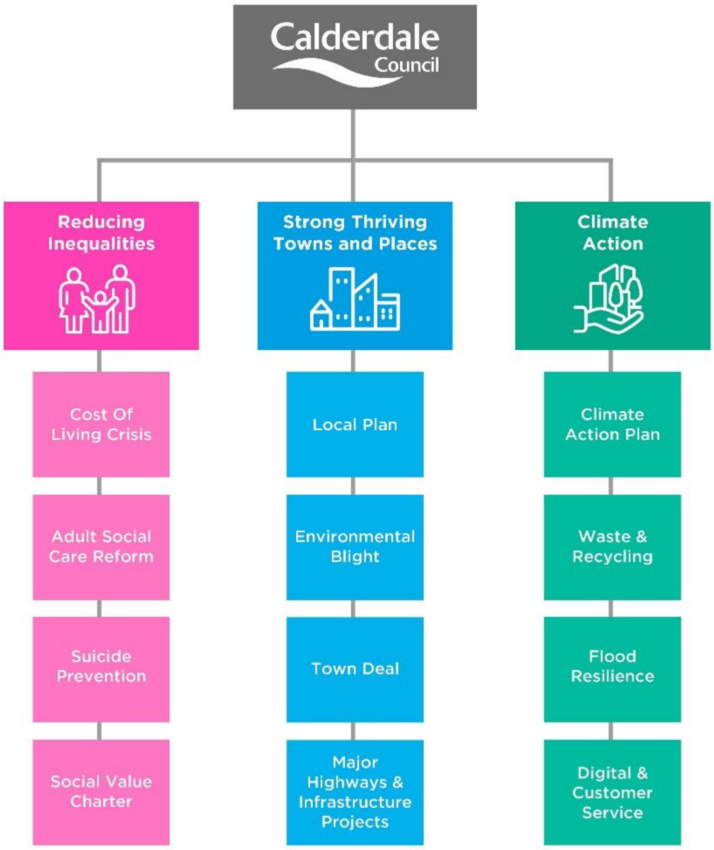
Our Corporate Plan 2022-2024 sets out our strategic way forward. It aims to take our distinctiveness, talent, enterprise, kindness and resilience to the next level. The Corporate Plan sets out how the Council will contribute to the Vision 2024. The Council will focus on the outcomes that we want to change and that will have the biggest positive impact on our residents, business community and natural environment.

The Council will continue to be innovative and look for better ways to deliver our services, and will work with other organisations to consider where some of the things we do might be better done by others. We will continue to work with our local, regional and national partners to get the very best for Calderdale and West Yorkshire.

In contributing to achieving the Vision 2024, the Corporate Plan sets out three strategic priorities:

1. Reducing Inequalities;
2. Creating Strong, Thriving Towns and Places;
3. Climate Action.

Objectives are aligned to each of these priorities to drive our day-to-day and transformational work over the lifetime of the Corporate Plan and these inform our 12 key areas of delivery.



To achieve our ambitions for Calderdale we will need to prioritise resources to support those who experience the least positive life outcomes, recognising that there are some services that will always be provided for everyone.

Good track record of effective financial stewardship

Calderdale has a longstanding record of receiving a clean bill of health on its accounts and value for money judgement, having no set of accounts being qualified. This position is supported by examples of good practice and financial management practice including:

- Regular reporting of in year budget monitoring to Cabinet and oversight and review by the Scrutiny Committee.
- The recent LGA Corporate Peer Challenge noted that Calderdale Council “is a sound place financially compared to many other councils.
- Careful stewardship of our finances - a good working relationship fostered between officers and councillors coupled with a cautious approach to investment and taking on debt. This year’s LGA Peer Review cited evidence that Members are connected and have ownership of budget decisions.
- Established medium-term planning processes that aims to balance budgets in future years. Our self-assessment under CIPFA’s Financial Management Code helps us to follow best practice.
- Experience of reacting to budget vs spend pressures via internal finance system controls, ensuring only essential spend across directorates. Introducing a cost mindful culture.

Review of financial position

The Council’s management accounts are based on the Council’s directorate structure and are used to help plan and control service delivery within the financial resources specifically approved by Council. They reflect the way the Council is organised and the delegations of budget responsibility, with some costs being delegated to directors to manage, and some being met corporately by the Council.

Both revenue and capital monitoring reports are presented to Cabinet three times a year. The process of monitoring allows service managers to identify significant variances and ways of managing these, and to estimate the overall effect on the service budget. The report to Cabinet summarises these forecasts and proposes solutions and strategies as to how these variances may best be mitigated, and what the implications might be on future budget requirements.

There are inevitably fluctuations in service forecasts in light of changing circumstances and issues. The outturn report presented to Cabinet in July 2023 summarised how the Council’s financial position has actually “turned out” and how directorates have managed service delivery during the financial year to 31st March 2023 within delegated budgets (i.e. whether they have cost more, or less, than planned), the reasons for any variances, and the impact on corporate resources.

The total revenue budget for 2022/23 was £179.2m and total net spend on services and central costs was £184.6m. This represents an overspend of £5.4m or 3% and is an improved position from the projected outturn forecast at Quarter 3 of £12.1m overspend against total budget.

The overall position was balanced by the use of reserves amounting to £5.4m. The need to use of reserves was reported to Cabinet throughout the year. Further analysis on the impact of reserves is detailed below.

Revenue

Revenue Budget Position	Original Budget 2022-23 £000	Q3 Projected Outturn £000	Q3 Reported Outturn variance £000		Updated Budget 2022-23 £000	Draft Outturn variance £000	Change from previous monitor £000
Adults & Well Being	**61,375**	62,125	750		62,862	**0**	(750)
Chief Executive	**12,203**	12,023	(180)		12,532	**(144)**	36
Children & Young People	**28,659**	32,891	4,232		30,867	**4,557**	325
Public Services	**27,652**	31,552	3,900		29,226	**3,888**	(12)
Regeneration & Strategy	**16,734**	19,651	2,917		18,452	**2,167**	(750)
Net Cost of Services	**146,623**	**158,242**	**11,619**		153,939	**10,468**	**(1,151)**
Central Costs	**32,566**	33,091	525		25,250	**(5,101)**	(5,219)
Total Budget	**179,189**	**193,914**	**12,144**		179,189	**5,367**	**(6,370)**
Use of Reserves/Pressures Budget	**0**	**(7,100)**	**(7,100)**		0	**(5,367)**	**(1,326)**
Projected Outturn	**179,189**	**184,233**	**5,044**		179,189	**0**	**(5,044)**

Capital

Capital expenditure for 2022/23 amounted to £57.7m with the majority (£48.4m) being in the Regeneration & Strategy Directorate with £5.2m, £3.9m and £0.2m in Childrens, Adults and Public Services respectively. 91% of this spend was funded by grants and contributions. We also borrowed £10m during the year to cover new prudential borrowing and maturing debt.

Reserves

The council's unallocated general fund balance at 31 March 2023 is £6.482m (is this an increase), which is above the £5m level that the council has determined as a prudent balance in its medium term financial strategy.

The net movement on the Earmarked general fund reserves was £12.5m (reduction). This is summarised in Note 17.

Recent Achievements and Performance

As the final year of our Vision 2024 approaches the Council continues to be committed to deliver services effectively, within budget and to do this by focusing on our three priorities to improve the outcomes for all our residents in relation to strong and resilient towns, reducing inequalities, and our climate emergency response.

This year the Council continued to feel the effects of the global economic and political events in recent years, most notably issues that remain in the post pandemic era and the ongoing economic impacts on global supply chains and energy prices caused by the war in Ukraine.

It is therefore important to reflect in this context on how well the Council has performed in meeting these pressures. It also serves as a baseline to inform where our areas of focus must be to address new and emerging challenges going forward and what improvements we can identify to our approach to help inform this work in the future.

A summary of confirmed performance during the period 1st April 2022 to 31st March 2023 was presented to Cabinet in July 2023. The Council's performance is measured on approximately a hundred key performance indicators which provide evidence of how well we are doing against our own ambitions, and against other local authorities of similar size and demography.

A selection of these are treated as super key performance indicators (SKPI) as they have the biggest impact on the people of Calderdale and are aligned to the priorities. For the last 12 months across our 21 SKPIs over half of these indicators are ranked within the top/second quartile against other councils when measured against via the CIPFA standards/benchmarking group

A few of the notable areas where performance has and does make a difference to local people include:

- Caring for the most vulnerable and elderly residents and ensuring they remain active and independent in their own homes is a key priority for the Council. This year represents two consecutive years of improvement in performance which provides assurance on numbers of residents (aged 65+) when discharged from hospital are supported and enabled for them to still be at home 91 days after discharge and into our reablement / rehabilitation services. Performance in the most recent year was the best performance to date and saw us perform above regional and national averages for the first time.
- The health and wellbeing of all residents is a core focus for everyone. The monitoring of physical activity and inactivity in adults and children is an important indicator as part of a healthier lifestyle. This year the prevalence of healthy weight amongst reception age children perform significantly higher than the national average (ranked 18th highest in the country and 1st amongst our CIPFA neighbours).
- Calderdale is already leading the way on renewable energy in the area, with the biggest growth of any West Yorkshire authority over the past seven years. As recognised by the West Yorkshire Combined Authority, 78% of electricity generated from onshore wind came from Calderdale in 2022 (WYCA Climate, Energy and Environment Committee).

Areas of the council which experienced challenging performance during 2022/23 and will benefit from further support going forward include:

- There has been a significant increase in people needing support with problem debt, and this is having an impact on their health and wellbeing. Healthy life expectancy is shorter in some of our most deprived wards, and the number of people in temporary accommodation has trebled since 2019.There has also been a recent increase in the rate of youth unemployment across our borough and an associated increase in numbers of people claiming unemployment related benefits, reflected both regionally and nationally. The council is committed to ensuring we take action to tackle poverty and inequalities made worse buy the cost of living crisis.
- There are challenges with housing sufficiency and the delivery of new homes. With the recent adoption of the Local Plan however, we are expecting to improve on this. The ambitions for the Local Plan are not only housing specific, but also to serve as a catalyst for wider employment and economic growth opportunities for the next decade and to harness the potential of our market towns.

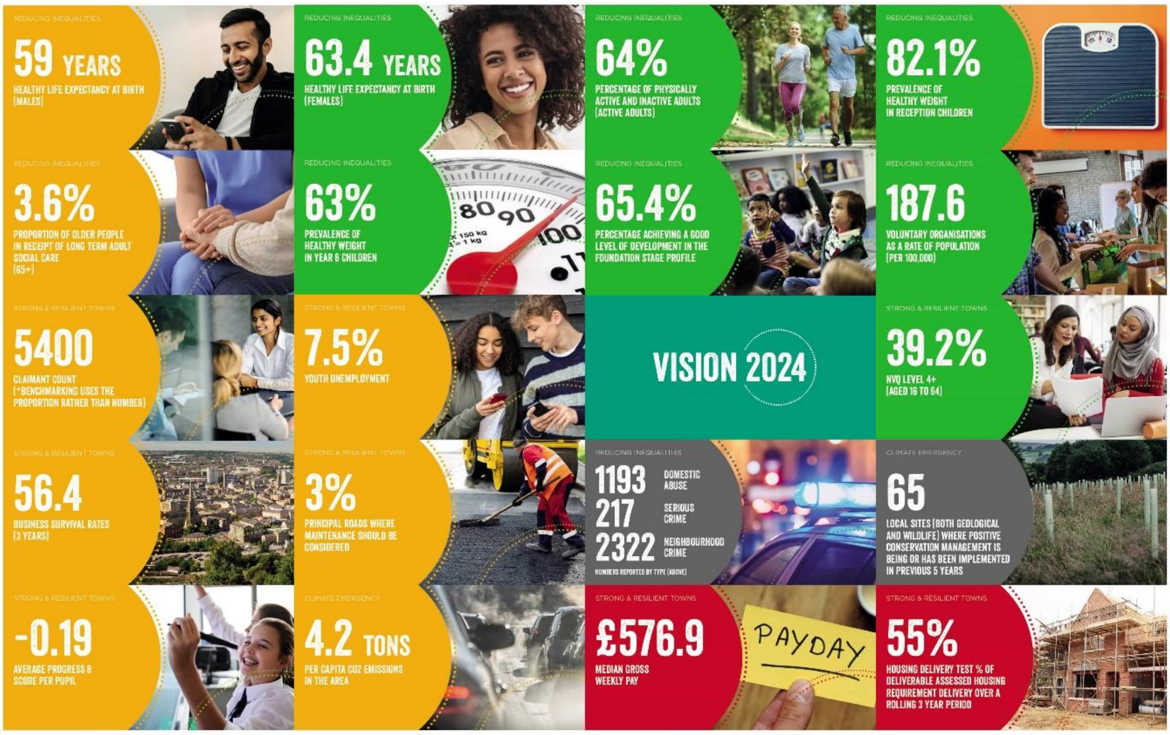
- Work continues with our communities, and partners to ensure issues of litter and detritus are tackled and parks, green spaces and night time economy continue to remain safe and welcoming environments for all to enjoy.

In this context of continuous improvement, and the challenges the Council has faced regarding continued pressure on its services and across the health and care system, workforce challenges and the ongoing impact of the climate crisis, during 2022/23 the performance information provides a good level of assurance that the council has achieved a great deal. This can be evidenced, in how the Council has performed well against local and comparable CIPFA neighbouring authorities.

The further evidence of our achievements and progress in 2022/23 can be seen by the external and independent recognition of this as recorded in the recent Corporate Peer Challenge review in February 2023.

A summary of performance achievements are shown in the infographic below.

Key Areas of Achievement Infographics 2022/23



Risks and Opportunities

The Council works closely with regional councils, other partners such as the NHS organisations, SIGOMA and the LGA to keep abreast of developments and understand environmental, economic and social risks and opportunities. The Council also has a very strong risk management framework in place as set out in the Corporate Risk Management Strategy and Corporate Risk Register with each directorate having its own operational risk register which integrates with the relevant directorate performance management strategy, improvement plans and budgets.

The key issues with budget implications that are considered in the review of the medium term financial plan are:-

- Rising inflation (especially in social care contracts, other contracts linked to inflation measures, energy and pay)
- Assumed Council Tax increases and forecast additions to Calderdale's housing stock
- Recognition of materially mis-aligned budgets based on the latest revenue monitor showing pressures right across the Council
- The best assessment of future funding levels

Other issues which are identified as potential risks that may affect the Council's financial sustainability and resilience include:

- Central Government's response to the financial crisis in Local Government evidenced by S114 notices and Government intervention
- Continually shifting inflation expectations (especially in energy, care and waste services)
- Demand pressures in social care increasing again
- Sufficiency of appropriate accommodation
- Pay rises continuing to be higher than in previous years
- The level of Government funding for Household Support Fund
- Government's Fair Funding Review of Local Government/Business Rates Reset/National Spending Review
- Social Care Reform
- The climate change and de-carbonisation agenda
- General political considerations/Shifts in policy
- Further supply chain, staffing and inflation issues

The Autumn Statement is unlikely to provide any medium-term certainty on the level of funding for local government, given that there will be a General Election in 2024. This makes medium and long term planning more challenging and brings about a further risk.

The Council has a good track record of maximising its ability to raise income and bringing in external funding. For example, c£50m Future High Streets and Towns Funds; funding from the West Yorkshire Combined Authority for major capital infrastructure schemes representing £633 per capita which is the largest investment across the combined authority region and revenue funding to support our Year of Culture of £850k and Department for Education funding for the Family Hub initiative £3.2m. Through its partnership working at sub-regional and regional level external funding opportunities continue to be sought in order to maximise the ability to meet our strategic objectives.

Financial Outlook

Medium Term Financial Strategy

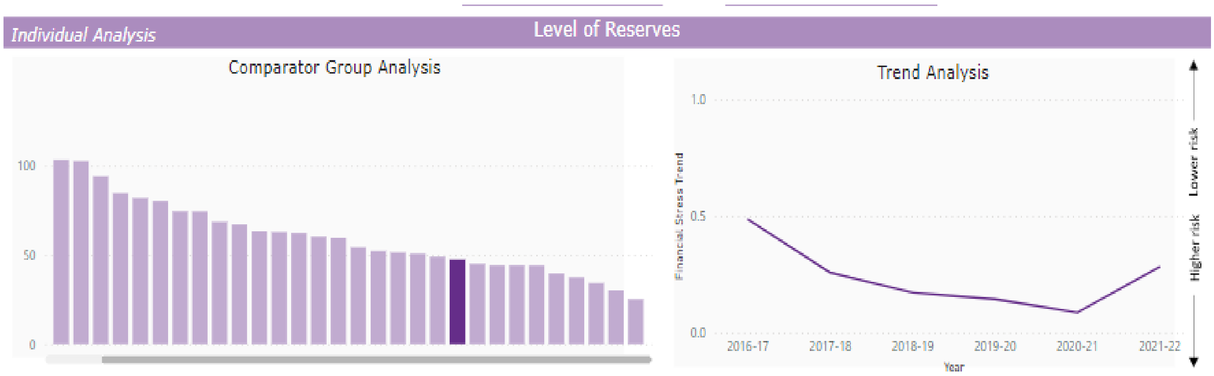
The Council's operating environment has been subject to significant changes since early 2020, with an unstable environment first brought about by the Covid-19 pandemic, followed by unprecedented inflationary pressures, specifically relating to the price of energy and fuel, and pay pressures following sustained price increases across the economy. Cost of living pressures have had, and continue to have a significant impact on residents, on the local economy and on the Council.

The financial position of the Council is becoming more challenging. In February 2023 the Council agreed a balanced budget using a small level of planned reserves and a medium-term budget forecast that showed a balanced position in 2024/25 and a small budget gap in

2025/26. The review and refresh of the medium term financial plan 2024/25 to 2026/27 is now forecasting a potential budget gap reaching £15m in 2025/26.

Financial Resilience

As reported at Budget Council in February, Calderdale's reserves have reduced since 2015/16. The current level of reserves compared to budget is also below the average for a metropolitan district. Although the latest figures released by CIPFA show an improvement in Calderdale's reserves in the very latest year, this position is partly masked by residual unspent grant funding relating to Covid which is still distorting the picture.



This reinforces the advice that the Council should be very cautious of planning the use of balances or reserves to support the revenue budget over the next three years and take steps to try to mitigate in-year pressures without the use of them. Calderdale's financial resilience as measured by the other indicators is not of concern (e.g. debt to net operating expenditure ratio is low) but the information provides an important focus on action required by the Council to maintain or increase reserves.

The latest funding forecast maintains the planned use of reserves of £2.4m in 2023/24 and £1.2m in 2024/25 as agreed by Council in February 2023. All reserves were originally set up for a specific purpose as part of the Reserves Strategy. Beyond the almost fully restricted ones (mainly schools balances, the Insurance Fund and Public Health) the corporate and other service reserves may be required to fulfil certain obligations, deliver specific schemes or safeguard the Council against uncertainty and risk.

The National Context

The Government set out the national spending and taxation position for 2022/23 in the Autumn Budget, with indicative allocations for 2023/24 and 2024/25. The Autumn Statement set out taxation changes, public sector investment and support measures designed to tackle inflation as a top priority in the face of unprecedented global pressures brought about by the pandemic and the war in Ukraine.

However, considerable risks with regards to inflation exist. The consumer prices index (CPI) rose by 10.1% in the 12 months to March 2023, down from 10.4% in February 2023 and although receded to 6.7% in September 2023, this was slower than economic forecasts. This has prompted the Bank of England to increase the base rate earlier and faster than expected over the last year with the rate currently at 5.25%. Persistent high inflation continues to present fiscal and demand related risks through increasing the cost of goods and services faster than increases in income, with implications for individuals and organisations.

The Council operates within a public financing and delivery framework determined by the Government. The latest Spending Review in 2021 determined government departmental budgets up to 2024/25 in the context of the national economy and state of public finances outlined by the Chancellor's budget. In his 2022 Autumn Statement the Chancellor confirmed that departmental budgets would be maintained at least in-line with the spending review until 2025/26. More detail on these plans will become available as further announcements are made by the Chancellor, the Autumn Budget Statement is scheduled on 22nd November 2023.

Conclusion

The environment in which the council operates has seen major changes over the past decade and this will continue for the foreseeable future, with economic conditions adding additional uncertainty to an already uncertain future. These changes bring with them their own set of opportunities and risks. The Council is adopting a more ambitious and dedicated approach to transformation and will be underpinned by a stronger strategic approach to the Council's finances.

Calderdale Council is in a good position to build beyond 2024 due to its history of the recognised and collaborative relationships, which have been cultivated across Calderdale. The Council is benefiting from choices made through the period of austerity such as some of the bold investment decisions in relation to local assets such as Piece Hall and other public realm and service facilities. Calderdale is well-placed to capitalise on culture as a more proactive generator of economic growth. Calderdale's focus on 2024 as its Year of Culture is timely as the 'CultureDale' initiative could provide the springboard required to make this a key driver for the Borough's future ambitions. There is a wealth of talent and skills in Calderdale which could unleash the Borough's potential to be an even more significant player in the wider creative industries space. CMBC and partners would do well to pull all the levers at their disposal in making this a reality.

The Council's financial performance in 2022/23 has built on existing financial resilience and continues to provide the foundations for ongoing financial planning and management to smooth the transition to financial sustainability, albeit in an ever increasingly challenging environment.

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities.

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Resources and Transformation;
- manage its affairs to secure the economic, efficient and effective use of resources and to safeguard its assets;
- approve the statement of accounts.

The Director of Resources and Transformation's Responsibilities.

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

In preparing this statement of accounts, the Director of Resources and Transformation has:

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

The Director of Resources and Transformation has also:

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

Certification of Accounts:

I certify that the Statement of Accounts for the year ended 31st March 2023 has been prepared in the form directed by the Code and under the accounting policies set out in note 31, and, in my opinion, the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and gives a true and fair view of the financial position as at the end of the financial year.

BMcIntyre

B McIntyre CPFA
Director of Resources and Transformation

2nd December 2024

I confirm that these accounts were approved by the Audit Committee on the 2nd December 2024. Signed by the chair of the meeting on behalf of Calderdale Metropolitan Borough Council.

Martin J Hey

Cllr M Hey
Chair of Audit Committee

2nd December 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALDERDALE METROPOLITAN BOROUGH COUNCIL

Disclaimer of opinion

We were engaged to audit the financial statements of Calderdale Metropolitan Council ('the Council') for the year ended 31 March 2023. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement,
- the related notes 1 to 31 including a summary of significant accounting policies,
- Collection Fund and the related notes 1 to 3.

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 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Council. 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

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13 December 2024.

The audit of the 2021/22 financial statements for Calderdale Metropolitan Council was not completed for the reasons set out in our opinion on those financial statements dated 09 December 2024. As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements before the 13 December 2024 backstop date.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of the Council.

We report to you if:
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)

- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- 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 2023.

We have nothing to report in these respects.

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities set out on page 13, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to cease operations, or has no realistic alternative but to do so.

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 audit of the financial statements

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

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024**,** as to whether Calderdale Metropolitan Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Calderdale Metropolitan Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Calderdale Metropolitan Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority 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 Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Calderdale Metropolitan Council in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Calderdale Metropolitan Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Hayley Clark
Ernst & Young LLP

Hayley Clark (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Birmingham
Date: 09 December 2024

The following footnote does not form part of our Auditor's Report.

Additional information related to the disclaimer of opinion is set out in Completion Report for Those Charged with Governance dated 21 November 2024, available on the Authority's website, which includes further explanations about the implementation of the statutory instrument which led to the disclaimer of our opinion on the financial statements.

The Accounting Statements

There are four main accounting statements and a supplementary one towards the end of the document covering the Collection Fund. A brief explanation of the purpose, content and interrelationships between the statements can be found below. After the accounting statements themselves, 31 notes have also been provided to explain the figures in the statements in more detail and give the reader a greater understanding of the meaning of the Statement of Accounts.

The Comprehensive Income and Expenditure Statement

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

Movement In Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into usable reserves and other unusable reserves. The statement shows how the movements in year of the Council’s reserves are broken down between gains and losses incurred in accordance generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following these adjustments.

Balance Sheet

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

Cash Flow Statement

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

Comprehensive Income and Expenditure Statement

2021/22 Expenditure £'000	Income £'000	Net Expenditure £'000	Service	2022/23 Expenditure £'000	Income £'000	Net Expenditure £'000	Note
			Continuing operations				
115,049	-59,340	55,709	Adult services and wellbeing	124,913	-53,441	71,472	
44,694	-26,632	18,062	Chief executive's office	35,270	-18,830	16,440	
174,487	-128,724	45,763	Children and young people's services	187,979	-138,617	49,362	
58,145	-14,150	43,995	Public services	62,893	-16,284	46,609	
46,776	-17,020	29,756	Regeneration and strategy	57,345	-21,882	35,463	
49,860	-39,387	10,473	Centrally managed items	48,007	-36,456	11,551	
489,011	**-285,253**	**203,758**	**Net Cost of Services**	**516,407**	**-285,510**	**230,897**	5
			Other operating expenditure				
		761	Parish Precepts			823	
		0	Net (Surplus)/Deficit from Trading Operations			0	
		225	Changes in fair value of held for sale assets			33	
		87	(Gain)/loss on disposal of Fixed Assets & Investments			-120	
			Financing and Investment Income and Expenditure				
		-368	Interest and Investment Income			-1,896	
		6,793	Interest Payable and similar charges			6,619	
		8,841	Interest on the net defined benefit pensions liability			7,804	
		5,857	Income & expenditure in relation to investment properties, and changes in fair value			492	
		-780	Changes in the fair value of pooled investment funds			861	
			Taxation and non specific grant income				
		-103,072	Council Tax income			-106,032	
		-37,828	Non domestic rates income			-39,066	
		-38,385	Government Grant not attributable to specific services			-36,629	20
		-46,215	Capital Grants			-44,101	20
		-326	**(Surplus) or deficit on the provision of services**			**19,685**	
			Other comprehensive income and expenditure				
			Non reclassifiable				
		-28	(Gains)/losses on the revaluation of financial assets designated to be measured at fair value through other comprehensive income.			-572	
		-10,298	(Surplus) / Deficit arising on the revaluation of non current assets			-14,512	
		-164,237	Remeasurement of the net defined benefit pension liability			-323,070	29
		-174,563	**Total other comprehensive (income) and expenditure**			**-338,154**	
		-174,889	**Total comprehensive (income) and expenditure**			**-318,469**	

The Movement in Reserves Statement

year ended 31st March 2023	General Fund Balance £'000	Earmarked GF Reserves £'000	Capital Grants Reserve £'000	Capital Receipts Reserve £'000	**Total Usable Reserves** £'000	**Unusable Reserves** £'000	**Total Net Worth** £'000
Balance at 1st April 2022	**5,847**	**79,499**	**38,421**	**0**	**123,767**	**75**	**123,842**
Total Comprehensive Income and Expenditure	-19,685	0	0	0	**-19,685**	**338,154**	**318,469**
Adjustments between accounting basis & funding basis under statutory provisions (note 26)	6,975	0	3,984	0	**10,959**	**-10,959**	**0**
Transfers to / from Earmarked Reserves (note 17)	13,345	-12,477	0	0	**868**	**-868**	**0**
Increase / (Decrease) in Year	**635**	**-12,477**	**3,984**	**0**	**-7,858**	**326,327**	**318,469**
Balance at 31 March 2023	**6,482**	**67,022**	**42,405**	**0**	**115,909**	**326,402**	**442,311**

year ended 31st March 2022	General Fund Balance £'000	Earmarked GF Reserves £'000	Capital Grants Reserve £'000	Capital Receipts Reserve £'000	**Total Usable Reserves** £'000	**Unusable Reserves** £'000	**Total Net Worth** £'000
Balance at 1st April 2021	**5,782**	**73,627**	**23,941**	**0**	**103,350**	**-154,397**	**-51,047**
Total Comprehensive Income and Expenditure	326	0	0	0	**326**	**174,563**	**174,889**
Adjustments between accounting basis & funding basis under statutory provisions (note 26)	5,611	0	14,480	0	**20,091**	**-20,091**	**0**
Transfers to / from Earmarked Reserves (note 17)	-5,872	5,872	0	0	**0**	**0**	**0**
Increase / (Decrease) in Year	**65**	**5,872**	**14,480**	**0**	**20,417**	**154,472**	**174,889**
Balance at 31 March 2022	**5,847**	**79,499**	**38,421**	**0**	**123,767**	**75**	**123,842**

The Balance Sheet at 31st March 2023

31st March 2021 restated £'000	31st March 2022 £'000		31st March 2023 £'000	Note
		Long Term Assets		
492,969	512,884	Property, Plant & Equipment	541,159	6
3,693	3,693	Heritage Assets	3,728	7
18,033	18,008	Investment Property	18,042	8
0	0	Intangible Assets	0	
6,479	7,329	Long term investments	7,039	28
4,505	4,444	Long term debtors	4,836	28
525,679	**546,358**	**TOTAL LONG TERM ASSETS**	**574,804**	
		Current Assets		
33,800	70,000	Short term investments	39,000	13
402	742	Inventories	441	
50,264	49,595	Short term debtors	57,095	12
15,310	16,871	Cash and cash equivalents	11,912	14
1,226	1,391	Assets held for sale	958	
101,002	138,599		109,406	
		Current Liabilities		
0	0	Cash and cash equivalents - bank overdraft	-671	14
-9,383	-5,911	Short term borrowing	-5,268	28
-81,170	-97,044	Short term creditors	-70,321	15
-4,374	-4,407	Short term provisions	-3,991	16
-2,275	-2,469	Other short term liabilities	-2,680	28
-97,202	-109,831		-82,931	
529,479	**575,126**	**TOTAL ASSETS LESS CURRENT LIABILITIES**	**601,279**	
		Other Liabilities		
-1,100	-1,101	Long term creditors	-1,126	
-1,278	-502	Provisions	-601	16
-121,120	-126,495	Long term borrowing	-131,704	28
-428,892	-297,519	Net pension liabilities	-2,550	29
-28,136	-25,667	Other long term liabilities	-22,987	28
-580,526	-451,284		-158,968	
-51,047	**123,842**	**TOTAL ASSETS LESS LIABILITIES**	**442,311**	
		Financed By:-		
		Usable Reserves		
0	0	Usable Capital Receipts Reserve	0	
23,941	38,421	Capital Grants Unapplied Reserve	42,405	
73,627	79,499	Earmarked Reserves	67,022	17
5,782	5,847	General Fund Balance	6,482	18
103,350	**123,767**	**TOTAL USABLE RESERVES**	**115,909**	
		Unusable reserves		
167,227	174,908	Capital Adjustment Account	193,418	26
121,284	127,766	Revaluation Reserve	137,961	26
-8,165	-634	Collection Fund Adjustment Account	2,710	26
-98	-70	Financial Instruments Revaluation Reserve	502	26
-557	223	Pooled investment funds adjustment account	-638	26
-5,196	-4,599	Accumulated Absences Account	-4,133	26
0	0	Schools Funding Deficit	-868	26
-428,892	-297,519	Pensions Reserve	-2,550	26/29
-154,397	**75**	**TOTAL UNUSABLE RESERVES**	**326,402**	
-51,047	**123,842**	**TOTAL RESERVES**	**442,311**	

The unaudited accounts were issued on 24 November 2023 and the audited accounts were authorised for issue on 02 December 2024.

BMcIntyre

B McIntyre Director of Resources and Transformation (Section 151 Officer)

The Cash Flow Statement

2021/22 £'000	2021/22 £'000		2022/23 £'000	2022/23 £'000	Note
	-326	Net (surplus) or deficit on the provision of services		19,685	
		Adjustments for:-			
-84,645		non cash movements	-33,933		27
47,730	-36,915	items that are investing and financing activities	45,123	11,190	27
	-37,241	Net cash flows from Operating Activities		30,875	
		Investing Activities			
49,743		Purchase of property, plant and equipment, heritage assets and investment properties.	50,811		
41		Purchase of long term investments and other investing activities			
-892		Proceeds from the sale of property, plant and equipment, heritage assets and investment properties.	-1,007		
-17		Proceeds from the sale of long term investments and other investing activities	-11		
-41,152		Other receipts for investing activites (capital grants and contributions)	-37,586		
36,200		Net movement in short term investments	-31,000		
	43,923			-18,793	
		Financing Activities			
2,000		Net short term borrowing cash payments/(receipts)	0		
-8,563		Other receipts from financing activities	-4,304		
2,223		Cash payments for the reduction of the outstanding liability relating to on balance sheet PFI contracts	2,419		
-11,000		Long term loans raised	-10,382		
7,097		Long term loans repaid	5,816		
0		Other payments for financing activities	0		
	-8,243			-6,451	
	-1,561	**Net (increase) / decrease in cash and cash equivalents**		**5,630**	
	15,310	**Cash and cash equivalents at 1st April**		**16,871**	
	16,871	**Cash and cash equivalents at 31st March**		**11,241**	14

Notes to the Core Financial Statements

These disclosure notes are grouped under six main headings: -

- Key governance issues
- Expenditure Funding Analysis
- Comprehensive Income and Expenditure Statement and related items
- Balance Sheet and related items
- Technical and other disclosures
- Accounting Policies

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) requires local authority accounts to be prepared on a going concern basis – that is, that the functions of the Council should be expected to continue in operational existence for the foreseeable future.

The Council needs to be able to meet all payments and commitments as they become due. To do this, it needs sufficient cash at the right time from its operations and from borrowing. Most of the Council's income comes from grants and other contributions and from statutory taxes such as Council Tax and Business Rates. Only about 6% comes from discretionary income such as fees and charges. Although levels of grant funding and collection rates for taxes can, and do fluctuate, they can be predicted with a degree of reliability over the coming year. Income from sales fees and charges is much more sensitive to the local economy, economic circumstances (such as inflation and interest rate levels) and other external factors (e.g. pandemics). Even so, around half of this income arises from services driven by need (especially adult care fees and bereavement) and is less affected by other factors.

The Council's major costs are social care and education. Education is mainly covered by direct grant. Social care costs have been considered in the narrative report. Making reasonable estimates about growth in these costs, the MTFP indicates the levels of savings likely to be required to deliver a balanced budget. It also identifies a range of best case/worst case expected scenarios which are regularly monitored.

Making reasonable assumptions about on-going costs and income receipts, management has assessed cash flow modelling through to March 2025. This shows a low point at March 2024 where headroom is still £48m. The Council also has ready access to PWLB borrowings with significant headroom within its capital financing requirement and has planned borrowing of £3.7m within the forecast. The Council has general balances of £6.5m to act as a short-term buffer if required and usable reserves of £67m.

The Council has temporary investments with strongly rated counterparties (see disclosure note 28). These are regularly reviewed and we expect the risk of default on repayment of these to be minimal. For all other loans and receivables, the Council has assessed whether there has been any significant increase in risk identified as a result of the current environment and has concluded that there has not been. This review includes consideration of similar types of debt on a collective basis for which expected credit losses (ECL) have been maintained. Although not recognised, a deterioration in the rate of recovery of such debts of 10% would increase the ECL by £0.26m.

Management has identified the main uncertainties, and, making appropriate judgements and assumptions, are satisfied that that these accounting statements are properly produced on a going concern basis.

All financial transactions are recorded based on applying accounting policies. These are determined by the Code and are based on a set of internationally recognised accounting standards known as international financial reporting standards (IFRS). The Audit Committee approves these policies annually. The main accounting policies are listed in Section F of these disclosure notes.

In preparing these statements, judgements have to be made in deciding the most appropriate policies to apply. Once a policy is chosen, assumptions and estimates have to be made to determine the figures to be included for assets, liabilities, revenues and expenses. Although using best knowledge at the time, the nature of estimation means that actual results may ultimately differ from those estimates. The main estimates and judgements made are disclosed alongside the relevant notes.

In the following section, YELLOW boxes explain the purpose of the disclosure note.

BLUE boxes provide details of any critical assumptions or judgements made where actual results may be different from those recognised.

In addition to "the Code", the following abbreviations are used throughout.

- MIRS – the movement in reserves statement (this statement shows the movement in the year on the different reserves held by the Council, analysed into usable and unusable reserves. Usable reserves can be applied to fund expenditure and manage local taxation levels).
- SDOPS – the surplus/deficit on the provision of services (this statement shows the accounting cost of providing Council services during the year).
- OCI – other comprehensive income and expenditure (this statement shows other recognised gains and losses during the year due to valuation changes in assets and liabilities rather than to economic performance in service delivery)
- CIES – the comprehensive income and expenditure statement (this statement brings together all the gains and losses in the SDOPS and OCI which together account for the movement during the year in the Council's net worth).

A *Key governance issues*

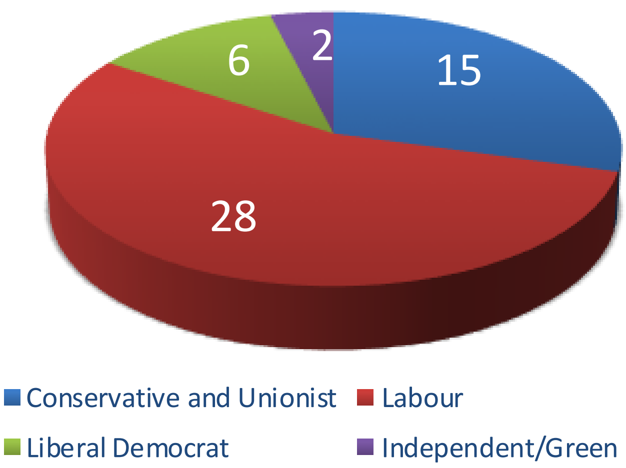
This section includes disclosures relating to the way the Council operates, payments made to, and interests held by councillors and key officers.

1 How the Council works and the role of Councillors

The Council is made up of 51 elected Councillors, 3 representing each of 17 wards. Councillors are elected by the people in their ward to serve for four years. Duties include representing local citizens; establishing policies for the delivery of services and monitoring performance; and making sure the Council complies with the law. Councillors are not salaried but receive allowances. This note discloses the allowances received.

Full Council is made up of 51 elected councillors. Councillors also serve on Cabinet, Scrutiny boards and other committees dealing with specific issues such as flooding; markets; climate change; legal responsibilities for planning and licensing; ward forums.

Councillors receive a basic annual allowance of £10.7k for time spent on official Council business. About half also receive extra allowances reflecting additional special responsibilities. Total members allowances and expenses of £785k were paid during the year (£748k in 2021/22). The breakdown of the 51 councillors at the end of financial year 2022/23 by political party was:



2 How the Council works and the role of officers

Council services are delivered or commissioned by a workforce of 2,600 full-time, part-time and contracted staff, with a similar number working in the schools service. During the year, services were delivered through a structure of service directorates, each headed by a director. Within the budgets and policies set by the Council and Cabinet, officers have delegated authority to progress the hundreds of individual services which the Council provides.

This note covers the required disclosures for remuneration and other payments to staff.

There are reporting requirements under both regulations and the Code for remuneration and other payments to staff as follows: -

- *Employees earning over £50k.* Disclosure in bands of £5k of the number of employees (including schools based staff) whose remuneration during the period covered by the accounts exceeds £50k. Remuneration means all amounts paid to or receivable by an employee, and expense allowances chargeable to UK tax. These figures include termination settlements as appropriate, but exclude all senior employees who are listed separately in that specific disclosure. The figures include

20 teaching staff whose costs are included in service expenditure but who are technically employed by school governing bodies and not directly by the Council.

- *Exit packages*. The number of exit packages agreed (grouped in rising bands of £20k), analysed between compulsory redundancies and other departures, together with the total cost of packages agreed in each band. Exit packages include compulsory and voluntary redundancies; the cost of early pension entitlement; ex gratia payments and any other departure costs. This table includes any exit packages made available to senior officers.
- *Remuneration of senior employees*. There are 8 senior employees defined as holders of specific statutory posts, and those identified as having responsibility for the management of the Council. These figures include pension contributions which are not paid directly to the employee, but which are paid by the employer on behalf of the employee into pension funds providing future post retirement pension benefits, and so the amounts shown are therefore higher than the sums received directly by the individuals themselves.

Employees earning over £50k

No. of staff 2021/22		Officers' and Teachers'	No. of staff 2022/23	
Teaching staff	Non teaching staff	Remuneration £	Teaching staff	Non teaching staff
31	19	50,000 - 54,999	28	49
20	9	55,000 - 59,999	16	7
10	19	60,000 - 64,999	15	22
13	1	65,000 - 69,999	10	
8		70,000 - 74,999	13	
3		75,000 - 79,999	5	
1	2	80,000 - 84,999		
1		85,000 - 89,999	1	2
3	6	90,000 - 94,999		5
		95,000 - 99,999	3	1
1	1	100,000 - 104,999		
		105,000 - 109,999	1	
1		115,000 - 119,999	1	
		130,000 - 134,999		

Exit Packages

2021/22				Officers' and Teachers' Exit Packages including Redundancy and associated Pension Entitlement	2022/23			
Voluntary		Compulsory			Voluntary		Compulsory	
no. of staff	Total value	no. of staff	Total value		no. of staff	Total value	no. of staff	Total value
	£'000		£'000	£		£'000		£'000
15	119	11	66	0 - 19,999	23	124	4	13
5	133			20,000 - 39,999				
				40,000 - 59,999	1	44		
20	**252**	**11**	**66**		**24**	**168**	**4**	**13**

The figures for 2022/23 include redundancy costs which are paid in year on exit (£141k) and consolidated early pension entitlement costs which are borne by the Council, but where the benefit is paid over the lifetime of the pensioner (£40k).

Remuneration of Senior Employees

Senior Officers		Salary, fees & allowances £'000	Expenses £'000	Pension contributions £'000	Total remuneration £'000
Chief Executive (R Tuddenham) [1]	2022/23	161		28	189
	2021/22	163		28	191
Head of Finance [2]	2022/23	66		11	77
	2021/22				0
Head of Legal & Democratic Services	2022/23	95		15	110
	2021/22	94		15	109
Director of Adult Services and Wellbeing [3]	2022/23	62		10	72
	2021/22				0
Director of Children and Young People's Services	2022/23	136		21	157
	2021/22	134		21	155
Director of Regeneration and Strategy	2022/23	136		23	159
	2021/22	134		23	157
Director of Public Services [4]	2022/23	22		4	26
	2021/22				0
Director of Public Health	2022/23	112		17	129
	2021/22	111		18	129
Former senior officers					
Head of Finance	2022/23				0
	2021/22	114		16	130
Director of adult services and Wellbeing [3]	2022/23	42		7	49
	2021/22	123		21	144
Director of Public Services [4]	2022/23	98		16	114
	2021/22	128		22	150

[1] Includes £7k as returning officer for local elections (£11k in 2021/22).
[2] Started March 2022, left November 2022
[3] Previous postholder left July 2022, New Permanent Director began October 2022
[4] Previous postholder left December 2022

Payments were made to an external agency for a temporary interim Head of Finance (November 2022 to March 2023) and an interim Director of Adult Services and Wellbeing (August and September 2022).

3. Related party transactions

A lot of activity is undertaken by the Council in connection with other bodies and agencies. Related parties is a term applied where the relationship is such that there is the possibility of restriction of independent commercial activity. Related parties are entities or persons with significant influence over the financial and operating policy decisions of the Council, and any separate entities controlled or jointly controlled by such persons or close family members. Councils are required to disclose transactions with these related parties. The purpose of the disclosure is to enable consideration of areas of potential conflict, and the safeguards taken to prevent it.

The following related parties have been identified for the purposes of this disclosure:-

- Central Government
- Pension Fund
- Other public bodies
- Wholly owned companies
- Members and senior officers (including close family and any organisations in which they or their close family have a controlling interest).

Central Government
The UK Government specifies the statutory framework within which local authorities operate. It also prescribes the terms of many transactions undertaken and its main sources of funding. The main grants receivable are detailed in note 20. Year-end debtor balances with Central Government are shown in note 12. Non-domestic rate income payable to the Government is disclosed in the collection fund note.

Pension Funds
Payments in respect of post-employment benefit plans are detailed in note 29. Pension fund creditors are included in note 15.

Other Public Bodies
The Council collects and then pays over council tax and non-domestic rate income on behalf of other precepting authorities and the Government. Precepts paid to parish councils are shown in SDOPS. Precepts paid to West Yorkshire Fire and Rescue Authority and the Police and Crime Commissioner for West Yorkshire are shown in the collection fund. Payments are also made to other public bodies providing services within Calderdale including other local authorities and health bodies. A levy of £8.7m (£8.8m in 2021/22) was paid to the West Yorkshire Combined Authority for public transport provision, which includes a contribution towards the West Yorkshire Transport Fund for major regional transport infrastructure projects.

Wholly owned subsidiary
The Council is the sole shareholder of Weave Homes, a local development company set up to develop sites for housing and sell on (including affordable homes). The Council decided during the year to halt its operations, removing the approval in the Capital Programme to advance loans of up to £4m to it and writing off costs incurred to date of £506k.

Members and Senior Officers
All Members of the Council and senior officers (members of the corporate leadership team) are in positions of significant influence over the Council’s financial and operating policies. Related parties include all such persons and close family members.

Members are under a statutory duty to disclose specific personal financial interests. These are registered and available for public inspection on the Council’s website. Members are also required to disclose financial and other interests in matters being considered at meetings at which they are present. The purpose of such disclosure is to prevent them from taking part in discussions and decisions where there is any potential conflict of interest.

As well as holding company directorships, councillors often represent the Council on local boards and interest groups. These appointments are usually in an advisory capacity and enabling role rather than as a vehicle for personal gain, and appointees are unlikely to be appointed to positions of control. All such companies and bodies are assessed for potential control and transactions identified, and disclosed where such control exists. There are no disclosures to be made.

Employees are required by the officers' code of conduct to declare any financial or non-financial interests which could conflict with those of the Council. Such declarations are registered with the Head of Democratic and Partnership Services. There are no circumstances or material transactions requiring disclosure.

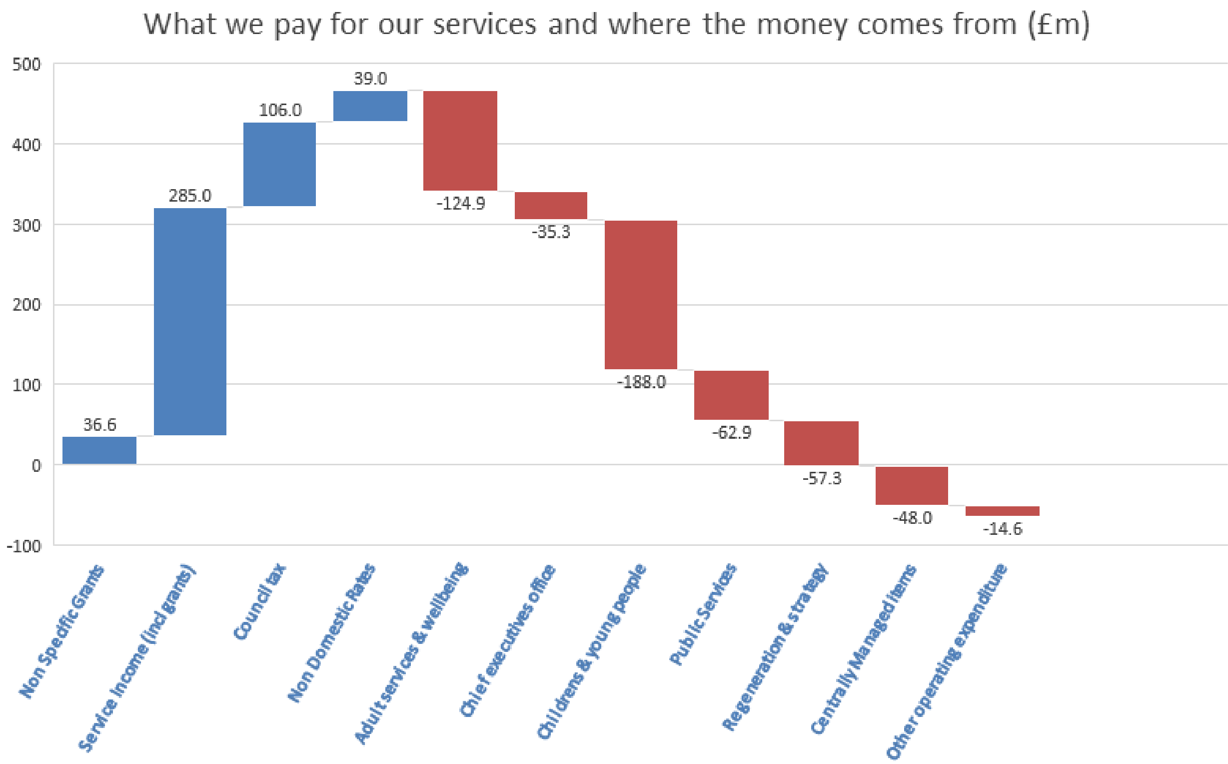
4. External Audit Assurance

The figures included in these accounts give a true and fair view of the financial position of the Council at the year end, and its financial performance during the year. This is a technical document which receives considerable audit scrutiny to give all stakeholders the confidence that public money has been properly accounted for. Our appointed auditor, Ernst & Young LLP, acts independently to give this assurance. This table shows how much the Council has paid for this service and for any other audit services provided by them.

2021/22 £'000	APPOINTED AUDITOR FEES	2022/23 £'000
95	External audit services fee specified by the Public Sector Audit Appointment (PSAA)	187
22	Certification of grant claims and returns	30
117	**Total Fees**	**217**

B. Expenditure Funding Analysis

5. Council income comes from grants, and charges made directly for some services. To cover the cost of all the services it provides, the Council also raises funding through local taxation. In the chart below, the sources of funding are shown in blue, and the gross service costs shown in red demonstrate how this funding has been spent during the year.



The costs of schools and education and children's social care are managed by the Children and Young People's Directorate. Adults and Wellbeing is responsible for adult social care costs. Customer Services, Neighbourhoods and the Benefits Service come under Public Services. Highways, housing and regeneration costs are within the Regeneration and Strategy directorate. Public Health services are within the Chief Executive's Directorate. Corporate and service management costs are spread across all directorates, and most of the other operating costs are managed centrally.

The above service costs are met from the funding sources identified. They do not include all the accounting costs of the resources consumed in providing those services. There is therefore a difference between those costs chargeable under statute (met from grants, local taxation and sales, fees and charges as above) and those chargeable under accounting practice.

The Expenditure Funding Analysis demonstrates how the funding available to the Authority (government grants, Council Tax and Business Rates) has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It shows the breakdown of net expenditure by Council directorate. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

EXPENDITURE FUNDING ANALYSIS 2022/23	Reported Service net expenditure £'000	Adjustments to reflect the CIES format £'000	Adjust funding basis to accounting basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000
Directorate				
Adult Services and Wellbeing	67,445	0	4,027	71,472
Chief Executive's Office	13,980	1	2,459	16,440
Children & Young People's Services	34,747	149	14,466	49,362
Public Services	33,427	0	13,182	46,609
Regeneration and Strategy	19,193	540	15,730	35,463
Centrally managed items	22,299	-5,695	-5,053	11,551
Net Cost of Services	**191,091**	**-5,005**	**44,811**	**230,897**
Other income and expenditure	0	5,005	9,611	14,616
Funding	-178,381	0	-47,447	-225,828
(Surplus)/Deficit on the provision of services	**12,710**	**-**	**6,975**	**19,685**

EXPENDITURE FUNDING ANALYSIS 2021/22	Reported Service net expenditure £'000	Adjustments to reflect the CIES format £'000	Adjust funding basis to accounting basis £'000	Net Expenditure in the Comprehensive Income & Expenditure Statement £'000
Directorate				
Adult Services and Wellbeing	50,903	0	4,806	55,709
Chief Executive's Office	14,694	0	3,368	18,062
Children & Young People's Services	27,459	3	18,301	45,763
Public Services	30,778	0	13,217	43,995
Regeneration and Strategy	16,474	522	12,760	29,756
Centrally managed items	25,509	-7,189	-7,847	10,473
Net Cost of Services	**165,817**	**-6,664**	**44,605**	**203,758**
Other income and expenditure	0	6,664	14,752	21,416
Funding	-171,755	0	-53,745	-225,500
(Surplus)/Deficit on the provision of services	**-5,938**	**-**	**5,612**	**-326**

Reported service net expenditure has been adjusted to reflect the reporting format requirements of the CIES. These adjustments separate out costs incurred in providing services, from other operating income and expenditure not directly related to the provision of services (such as those arising from investment properties, interest payments and receipts). The adjustments to reflect the full accounting costs of services relate mainly to adjustments for capital purposes and pensions. These are summarised below and analysed in fuller detail in note 25.

ANALYSIS OF ACCOUNTING ADJUSTMENTS 2022/23	Adjustments relating to capital items £'000	Adjustments relating to pensions £'000	Other adjustments £'000	Total Accounting Adjustments £'000
Directorate				
Adult Services and Wellbeing	514	3,505	8	4,027
Chief Executive's Office	2	2,470	-13	2,459
Children & Young People's Services	6,140	8,787	-461	14,466
Public Services	8,975	4,218	-12	13,181
Regeneration and Strategy	12,860	2,859	10	15,729
Centrally managed items	-3,513	-1,540	0	-5,053
Other income and expenditure	946	7,804	861	9,611
Funding	-44,101	0	-3,345	-47,446
(Surplus)/Deficit on the provision of services	**-18,177**	**28,103**	**-2,952**	**6,974**

ANALYSIS OF ACCOUNTING ADJUSTMENTS 2021/22	Adjustments relating to capital items £'000	Adjustments relating to pensions £'000	Other adjustments £'000	Total Accounting Adjustments £'000
Directorate				
Adult Services and Wellbeing	592	4,223	-8	4,807
Chief Executive's Office	1	3,425	-58	3,368
Children & Young People's Services	9,081	9,781	-561	18,301
Public Services	8,220	5,020	-24	13,216
Regeneration and Strategy	9,529	3,177	53	12,759
Centrally managed items	-6,245	-1,602	0	-7,847
Other income and expenditure	6,691	8,841	-780	14,752
Funding	-46,215	0	-7,530	-53,745
(Surplus)/Deficit on the provision of services	**-18,346**	**32,865**	**-8,908**	**5,611**

Adjustments relating to capital items.

These adjustments reflect charges for depreciation; changes in asset valuations; capital expenditure and associated funding of third-party assets; revenue contributions towards capital expenditure; provisions for the repayment of debt; capital grants recognised in the year (received unconditionally, or where conditions have been satisfied); net profit or loss on asset disposals.

Adjustments relating to pensions.

These adjustments recognise pension benefit charges in line with accounting standard IAS 19 rather than statutory funding requirements. Employer costs are removed and replaced with current service costs, past service costs, and a charge for interest on the net defined benefit liability.

Other adjustments.

These adjustments reflect accruals for holiday pay and similar absences (where employees have earned the right to paid leave but not yet taken it); recognised differences between the cost and fair valuation of pooled investment funds; and the difference between Council Tax and Non-domestic Rates levied at the start of the year and the income to be recognised under generally accepted accounting principles.

Expenditure and Income analysed by nature.

Analysis of income and expenditure in the comprehensive income and expenditure statement	2022/23 £'000	2021/22 £'000
Expenditure		
Employees	188,877	183,522
Other operating expenses	100,970	88,197
Third party payments	146,519	140,085
Transfer Payments	51,774	49,867
Depreciation, impairment & revaluations	30,195	34,748
Interest Paid	7,479	6,013
Gain/loss on disposal of fixed assets	-120	87
Pension interest costs	7,804	8,841
Total expenditure	**533,498**	**511,360**
Income		
Government grant	-281,046	-285,704
Non Government grant & contributions	-43,449	-47,185
Sales, fees & charges and other income	-42,324	-37,528
Interest received	-1,896	-368
Council tax	-106,032	-103,073
Non domestic rate income	-39,066	-37,828
Total income	**-513,813**	**-511,686**
Net expenditure	**19,685**	**-326**

Expenditure and income in the CIES are analysed as follows: -

Employees covers all contracted full time, part time, casual, sessional and agency staff, and includes all on costs and related taxes.

Other operating expenses include premises costs, transport and supplies and services.

Third party payments are payments made in respect of contracts for some significant functions of the Council including waste collection and disposal, highways maintenance, social care and public health.

Transfer payments are the payments made for housing benefit and personal budgets for social care.

The total Council Tax/Non-Domestic Rate income recognised is the total payment recognised from the Collection Fund (£130,128k) adjusted for Government top up grant (£14,970k).

Analysis by operating segment of those items of income and expenditure required by the Code (£'000)	Adult services & wellbeing	Chief executive's office	Children & young people	Public services	Regeneration and strategy	Centrally managed items	**Total**
Depreciation, impairment and revaluations							
2022/23	1,063	2	4,353	5,786	10,752	8,239	30,195
2021/22	659	2	9,731	8,226	9,526	6,604	34,748
Sales, fees, charges and other income							
2022/23	-14,939	-1,142	-5,683	-14,232	-6,328	0	-42,324
2021/22	-13,566	-1,066	-5,165	-11,831	-5,900	0	-37,528

C Balance Sheet and related items

6 Property, plant and equipment

Property plant and equipment (PPE) are the fixed assets which are held to provide services or for administrative purposes. It is a significant part of the balance sheet and includes major classes of buildings such as schools and sports centres, as well as roads. The Council's property portfolio includes 41 schools, 6 sports facilities and 1,100km of roads.

This note shows the valuation of these assets, and the movements during the year. Movements include additions, disposals, revaluations, and depreciation. Most assets are revalued so that the figures reflect valuations at the balance sheet date.

Valuations

Property, valuations have been undertaken during the year by Capita (property & infrastructure) Ltd, an external firm of property valuation professionals. Two assets were valued internally by an in-house qualified valuer.

For the purpose of these disclosure notes, only material classes of assets have been separately identified, and all other classes have been grouped together as other operational assets. The different classes are valued as follows.

Schools and sports facilities	Current value on a depreciated replacement cost (DRC) basis based on a modern equivalent asset (MEA) using the instant build approach.
Other operational assets	This includes all other classes of operational assets valued on a mixture of bases including existing use for e.g. car parks and depots; DRC for e.g. children's centres, libraries and the theatre and depreciated historical cost for short life assets such as plant, vehicles and equipment, and difficult to value assets such as community assets (e.g. parks).
Infrastructure assets and assets under construction	Infrastructure assets (e.g. highways and bridges), and assets under construction are measured at historical cost and depreciated or impaired as appropriate.
Surplus assets	Surplus assets are carried at fair value, being an exit price based on highest and best use.

Depreciation

With the exceptions of land (unless it has a finite life), buildings under construction, and community assets (unless specifically appropriate), all items of property, plant and equipment are depreciated over their useful economic lives. For example: -

- Buildings have been depreciated on a straight-line basis over periods calculated individually ranging from 10 to 60 years.
- Infrastructure assets have been depreciated on a straight-line basis over 25 years.
- Plant, vehicles and equipment have been depreciated on a straight-line basis over periods of between 5 and 15 years.

There are different types of school. Some schools are owned by the Council, some by school governing bodies and some by church diocese or trusts. The Council's balance sheet includes all the schools which it owns or which, through arrangements with school governing bodies, it effectively controls (even though legal ownership may be vested elsewhere).

There are 43 school buildings either owned or deemed to be controlled by the Council and valued at £138.5. Not included are 8 voluntary aided, 6 voluntary controlled and 3 foundation schools where ownership is vested in the church trust. These schools are legally owned by the diocese, and there is no controlling interest held by the Council to use these properties. Continuing access to the assets relies on the extended goodwill of the diocese which could take back the asset at any time. It is the diocese which bears the risks and benefits associated with ownership (e.g. responsibility for maintenance and insurance, sale proceeds etc.) It is only the buildings themselves which are currently excluded from these accounting statements. All running costs associated with service provision and schools' grant funding are included in the accounting statements, and these schools' balances (£2.5m) are included in the Balance Sheet as part of overall school balances.

Until such time as academy schools convert, they are treated like any other school and carried on the balance sheet at a value reflecting the service embodied in the asset. As the schools have to be transferred to the new academy trusts at nil consideration, any loss on disposal is reflected in the CIES at that date. One school is converting in 2023/24.

Four schools provided under the Public Finance Initiative agreement have become academies leaving one primary school to be accounted for as a Council school (even though legal ownership rests elsewhere) as it is considered that the Council effectively controls the school through contractual arrangements. The other four schools included in the agreement have been written out on conversion, although the Council retains the ongoing contractual liability to make payments for the building of the schools until the end of the contract.

Movement on property, plant & equipment y/e 31st March 2023

Movement on property, plant & equipment y/e 31st March 2023	OPERATIONAL PROPERTY, PLANT & EQUIPMENT				NON OPERATIONAL		TOTAL PPE
	Schools	Sports facilities	Infrastructure	Other operational assets	Surplus Assets	Assets under Construction	
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Cost and valuation at 1st April 2022	142,706	45,753	259,424	192,198	1,354	1,010	**642,445**
Accumulated depreciation	-167	-4,753	-108,519	-16,118	-4	0	**-129,561**
Net Book Value at 1st April 2022	**142,539**	**41,000**	**150,905**	**176,080**	**1,350**	**1,010**	**512,884**
Movements during the year							
Depreciation charged	-3,841	-1,890	-10,377	-5,825	-23		**-21,956**
Additions	2,288	1,912	34,039	4,135	489	486	**43,349**
Disposals	-2			-537			**-539**
Revaluations							
- to revaluation reserve	317	7,279		14,454	113		**22,163**
- to surplus/deficit on provision of services				1,421	116		**1,537**
Impairments							
- to revaluation reserve	-674	-3,116		-4,048	187		**-7,651**
- to surplus/deficit on provision of services	-2,189	-4,015		-2,517	11		**-8,710**
Reclassifications				-420	502		**82**
Net Book Value at 31st March 2023	**138,438**	**41,170**	**174,567**	**182,743**	**2,745**	**1,496**	**541,159**
Cost and valuation at 31/3/23	142,351	41,220	293,463	199,568	2,768	1,496	**680,866**
Accumulated depreciation	-3,913	-50	-118,896	-16,825	-23		**-139,707**
Net Book Value at 31st March 2023	**138,438**	**41,170**	**174,567**	**182,743**	**2,745**	**1,496**	**541,159**
Nature of asset holding							
Owned	134,735	41,170	174,567	182,743	2,745	1,496	**537,456**
Finance lease							**0**
PFI	3,703						**3,703**
	138,438	**41,170**	**174,567**	**182,743**	**2,745**	**1,496**	**541,159**

Movement on property, plant & equipment y/e 31st March 2022

Movement on property, plant & equipment y/e 31st March 2022	OPERATIONAL PROPERTY, PLANT & EQUIPMENT				NON OPERATIONAL		TOTAL PPE
	Schools	Sports facilities	Infrastructure	Other operational assets	Surplus Assets	Assets under Construction	
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Cost and valuation at 1st April 2021	145,976	47,794	233,044	187,113	714	239	**614,880**
Accumulated depreciation	-6,630	-2,856	-99,200	-13,226	1	0	**-121,911**
Net Book Value at 1st April 2021	**139,346**	**44,938**	**133,844**	**173,887**	**715**	**239**	**492,969**
Movements during the year							
Depreciation charged	-3,510	-2,181	-9,321	-5,206	-4		**-20,222**
Additions	3,193	31	26,382	7,113		2,168	**38,887**
Disposals	-16			-522			**-538**
Revaluations							
- to revaluation reserve	15,554			3,421	13		**18,988**
- to surplus/deficit on provision of services	8,966			180			**9,146**
Impairments							
- to revaluation reserve	-7,069			-244	-1,377		**-8,690**
- to surplus/deficit on provision of services	-14,085			-1,385	-1,598		**-17,068**
Reclassifications	160	-1,788		-1,164	3,601	-1,397	**-588**
Net Book Value at 31st March 2022	**142,539**	**41,000**	**150,905**	**176,080**	**1,350**	**1,010**	**512,884**
Cost and valuation at 31/3/22	142,706	45,753	259,424	192,198	1,354	1,010	**642,445**
Accumulated depreciation	-167	-4,753	-108,519	-16,118	-4		**-129,561**
Net Book Value at 31st March 2022	**142,539**	**41,000**	**150,905**	**176,080**	**1,350**	**1,010**	**512,884**
Nature of asset holding							
Owned	138,836	41,000	150,905	176,080	1,350	1,010	**509,181**
Finance lease							**0**
PFI	3,703						**3,703**
	142,539	**41,000**	**150,905**	**176,080**	**1,350**	**1,010**	**512,884**

For assets valued on a DRC basis, build cost rates have increased significantly over the year. We consider that there will be no change in the modern equivalent asset for our main categories of schools and sports facilities. School buildings, for example, will not suddenly become surplus following a period of home schooling, nor will they be suddenly deemed inadequately sized due to previous (or future) social distancing requirements. In fact, the Government has prioritised the return to school normality. Similarly, we expect sports facilities to be well used as people begin to relax into the freedoms afforded by the removal of all restrictions. For other assets valued at DRC (including libraries, theatre, museums, day centres and the crematorium), we do not anticipate a reduction in the level of service required. These assets are valued at £69m and any effect is again unlikely to be significant.

Therefore, for assets valued at current value, we have assessed that there is no evidence to suggest that the values as at 31st March 2023 are materially misstated or require adjustment.

Virtually all our PPE assets which are carried on a revalued basis rather than at historical cost, are carried at current value based on:

- Existing use market values for service potential or, where there is no active market;
- DRC using build cost rates at 31st March for a modern equivalent asset.

Despite the unprecedented circumstances, our external valuers are of the view that property markets are mostly functioning and that there exists sufficient market evidence on which to base valuation opinions and they therefore have confidence that their valuations are free from material valuation uncertainty.

Management has considered the potential impact on each property/valuation type in turn. For assets valued at existing use, we consider that Covid-19 may have some longer term impact on the valuation of markets; offices; halls and community centres, and car parks, but until a "new normality" is established, it is difficult to quantify what the extent of this might be. The total NBV of these assets is £16m and any effect is therefore unlikely to be significant. For other assets valued at existing use value, there is no evidence as at the 31st March that the service potential requirement is in any way affected in the long term.

The Council has identified sufficient capital resources to fund its approved capital programme of £223m during the period 2022/23 to 2024/25. It is anticipated that this will include capital expenditure in relation to schools (£34m); Housing schemes (£20m); Investment in the councils network (£53m); Corporate Estate (£11m), and regeneration initiatives (£90m). Included in these costs are a number of transport related schemes funded by the West Yorkshire Transport Plus Transport Fund and Transforming Cities Fund. In addition to this the council has been awarded Future High Street Funding of £18m for Halifax and Elland and town investment planned funding of £37m for Brighouse and Todmorden. All of these four schemes will be funded by government grant.

7 Heritage Assets

Heritage assets are held primarily for cultural and historic reasons rather than for operational reasons. They include paintings, war memorials, a dovecote, statues, fountains, and a gibbet!

Heritage assets are accounted for generally in accordance with the accounting policy for property, plant and equipment, although some heritage buildings and structures have not been valued due to the lack of comparable market values and the difficult valuation issues surrounding such items. These assets have indeterminate lives and residual values commensurate with carrying values and hence depreciation is not considered necessary. The Balance Sheet includes collections of artwork £2.8m, civic regalia £0.5m, furniture £0.2m, and other artefacts £0.2m.

2021/22	Movement on Heritage Assets	2022/23
£'000		£'000
3,693	**Cost and valuation at 1st April**	**3,693**
	Movements during the year	
0	Depreciation charged in year	0
0	Additions	35
	Disposals	
	Revaluations	
	- to revaluation reserve	
	- to surplus/deficit on provision of services	
	Impairments	
0	- to revaluation reserve	
	- to surplus/deficit on provision of services	
	Reclassifications	
3,693	**Net Book Value at 31st March**	**3,728**
3,472	Cost and valuation	3,472
221	Accumulated spend	256
0	Accumulated depreciation	
3,693	**Cost and valuation at 31st March**	**3,728**
	Nature of asset holding	
3,693	Owned	3,728
	Finance lease	
	PFI	
3,693		**3,728**

8 Investment properties

Investment properties are those assets held solely to earn rentals or for capital appreciation, and are not used to provide services or for administrative purposes

Investment properties comprise industrial, retail, residential and office units; development and grazing land. Rental income of £0.75m (2021/22 £0.70m) was earned in the year, mainly from shop lettings.

IFRS13 requires that investment properties are valued at highest and best value, comparing current use to alternative possible uses. The main considerations in valuing investment properties are rental yields and sale values; size, location, configuration and access; condition and covenants. All investment property valuations are based on such observable inputs.

After initial recognition, gains and losses on revaluation are recognised in SDOPS. Investment properties are not depreciated.

2021/22	Movement on Investment Properties	2022/23
£'000		£'000
18,033	**Cost and valuation at 1st April**	**18,008**
	Movements during the year	
6,554	Additions	1,067
-40	Disposals	
	Revaluations	
	- to revaluation reserve	
210	- to surplus/deficit on provision of services	84
	Impairments	
	- to revaluation reserve	
-6,589	- to surplus/deficit on provision of services	-1,117
-160	Reclassifications	
18,008	**Net Book Value at 31st March**	**18,042**
8,551	Certified Valuation at 31st March	15,105
6,554	Accumulated spend	1,067
15,105	**Net Book Value at 31st March**	**16,172**
	Nature of asset holding	
18,008	Owned	18,042
	Finance lease	
	PFI	
18,008		**18,042**

Investment property values are expressed at fair value as at the balance sheet date, based on various observable inputs. We have assessed that subsequent developments have not materially altered our view as to conditions as at that date.

9 Valuation of Tangible Fixed Assets

Fixed assets are revalued broadly on a 5 year rolling programme. This table identifies when disclosed categories of property, plant and equipment assets were revalued.

All PPE assets within a particular class are revalued in one financial year, within a 5 year rolling programme. Classes of assets are spread out over the 5 year cycle to create an even annual valuation programme. This year, a total of 74 assets were revalued at £73m by Jill Angus MRICS and Chris Wilkinson MRICS of Capita, our external valuers. This included the Council's schools, depots, various operational land and buildings, as well as one investment property, the Northgate House Commercial Development. Two PPE assets were revalued internally at £60m by an in-house qualified valuer who also valued the remaining investment properties and held for sale assets (£11m). Investment properties and held for sale assets are assessed annually to reflect values at the balance sheet date.

Where evidence shows valuation changes of more than 10% in our major asset classes of schools and sports facilities, these are revalued internally, using the appropriate rates identified. The market review indicated that no such revaluations were required this year. In addition, any other individual PPE assets with a net book value over £10m are revalued internally.

Where there is impairment of or enhancement to a specific asset, these are revalued in isolation, rather than an entire class being revalued.

Year of revaluation of Property, Plant and Equipment by Net Book Value

Date valued	2022/23	2021/22	2020/21	2019/20	2018/19	Historical cost/ other	Net book value	NBV per PPE note
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**	£'000
Schools	135,660	6,676	-	-	-	203	**142,539**	138,438
Sports Centres	-	-	21,441	19,282	-	277	**41,000**	41,170
Other	11,202	80,745	23,384	40,930	11,752	8,065	**176,080**	182,743
Infrastructure	-	-	-	-	-	150,905	**150,905**	174,567
Surplus Assets	635	715	-	-	-	-	**1,350**	2,745
Assets under Construction						1,010	**1,010**	1,496
Total	**147,497**	**88,136**	**44,826**	**60,213**	**11,752**	**160,460**	**512,884**	541,159

The majority of the higher value assets are valued at depreciated replacement cost (DRC). These are valued using appropriate average building cost information indices reflecting property type and locality and, in echoing broader measures, they typically differ from simple market values. Land values are determined within the overall constraints of the Council's unitary development plan (UDP) or, within DRC valuations, calculated as a percentage of the build cost.

10 Financing of Capital Expenditure

Capital expenditure is expenditure on a fixed asset adding to (rather than merely maintaining) its value. This type of expenditure is not met in year by council taxpayers, but by a mixture of grants, borrowing, revenue and reserves, and capital receipts (the sale proceeds from the disposal of other fixed assets). This table shows how the Council's total capital expenditure in the year has been financed.

Some expenditure is permitted to be met from capital resources, but which is in itself not expenditure on fixed assets owned by the Council. Such expenditure, ("revenue expenditure funded by capital under statute" known by the acronym "refcus") comprises spend mainly on voluntary aided schools; housing related grants and advances; and the provision of affordable housing through partnership arrangements. This is treated as revenue expenditure and is included with any associated grant funding in the net service costs within SDOPS. Adjustments are then made to these entries in the MIRS so that the net cost can be met through capital resources and does not fall on council taxpayers.

2021/22	Capital Financing	2022/23
£'000		£'000
	Capital expenditure	
38,887	Property, plant and equipment	43,349
0	Heritage Assets	35
6,554	Investment properties	1,067
0	Held for sale assets	0
0	Intangible assets	0
36	Investments	0
0	Long Term Debtors	0
8,065	Revenue expenditure financed by capital (refcus)	13,240
53,542		**57,691**
	Financed by	
11,631	Borrowing	2,709
866	Capital Receipts	987
39,444	Grants & Contributions	52,676
1,601	Revenue & Reserves	1,319
53,542		**57,691**

Capital expenditure that is to be paid for in future years (borrowing) increases the Council's Capital Financing Requirement (CFR) i.e. capital expenditure historically incurred which still has to be financed. This is written down annually, in accordance with Council policy, by charges to council tax or other capital resources. Repayments of £3.9m were made to offset the in-year borrowing requirement of £2.7m. The overall CFR at the year- end stood at £236.8m (2021/22 - £237.8m).

11 Finance and Operating Leases

The Council holds a small number of properties on long-term finance leases mainly exceeding 100 years. The net book value of these properties is £6.8m. Premium payments were made at the time of entering into the leases, so there are no outstanding liabilities for future lease rental payments for these properties.

Operating lease arrangements for a small number of buildings and equipment are immaterial for separate disclosure. All costs and income are included in the net cost of services.

12 Short term debtors

This is an analysis of sums owing to the Council and not received by the 31st March, but which are due within one year.

Debtors have been raised for grants and contributions from the Government and other public bodies, and for monies outstanding from taxpayers for business rates and council tax. Other receivables and accruals include sums still to be paid for goods and services delivered. Prepayments are payments made in advance of receiving goods and services.

All figures are shown net of allowances for debts which are considered to be unrecoverable.

2022 £'000	ANALYSIS OF DEBTORS AT 31st MARCH	2023 £'000
	Grants, contributions & reimbursements	
14,405	Central Government	27,365
7,621	NHS bodies	2,735
1,086	Other local authoritites	1,278
	Sales, fees, charges and other income	
5,857	Receivables	4,648
9,650	Other accruals	8,482
	Taxation	
7,309	Council taxpayers	8,135
857	Non domestic ratepayers	608
2,810	*Prepayments*	3,844
49,595	**Total Debtors**	**57,095**

To mitigate against the risk of non payment of debts, the main categories of debtor have been reviewed for impairment both individually and collectively, and appropriate provision made for monies due which it is anticipated may not be recovered.

A charge of £0.404m during the year for impairment of debtors has been made to the net cost of services in the CIES. The cost of living crisis does not appear to have adversely affected debt recovery rates and there has therefore been no specific revision to the rates used in the calculation of lifetime expected credit losses. A reduction in collection rates of 10% would increase expected credit losses by approximately £0.25m.

The amount provided for impairment of debtors in the collection fund for council tax and business rate debts has decreased due to a reduced level of expected credit losses.

13 Short Term Investments

Short term investments are short term deposits with financial institutions or other local authorities. They are surplus cash balances temporarily lent out over the year end for periods of up to 12 months.

Investments of £39m were made with financial institutions (£10.4m), other local authorities (£1.0m) and the Government's Debt Management Office (£27.6m). The balances invested are distinct from cash equivalents as the liquidity of the investments is for a fixed period and the investments cannot be cashed in other than at the arranged date without the consent of the counterparty and potential penalties.

An assumption that all counterparties will be able to repay these in full on the due dates has been made. The Council has had no defaults on any of its investments, and no counterparties have suffered an adverse change in credit rating since the investments were made. Consequently, impairment of outstanding amounts is not considered necessary.

14 Cash and cash equivalents

Cash and cash equivalents include cash held by schools in their bank accounts, the Council's own reconciled bank balance, and cash in hand.

2021	2022	Cash and cash equivalents - cash held at	2023
£'000	£'000	31st March	£'000
10,357	10,712	Cash held in school bank accounts	11,829
4,903	6,084	Cash held in Council bank accounts	-
50	75	Cash held by the Council	83
15,310	**16,871**		**11,912**
-	**-**	**Cash and cash equivalents - bank overdraft**	**- 671**
15,310	**16,871**	**Total cash and cash equivalents**	**11,241**

15 Short term creditors

This is an analysis of sums owed by the Council which have not been paid by the 31st March, but which are due for settlement within one year.

Creditors have been raised for employee related expenses such as pension contributions due to pension providers outstanding from the March payroll, accumulated absences and tax and social security payments. Trade payables are sums still to be paid for goods and services received. Other accruals include PWLB interest; benefit and other grants due for repayment; business rate shares payable to the Government. Taxation creditors are sums due for refunds of overpayments by business ratepayers and council taxpayers. Deferred income includes monies received in advance of services being provided or grant conditions being fulfilled, and which will be recognised as income once services have been provided or grant conditions met.

2022 £'000	ANALYSIS OF CREDITORS AT 31st MARCH	2023 £'000
	Employee taxes, pensions and accumulated absences	
-4,895	Tax & social security	-2,994
-2,202	Pension	-2,011
-4,599	Accumulated absences	-4,133
	Trade and other payables	
-30,563	Trade payables	-19,112
-44,383	Other accruals	-26,423
	Taxation	
-829	Council taxpayers	-1,413
0	Non domestic ratepayers	-1,537
-9,573	*Deferred income*	-12,698
-97,044	**Total Creditors**	**-70,321**

16 Provisions

Provisions are sums set aside for events which have occurred and for which the Council has an obligation, but where the timing and amounts are uncertain. This disclosure shows the provisions made, the reasons why and when we expect the matters to be resolved.

The main provisions are: -

(i) Insurance claims (£2m)

The Council is self-insured up to specific limits for various categories of risk (principally employer's and public liability, vehicles and property). Any claims beyond these specific limits are insured externally. There are a number of claim years for which cover was provided by an underwriter which has gone into liquidation. In compliance with issued levy notices, the Council has covered 25% of costs which would previously have been covered by the underwriter. Provision has been made for insurance claims based on an independent assessment of liability. Claims can take a number of years to resolve with, on average, annual settlements of around £0.75m to £1.5m being made. Settlements of £0.9m were made during the year.

The level of provision made is adequate to meet the Council's estimated known liabilities. All insurance categories, other than public liability claims, have been provided for in full. Public liability claims have been provided for at 50%. This is considered reasonable based on past claims experience.

(ii) Business rate appeals (£2.55m)

Councils are liable for a share of any successful appeals against rates charged. These appeals can go back several years. Appeals are determined by an independent body - the Valuation Office Agency. Previously in a pool retaining 75% of rate income, this figure has fallen sharply from last year as the Government now takes a 50% share and as a consequence, a further 25% of the total provision is now borne by the Government. This analysis relates only to the Council's share.

The level of provision is based on details of outstanding appeals provided by the Valuation Office at the end of the year, known "hot topic" appeals by specific businesses, and an analysis of the effect of past successful appeals and past changes to the net amount collectable. Due to the extensive reliefs offered whereby many businesses have had reduced rates liabilities, and to proposed legislation removing the right of businesses to seek revaluations of their premises because of Covid-19, we are not expecting any significant upward pressure on the level of provision.

All material provisions are listed below:

ANALYSIS OF MOVEMENT IN PROVISIONS 2022/23	**Insurance claims**	**Business rate appeals**	**Other**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Opening balance 1st April 2022	-1,940	-2,937	-32	-4,909
Additional provision made	-1,017	-886	0	-1,903
Settlements made	918	995	32	1,945
Reversal of amounts not used	0	275	0	275
Closing balance 2022/23	**-2,039**	**-2,553**	**0**	**-4,592**
Expected to be settled: -				
within 12 months	*-1,438*	*-2,553*	*0*	*-3,991*
after 12 months	*-601*	*0*	*0*	*-601*

ANALYSIS OF MOVEMENT IN PROVISIONS 2021/22				
Opening balance 1st April 2021	-2,352	-3,170	-130	-5,652
Additional provision made	-1,055	-946	-32	-2,033
Settlements made	1,467	1,061	130	2,658
Reversal of amounts not used		118		118
Closing balance 2021/22	**-1,940**	**-2,937**	**-32**	**-4,909**
Expected to be settled: -				
within 12 months	*-1,438*	*-2,937*	*-32*	*-4,407*
after 12 months	*-502*	*0*	*0*	*-502*

17 Reserves

Reserves are sums set aside for specific purposes to meet items of future expenditure.

General fund reserves are created either by service directorates under delegated powers, by specific Council resolution, or at the discretion of the Chief Finance Officer. They are a charge to taxpayers at the point they are set up.

Capital reserves are earmarked to finance projects within the capital programme. They arise from the sale of assets or the receipt of capital grants, and so do not affect levels of local taxation.

General Fund Reserves

This note sets out the main earmarked reserves held at the year end. During the year, a net £12.5m was taken from reserves. Mainly this decrease relates to supporting the budget in year, timing of Government grant receipt for Business Rates Reliefs as well as specific programmes of work in health and social care.

Balance b/f 1/4/2021 £'000	Added to Reserves £'000	Taken from Reserves £'000	Balance c/f 31/3/2022 £'000	Reserves at 1st April	Balance b/f 1/4/2022 £'000	Added to Reserves £'000	Taken from Reserves £'000	Balance c/f 31/3/2023 £'000
2,352	474		2,826	Public Health grant	2,826	851	-1,110	2,567
4,138	3,400		7,538	Budget support	7,538			7,538
12,608		-4,645	7,963	Covid-19 grant support	7,963		-2,953	5,010
1,621		-329	1,292	IT reserves	1,292		-115	1,177
215			215	s106 Planning Agreements	215	473	-65	623
7,073		-284	6,789	Contingent Liabilities	6,789	1,498	-1,604	6,683
3,037	785	-733	3,089	Investment reserve	3,089	752	-403	3,438
1,971	472		2,443	Early retirement	2,443			2,443
11,179		-3,619	7,560	Business rates support	7,560		-4,085	3,475
498	534	-498	534	Policy reserves - carry forwards	534		-375	159
577		-577	-	Flooding reserve	-			-
2,914			2,914	MRP	2,914			2,914
4,458	1,000	-2,237	3,221	Covid-19 service grants	3,221	95	-1,257	2,059
1,464	2,016	-251	3,229	Better care fund	3,229	565	-1,826	1,968
4,751	4,853	-1,468	8,136	Other Earmarked Reserves	8,136	1,466	-3,856	5,746
-	1,000		1,000	Hospital Discharges	1,000		-1,000	-
-	1,000		1,000	Workforce Recruitment	1,000		-508	492
-	805		805	Green Homes	805	102	-196	711
-			-	Homes for Ukraine	-	701		701
-			-	CORE20 Funding	-	593		593
-	1,137		1,137	Social Care Reserve	1,137			1,137
-	2,236		2,236	Collection Fund Reserve	2,236			2,236
-	1,614		1,614	Debt Charges	1,614			1,614
58,856	**21,326**	**-14,641**	**65,541**	**Total non schools reserves**	**65,541**	**7,096**	**-19,353**	**53,284**
1,134		-306	828	Schools staff absences	828	143		971
4,440		-1,064	3,376	School contingencies	3,376	311	-1,071	2,616
9,197	1,076	-519	9,754	Statutory schools reserves	9,754	1,332	-935	10,151
14,771	**1,076**	**-1,889**	**13,958**	**Total school reserves**	**13,958**	**1,786**	**-2,006**	**13,738**
73,627	**22,402**	**-16,530**	**79,499**	**Reserves at 31st March**	**79,499**	**8,882**	**-21,359**	**67,022**

Reserve	Purpose of Reserve
Public Health grant	Upfront and one-off project grant funding for public health services
Budget support	To help support future year budgets and manage council tax levels
Covid-19 grant support	Grant funding to help mitigate the financial effects of Covid-19 faced by the Council
IT reserves	Replace IT equipment such as servers and other hardware
s106 Planning Agreements	Developer contributions for specific schemes or purposes
Contingent Liabilities	Cover for insurance and other potential liability claims
Investment reserve	Funding for capital schemes and for invest to save initiatives
Early retirement	Funding for pension increases due to fund revaluations and workforce development costs
Business rates support	Grant funding to offset the loss of business rates income due to mandatory rate reliefs
Policy reserves - carry forwards	Service underspends carried forward into 2021/22
Flooding reserve	Grant funding towards flood repair costs
MRP	Towards reprofiling debt repayments
Covid-19 service grants	Upfront funding of service specific costs/losses due to the pandemic
Better care fund	Funding for health related schemes in conjunction with the NHS
Other Earmarked Reserves	Miscellaneous service reserves
Hospital Discharges	Funding set aside for post-discharge support from hospitals for social care clients
Workforce Recruitment	Grant funding provided by Government to help councils improve social care workforce capacity
Green Homes	Funding from government to pay for low carbon/energy saving works in low income households
Homes for Ukraine	From Government to help Ukrainians integrate and support them into accommodation
CORE20 Funding	An NHS initiative to reduce healthcre inequalities
Social Care Reserve	To provide further resileince and to help the Council manage its social care demand and cost pressures
Collection Fund	Set aside in Council Tax and Business Rates for risks surrounding recessionary pressures and increased CTRS claimants.
Debt Charges	To help mitigate the impact that cost inflation and rising interest rates are having on the Capital Programme
Schools staff absences	Schools' funding to provide cover for staff absences
School contingencies	Other funding sources held for schools
Statutory schools reserves	School reserves

Statutory school reserves are held in accordance with the Council's framework following statutory guidance. This provides for school surpluses to be carried forward into the following year. These reserves are earmarked only to schools and are committed to be spent on education services. The total level of schools reserves at the year-end is £10.151m, which is approximately 10% of school spending.

Capital Reserves
The following reserves are earmarked to finance projects within the capital programme. The usable capital receipts reserve is the unapplied balance of sums received from the sale of fixed assets. All available capital receipts were used in year to finance capital programme expenditure. The capital grants unapplied reserve is the balance of grants recognised where the relevant expenditure has not yet been incurred. The balance of £42.4m includes £17m of schools related capital grants; £3m for highways works; £16m for redevelopment; and £3m for housing adaptations.

2021/22 £'000	Usable capital receipts reserve	2022/23 £'000
0	Balance at 1st April	0
866	Capital receipts received	987
-866	Used to fund capital expenditure	-987
0	**Balance at 31st March**	**0**

2021/22 £'000	Capital grants unapplied reserve	2022/23 £'000
23,941	Balance at 1st April	38,421
25,041	Grants recognised but not applied	16,079
-10,561	Grants used for capital financing	-12,095
38,421	**Balance at 31st March**	**42,405**

18 General Fund Balance

The total net cost of services provided by the Council is met from the General Fund. This is paid for by council tax, non-domestic rates income and general government grants. The balance is the sum held to deal with unexpected costs, and to manage council tax levels in future years. The Council aims to keep a minimum general fund balance of £5m.

General Fund balances are £6.482m at the year end, and these are forecast to remain relatively static over the next 3 years. For context, total balances at the year-end are equivalent to 1.3% of gross expenditure.

19 Contingent Liabilities

Contingent liabilities are potential losses existing at the balance sheet date which may arise in the future depending on some future event not wholly in the control of the Council, and where a judgement has therefore been made that the outcome cannot be predicted and the costs cannot be estimated with reasonable accuracy. This may be because, for example, claims may or may not be made; cases may or may not be pursued through the courts or other means of arbitration; defaults may or may not occur.

Losses (costs) which are foreseeable and can be estimated with a degree of certainty have been accrued into the financial statements either as provisions or creditors.

The main contingent items are for matters arising under: -

- Insured events. Contingent liabilities exist for some outstanding claims at the balance sheet date and claims not yet received in respect of events occurring in earlier years, including further possible sums due under the scheme of administration for claims in years for which the underwriter has gone into liquidation. Appropriate provision has been made where claims have been received.
- The Council acts as guarantor for a small number of staff across various bodies admitted to the pension fund. On cessation of the body's participation in the fund, any shortfalls are initially claimed from the admitted body. If they cannot be recovered from that source, the pension fund would look at the guarantee arrangements and draw down from bonds that are in place and, if still insufficient, from the guarantor. Several schemes have bonds in place and no material deficits exist.

Because of the uncertainty surrounding them, these events have not been accrued into the accounts.

D Comprehensive Income and Expenditure Statement and related items

20 Government Grants

Around 50% of the Council's total income comes from Government grants. These are recognised as income when any conditions have been met and there is no outstanding repayment obligation. Some grants are service specific, but many are used to support general fund expenditure generally. This note analyses the Government grants recognised in SDOPS.

Service specific grants are given for specific service initiatives and are analysed as service income in the net cost of services. The main ones are as follows:

Government grant credited to the Net Cost of Services	2022/23 £m	2021/22 £m
Dedicated Schools' Grant	105.8	103.1
Pupil Premium Grant	6.5	5.1
Universal Infants Free School Meals	0.5	1.4
Primary PE and Sport Premium	0.0	1.0
Covid-19 grants to schools	0.0	1.2
The Private Finance Initiative (PFI)	2.7	2.5
Youth Justice Board	0.5	0.5
Troubled Families grants	0.9	0.8
Unaccompanied Asylum Seeking Children	1.1	0.7
Improved Better Care Fund	7.5	7.3
Winter Pressures Grant	0.9	0.9
Independent Living Fund	0.8	0.8
Rapid testing	0.0	1.1
Infection Control Grant	0.0	2.3
Discretionary Housing Payments	0.0	0.2
Mandatory Rent Allowances	34.2	35.6
Mandatory Rent Rebates outside HRA	1.1	1.0
Public Health grant	14.0	13.6
Covid-19 outbreak management	0.0	1.6
Future high St/Towns fund	0.0	0.1
Skills Funding Agency	1.1	1.2
Holiday Activities and Food Programme	0.9	0.9
Other Government Grants	13.0	15.0
Total	**191.5**	**197.9**

Grants which are non-specific, (which are given to support council spending generally rather than specific services) are included under "Government Grant not attributable to specific services". Non-specific grants include:-

Government grant credited to non specific grant income in SDOPS	**2022/23 £m**	**2021/22 £m**
Revenue support grant	7.6	7.3
Business rates relief grant	12.0	10.4
Adult social care support grant	9.0	6.5
Covid-19 Support Grant	0.0	7.7
Local Council Tax Support Grant	0.0	2.2
PFI grant re interest	2.2	2.4
Other non ringfenced government grants	5.8	1.9
Total Government revenue grants not attributable to specific services	**36.6**	**38.4**
Government capital grants	41.8	42.0
Non government capital grants	2.3	4.2
Total capital grants not attributable to specific services	**44.1**	**46.2**

Grants towards capital expenditure have to be recognised initially in SDOPS and are then transferred in the MIRS to the capital adjustment account, or the capital grants unapplied reserve if the related expenditure has not been incurred. They therefore have no impact on the level of revenue expenditure met by council tax and business ratepayers.

Where grant funding has been received, judgement has been made as to whether any conditions associated with the receipt of that grant have been met or not. Grants with unmet conditions have been included within creditors. Government grants have been recognised in SDOPS as shown above where conditions have been met with any unspent grant monies being appropriated into reserves.

21 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by Dedicated Schools Grant (DSG) monies provided by the Department for Education. An element of the grant is recouped by the Department to fund academy schools in the Council's area. DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) regulations. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis, and the Individual Schools Budget (ISB) which is divided into a budget share for each school and early years' setting.

Details of the deployment of DSG receivable for the year are as follows:

	Central expenditure £000's	Individual schools budget £000's	Total
Final DSG for 2022/23 before academy and high needs recoupment			223,020
Academy and high needs figure recouped for 2022/23			117,045
Total DSG after academy and high needs recoupment for 2022/23			105,976
Plus: Brought forward from 2021/22			**3,375**
Less: Carry-forward to 2023/24 agreed in advance			-3,335
Agreed initial budgeted distribution in 2022/23	26,518	79,498	106,016
In-year adjustments			
Final budget distribution for 2022/23	26,518	79,498	106,016
Less: Actual central expenditure	26,518		26,518
Less: Actual ISB deployed to schools		79,685	79,685
Plus: Local authority contribution for 2022/23		187	187
In-year carry-forward to 2023/24			
Plus: Carry-forward to 2023/24 agreed in advance			2,617
Carry-forward to 2023/24			2,617
DSG unusable reserve at the end of 2021/22			
Addition to DSG unusable reserve at the end of 2022/23			-868
Total of DSG unusable reserve at the end of 2022/23			-868
Net DSG position at the end of 2022/23			**1,749**

22 Other Long Term Commitments

Sometimes the Council enters into agreements committing it to making payments for a number of years into the future. In June 2003, the Council entered into a contract with a private sector partner to provide and manage 5 new build/refurbished schools (4 secondary, 1 primary) through a private finance initiative scheme (a Government initiative enabling local authorities to carry out capital projects with a private sector partner which would typically build, operate and maintain the premises in return for an annual "unitary charge" payment). The unitary charge covers the financing costs of construction as well as the operating costs. This note shows the future payments to which the Council is committed.

The contract is for a period of 28 years (8 remaining), and the annual unitary charge is broken down into three notional elements – a service charge (including provision for lifecycle replacement costs which are expensed in line with the original PFI operator model agreement); and the lease costs associated with the construction - repayment of the liability, and associated interest charges. The scheme attracts annual Government grant funding with the net cost being met by Council contributions, and contributions from the schools.

The liability to pay future lease rentals is included in the balance sheet. The four secondary schools have now become academies and these assets are no longer on the Council's balance sheet. The remaining primary school is valued at £3.7m at the year end.

Commitments to future payments under the schools PFI scheme are as follows: -

Year ended 31st March 2023	Service Charges	Repayment of liability	Interest costs	Total unitary charge
	£m	£m	£m	£m
Less than one year	3.1	2.6	2.0	7.7
Between one and two years	3.1	2.9	1.7	7.7
Between two and five years	9.7	10.2	3.6	23.5
Between five and ten years	7.1	8.8	0.8	16.7
	23.0	**24.5**	**8.1**	**55.6**

2021/22		2022/23
£m		£m
29.1	Liability outstanding at start of year	26.9
-2.2	Payments made during the year	-2.4
26.9	Liability outstanding at end of year	**24.5**

These commitments are based on the original model and are index linked at an assumed 2% p.a. An actual annual inflation rate is applied based on specified factors. This rate has, on average, proved to be slightly higher than that assumed in the model (increasing the total unitary charge by £0.7m p.a). This increase (known as contingent rent) forms part of the service charge. The Council will receive grant of £39m towards the annual contract charges over the remaining life of the contract.

23 Pooled Budget

The Council is a partner with the Calderdale Integrated Care Board in the Calderdale Better Care Fund (BCF). This is a section 75 agreement as permitted under regulations by the secretary of state. It involves the pooling of funding from NHS England and the Department of Health to cover £20.2m of in-year expenditure. The Integrated Commissioning Executive, consisting of officers from the Council and the CCG, agrees how these monies are to be spent. These recommendations are then approved by the Health & Well Being Board. The agreed programme covers a range of intervention and prevention measures across the Borough, and schemes to promote independence, recovery, reablement, rehabilitation, discharge from hospital and end of life support. Each partner progresses its own schemes. During the year, the ICB spent £6.3m and Calderdale Council spent £13.9m. An additional £2.07m was received via BCF for Hospital Discharges (notionally £770k to Calderdale and £1.3m to the ICB) and this was spent by the Council during the year.

E. Technical and other disclosures

24 Changes in accounting policies

Change to come into effect on 1st April 2024.

IFRS 16 is a new accounting standard for lease transactions for lessees. Following the Covid-19 pandemic and political uncertainty, the introduction of this standard has been further deferred for one year to 1st April 2024.

The new standard will require recognition on the balance sheet of a right to use an asset and the associated liability for all leases in excess of 12 months. The current distinction between finance leases (which are recognised on balance sheet) and operating leases (which are not) will be lost. Right of use assets will be valued at current value and treated like other operational assets. Low value items below £10k will be exempt (subject to these not being material in aggregate), and a cost basis will be used where this is a reasonable approximation of current value.

The effects of the standard will be on the balance sheet (more assets and liabilities); through SDOPS (depreciation and interest charges for all assets previously classed as operating leases); and presentationally on the cash flow (with less in operating costs, and more in financing costs). There will also be more extensive disclosure requirements. The extent of these effects depends on the number of leased assets affected by the new standard. It is not anticipated that any effects will be significant. The value of Right of Use assets brought onto the balance sheet is estimated at this stage to be less than £2m.

Regulations ensure that there will be no change to the costs to council taxpayers, with the accounting charges for Right of Use assets being replaced by the payments actually made under the terms of the leases.

25 Adjustment between accounting basis and funding basis under regulations

This note shows all the accounting charges which have been made to produce IFRS compliant accounts but which do not have to be met from funding sources such as grants, council tax and non domestic rates.

As tax raising bodies, there are specific rules as to how tax rates are to be set in relation to the income and expenses of the authority. These rules differ substantially from proper accounting practices. Adjustments are therefore needed for those accounting charges which are not required under statutory provisions to be met from council tax (notably capital related items and pension costs). This note details the adjustments made and the reserves to which these entries have been moved before calculating the actual effect on general fund balances and future capital financing resources.

2022/23	General fund balance £'000	Usable capital receipts reserve £'000	Capital grants unapplied reserve £'000	Movement in unusable reserves £'000
Adjustments relating to capital items				
Reversal of items charged to the CIES				
Charges for depreciation and amortisation of non current assets	21,956			-21,956
Valuation changes of non current assets	8,239			-8,239
Capital grants and contributions	-56,660		3,984	52,676
Revenue expenditure funded from capital under statute	13,240			-13,240
Amounts of non current assets written off on disposal or sale	867			-867
Sale proceeds and other capital receipts	-987	987		0
Use of the capital receipts reserve to finance new capital expenditure		-987		987
Insertion of items not charged to the CIES				
Minimum revenue provision for repayment of debt	-3,513			3,513
Capital expenditure funded from revenue	-1,319			1,319
Total adjustments relating to capital items	-18,177	0	3,984	14,193
Adjustments relating to pensions				
Reversal of IAS19 pension charges	45,134			-45,134
Employers' pension contributions	-17,033			17,033
Total adjustments relating to pensions	28,101	0	0	-28,101
Other adjustments				
Collection fund income recognised in the CIES	-129,969			129,969
Collection fund income recognised under statute	126,625			-126,625
Fair value changes in pooled investment funds	861			-861
Accrual for holiday pay and similar items	-466			466
Total other adjustments	-2,949	0	0	2,949
Total adjustments	**6,975**	**0**	**3,984**	**-10,959**

2021/22	General fund balance £'000	Usable capital receipts reserve £'000	Capital grants unapplied reserve £'000	Movement in unusable reserves £'000
Adjustments relating to capital items				
Reversal of items charged to the CIES				
Charges for depreciation and amortisation of non current assets	20,222			-20,222
Valuation changes in non current assets	14,527			-14,527
Capital grants and contributions	-53,924		14,480	39,444
Revenue expenditure funded from capital under statute	8,065			-8,065
Amounts of non current assets written off on disposal or sale	952			-952
Sale proceeds and other capital receipts	-866	866		0
Use of the capital receipts reserve to finance new capital expenditure	-	-866		866
Insertion of items not charged to the CIES				
Minimum revenue provision	-5,720			5,720
Captal expenditure funded from revenue	-1,601			1,601
Total adjustments relating to capital items	-18,345	0	14,480	3,865
Adjustments relating to pensions				
Reversal of IAS19 pension charges	49,051			-49,051
Employers' pension contributions	-16,187			16,187
Total adjustments relating to pensions	32,864	0	0	-32,864
Other adjustments				
Collection fund income recognised in the CIES	-125,734			125,734
Collection fund income recognised under statute	118,203			-118,203
Fair value changes in pooled investment funds	-780			780
Accrual for holiday pay and similar items	-597			597
Total other adjustments	-8,908	0	0	8,908
Total adjustments	**5,611**	**0**	**14,480**	**-20,091**

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26 Unusable reserves

Unusable reserves are held on the balance sheet and are not available to be spent. They arise as a result of specific revaluations and accounting adjustments and cannot be used to subsidise council tax levels. There is no discretion over how these reserves can be deployed.

Unusable reserves are: -

- Reserves arising from specific asset and liability revaluations (e.g. fixed asset revaluations and pension fund actuarial gains and losses). These gains and losses are not reflected in SDOPS as they do not arise from operating performance but are as yet unrealised gains and losses arising from revaluations. They are included in OCI and so are part of the CIES which brings together all the gains and losses for the period.
- Accounts arising from the adjustments needed to reconcile costs identified in line with accounting requirements to those required by statute (e.g. transfers to the accumulated absences account). Transfers between reserves are summarised in note 26 which shows all the adjustments between accounting basis and funding basis under regulations. They are explained in more detail below.

<u>Capital Adjustment Account</u>

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The accounting charges to the CIES for depreciation; asset valuations; disposals; and expenditure funded by capital resources are reversed through the MIRS and charged to the capital adjustment account. There are also movements from the revaluation reserve to convert current and fair value figures to a historical cost basis. The account is credited with amounts set aside by the Council to repay debt, or as finance for the costs of acquisition, construction and enhancement of fixed assets.

The account contains accumulated gains and losses on investment properties, heritage assets and held for sale assets. 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.

2021/22 £'000	Capital adjustment account	2022/23 £'000
167,227	**Balance at 1st April**	**174,908**
-20,222	Charges for depreciation and amortisation of non current assets	-21,956
-14,527	Valuation changes in non current assets	-8,239
53,924	Capital grants and contributions recognised	56,660
-8,065	Revenue expenditure funded from capital under statute	-13,240
-952	Amounts of non current assets written off on disposal or sale	-867
5,720	Provision for the financing of capital investment charged against the General Fund	3,513
1,601	Capital expenditure charged against the General Fund	1,319
17,479	*Reversal of items charged to the Comprehensive Income and Expenditure Statement:*	17,190
866	Funding of capital expenditure from the capital receipts reserve	987
3,816	Adjusting amounts written out of the Revaluation Reserve	4,317
-14,480	Adjusting amounts written out of the Capital Grants Unapplied Reserve	-3,984
-9,798	*Total movements from other reserves*	1,320
174,908	**Balance at 31st March**	**193,418**

Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost
- depreciated, with the reserve being written down by that part of the depreciation charge incurred only because assets have been revalued
- 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 have been consolidated into the balance on the capital adjustment account.

2021/22 £'000	Revaluation reserve	2022/23 £'000
121,284	**Balance at 1st April**	**127,766**
18,988	Upward revaluation of assets	22,163
-8,690	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-7,651
10,298	*Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services*	*14,512*
-3,248	Difference between fair value depreciation and historical cost depreciation	-3,845
-568	Accumulated gains on assets sold or scrapped	-472
-3,816	*Amount written off to the Capital Adjustment Account*	*-4,317*
127,766	**Balance at 31st March**	**137,961**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service. Liabilities are updated to recognise the effect of inflation, and assumptions are amended for investment returns and any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed both by employee contributions, and by the Council making employer contributions to pension funds or paying any pensions for which it is directly responsible. The debit balance on the Pensions Reserve shows a shortfall between the benefits earned by past and current employees, and the resources the Council has set aside to meet them. It therefore represents the beneficial impact on the General Fund of funding retirement benefits on cash flows rather than on the basis of benefits earned in accordance with accounting requirements. Statutory arrangements ensure that funding should have been set aside by the time the benefits come to be paid.

2021/22 £'000	Pensions reserve	2022/23 £'000
-428,892	**Balance at 1st April**	**-297,519**
164,237	Actuarial gains or losses on pensions assets and liabilities	323,070
-49,051	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-45,134
16,187	Employer's pensions contributions and direct payments to pensioners payable in the year	17,033
-297,519	**Balance at 31 March**	**-2,550**

Collection fund adjustment account

The collection fund adjustment account shows the difference between recognising council tax and business rates due in the CIES and the amounts payable into the CIES from the collection fund under statutory provisions. The balance is the Council's share of the surplus or deficit on the collection fund at the year end. Surpluses are available to the Council in future years in line with prescribed regulations. Deficits must be addressed when setting future council tax charges.

2021/22 £'000	Collection fund adjustment account	2022/23 £'000
-8,165	Surplus at 1st April	-634
125,734	Collection fund income recognised in the CIES	129,969
-118,203	Collection fund income recognised under statute	-126,625
-634	**Surplus / (Deficit) at 31st March**	**2,710**

Accumulated Absences Account

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

2021/22 £'000	Accumulated absences account	2022/23 £'000
-5,196	**Balance at 1st April**	**-4,599**
5,196	Settlement or cancellation of accrual made at the end of the preceding year	4,599
-4,599	Amounts accrued at the end of the current year	-4,133
597	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	466
-4,599	**Balance at 31st March**	**-4,133**

The Financial Instruments Revaluation Reserve and the Pooled Investment Fund Adjustment

Account show the accumulated gains and losses on certain financial assets measured at fair value and which are detailed in Note 28.

Schools Funding Deficit
This unusable reserve was created in 2022/23 as a result of an overspend on the High Needs element of Dedicated Schools Grant (DSG). DSG is received each year for Special Education, SEND & Inclusion services and the DfE and the Code requires us to recover this from DSG in future years, as part of a 3 year recovery plan. The overspend was £868k in 2022/23.

27 Cash Flow

The cashflow statement analyses the changes in cash and cash equivalents held by the Council during the period. This disclosure note provides specific details about some of the figures within that statement.

The SDOPS has been adjusted for the following non-cash movements.

2021/22 £'000		2022/23 £'000
	Non cash movements	
-20,222	Depreciation and amortisation	-21,956
-14,527	Impairments/downward revaluation through the revenue a/c	-8,239
743	Change in provisions	317
-17,943	Change in debtors/creditors	25,630
340	Change in inventories	-301
-32,864	Change in pension liability	-28,101
-952	Non current assets sold	-867
0	Movement in Earmarked Reserves	445
780	Change in the valuation of pooled investment funds	-861
-84,645		**-33,933**

The SDOPS has been adjusted for the following that are investing and financing activities.

2021/22 £'000		2022/23 £'000
	Items that are investing and financing activities	
866	Proceeds from the sale of PPE, Investment Property and held for sale assets	987
46,864	Capital grants recognised in year as financing cash flows	44,136
47,730		**45,123**

The cash flows from operating activities include the following items: -

2021/22 £'000		2022/23 £'000
-307	Dividends Received	-163
-251	Interest Received	-1,364
6,750	Interest Paid	6,605

28 Financial Instruments

A financial instrument is a contract giving rise to a financial asset in one entity, and a financial liability in another. Financial assets include bank deposits, investments, and debtors. Financial liabilities include bank overdraft, borrowings and creditors. Most of these assets and liabilities are carried at amortised cost – a measure reflecting transactional cashflows. This note gives details about the Council's financial assets and liabilities, and the fair value of these at the balance sheet date (this can differ from the carrying amount).

Financial instruments included in the Balance Sheet are analysed below.

Financial Instruments	31st March 2023 Carrying Amount £'000	31st March 2023 Fair Value £'000	31st March 2022 Carrying Amount £'000	31st March 2022 Fair Value £'000
Financial Assets measured at Fair Value:				
Investments through Profit and Loss	4,362	4,362	5,223	5,223
Investments through Other Comprehensive Income	2,677	2,677	2,106	2,106
Financial Assets measured at Amortised Cost:				
Long term debtors	4,836	3,194	4,444	2,846
Current debtors	44,508	44,508	38,619	38,619
Short term investments	39,000	39,000	70,000	70,000
Cash and cash equivalents	11,912	11,912	16,811	16,811
Total financial assets	**107,295**	**105,653**	**137,203**	**135,605**
Financial Liabilities measured at Amortised Cost:				
Borrowings	136,972	160,458	132,406	162,087
PFI and other long term liabilities	25,667	35,870	28,136	35,870
Current creditors	48,529	48,529	79,841	79,841
Total financial liabilities	**211,839**	**245,528**	**240,383**	**277,798**

Financial Assets

Fair Value through Profit and Loss (£4.4m)

The Council has an investment of £5m in the CCLA local authority property fund, giving exposure through a pooled fund to commercial property. Gains and losses are charged to SDOPS. Regulations permit these charges to be reversed out such that the charges do not affect the amounts to be met through local taxation. The asset is shown on the balance sheet at fair value with any changes in fair values being taken to the Pooled Investment Fund Adjustment Account.

Fair Value through Other Comprehensive Income (£2.7m)

These assets are shown on the balance sheet at fair value with any changes in fair values being taken to the Financial Instruments Revaluation Reserve.

- Equity Homebuy scheme (£1.2m)

To facilitate the decanting of householders from sites which are being redeveloped for social housing, loans may be offered under the Homebuy scheme to enable those affected to buy properties elsewhere so that the proposed development sites can be vacated. These loans are repayable and legal charges have been put on the properties to ensure repayment on sale. Equity loans represent a share of equity in the purchased property.

- Revolving Investment Fund (£1.5m)

The Council has a share in a limited partnership set up to have oversight of the Revolving Investment Fund (RIF) and to establish and determine the authority of a company wholly owned by Leeds City Council to control it. The RIF is designed to support viable projects within the region which lever in private sector funding. The focus is on asset-based construction projects (including housing) within the geographical areas of the founder members.

Amortised Cost (£100.7m)

The following assets are shown on the Balance Sheet at amortised cost. Unless otherwise stated, all balances shown are an adequate approximation of fair value in view of the amounts involved.

• Long term debtors	£4.8m
• Current debtors	£45.0m
• Short term investments	£39.0m
• Cash and cash equivalents	£11.9m
	£100.7m

- Long Term Debtors (£4.8m)

The Council has a small number of debtors being repaid over various periods longer than one year. These are shown in the Balance Sheet at principal outstanding. Cash homebuy scheme loans are loans advanced as detailed above. Repayments are determinable as their value is not linked to the value of the property. Loans to Academy schools are sums previously advanced by the Council for building work at schools which have subsequently converted to academies and which the schools are continuing to repay with interest in accordance with an agreed timetable. The sums due have been recognised on transfer as capital receipts. The Piece Hall is being run by an independent trust. The Council has loan agreements in place (of up to £3.5m) to cover some residual building work and to facilitate initial operations. £2.9m has so far been drawn down. The loans have been offered on deferred repayment terms at favourable rates of interest. The fair value of these advances is therefore lower than the carrying amount included on the balance sheet.

2021/22 £'000	ANALYSIS OF LONG TERM DEBTORS	2022/23 £'000
610	Cash homebuy / improvement schemes	610
293	Loans to Academy schools	262
2,920	Loans to Piece Hall Trust	2,920
-	Loan to WEAVE	-
-	Foster Carers Loan	440
621	Other	604
4,444		**4,836**

- Current Debtors (£45.0m)

The sum of £44.982m (for grants, contributions & reimbursements and sales, fees, charges & other income, net of expected credit losses) has been included as an amortised cost financial asset. Council tax and business rate arrears are statutory debts and do not arise from contracts and so do not class as financial assets, and prepayments are not included as financial assets as they are not contracts giving rise to financial assets and liabilities.

- Short term investments (£39.0m)

The Council holds a number of short-term investments at the 31st March. These relate to surplus cash balances held over the year end and lent out temporarily as part of treasury management operations to financial institutions and local authorities. To mitigate against the risk of loss, the Council places investment limits (approved annually) on each financial organisation depending on its credit rating and asset base. The maximum investment during the year of £10m at any one time is reserved for clearing banks with Fitch and Moody's credit ratings of at least F1 and P1 respectively, combined with assets over £400bn (Fitch and Moody's are global credit rating agencies). There are other levels in place which range from £8m to £2m depending on an organisation's rating or asset base. For rated counterparties, the minimum credit rating used is F2 (Fitch) and P2 (Moody's) which signify a strong capacity to make timely settlement of commitments. The Council can also lend to unrated Building Societies (classed as unspecified) but they must have assets over £1bn. The maximum lending for these was £2m per institution. At present, only four building societies qualify.

The Council can also lend money to the Bank of England, the UK Government and other local authorities. Although the Council does not have a maximum investment limit with the Bank of England and UK Government, a limit of £6m per individual authority is in place. All of the Council's counterparties operate in the UK.

The Council has not suffered any counterparty defaults during the year. The deposits invested at the year end have been assessed for impairment by looking at each institution's credit rating and general standing. It has not been considered necessary to write off or impair any of the investments held at the balance sheet date.

Investment income from all financial assets (principally short term investments) is credited to SDOPS and shown as part of financing and investment income and expenditure. It varies with interest rate fluctuations and the level of cash balances available to the Council. It is monitored regularly, and prudent forecasts of anticipated future market conditions in the coming year are made as part of the annual budget setting process.

- Cash and cash equivalents (£11.9m)

This is cash balances held in individual school bank accounts as part of the delegated financial management of schools and cash held in the Council's bank accounts, the majority of which is the former. The Council's bank figure is the reconciled position on the Council's bank accounts at 31st March. The cash position is monitored daily and managed to ensure that, through a combination of active investment management, short term borrowing on the money markets and agreed overdraft facilities with the bank, the Council has sufficient funds with which to meet its commitments, and can earn interest on any surplus balances.

Financial liabilities

• Borrowings	£137.0m
• Other liabilities	£25.7m
• Current creditors	£56.0m
	£218.7m

Financial liabilities are shown on the Balance Sheet at amortised cost. Fair values are disclosed below for each type of financial liability where the carrying value on the Balance Sheet is not an adequate approximation.

- Borrowings (£137m)

All borrowings are shown at amortised cost which for these loans is the same as principal outstanding. Of the total borrowings £132.9m has been borrowed from the PWLB, £3.9m from Salix Finance Ltd (which provides interest-free Government funding to the public sector to improve their energy efficiency, reduce carbon emissions and lower energy bills) and a small residual balance (£0.2m) of historical loans. No other sources such as other financial institutions, local authorities and other bodies were being used as at the balance sheet date. Contractual obligations (both principal repayments and associated interest charges) arising from Council borrowings are detailed below.

2021/22 Principal £'000	Interest due to maturity £'000	ANALYSIS OF LOANS BY MATURITY AT 31st MARCH	2022/23 Principal £'000	Interest due to maturity £'000
5,911	264	Maturing within one year	5,268	85
5,021	284	Maturing within 1 - 2 years	6,207	409
15,462	2,312	Maturing within 2 - 5 years	19,697	3,124
21,612	8,220	Maturing within 5 - 10 years	24,600	7,800
84,400	70,508	Maturing in more than 10 years	81,200	70,653
132,406	**81,588**	**Total borrowing**	**136,972**	**82,071**

As the Council has ready access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The main risk is that the Council will need to replace a significant proportion of its borrowings at a time of unfavourable interest rates. The main treasury management strategy to deal with this is to manage the Council's debt maturity profile so that it is as smooth as possible taking account of historic debt and available interest rates.

All PWLB borrowings are at fixed rates and therefore unaffected by interest rate movements (though these would affect any maturing debt which needed to be re-financed). Changes in interest rates will affect the fair value of debt. Interest payable is charged to the CIES and shown as part of financing and investment income and expenditure.

There is a range of possible fair values for these borrowings at the balance sheet date. A fair value of £120.0m is based on the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the balance sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. The fair value on this basis would be £106.5m.

If the Council were to seek to repay all PWLB debt at the balance sheet date, the sum required would be £103.6m. This amount is lower than the carrying amount as the portfolio of borrowings is all at fixed rates where the interest rates payable are lower than the rates available at the balance sheet date for similar loans. This commitment to repay our debts would result in either early redemption penalties (premiums) charged by the PWLB or payments (discounts) payable by them to us. It is this calculation of fair value which is deemed to be most appropriate.

Borrowings of £3.9m have been secured on favourable terms to support green energy initiatives. The fair value of these is £3.7m. There are no short term loans as at the balance sheet date but if there were then the fair value would equal the balance outstanding.

- Other liabilities (£25.7m)

This reflects long term commitments by the Council relating to future rentals required under the schools PFI scheme, and to the repayment of loan debt administered by other local authorities in relation to transferred assets as part of statutory reorganisations of functions.

These liabilities are carried at amortised cost which for these items is the same as principal outstanding. The fair value of these liabilities is £30.4m based on discounting future cash flows at prevailing interest rates.

2021/22 £'000	ANALYSIS OF OTHER LIABILITIES BY MATURITY AT 31st MARCH	2022/23 £'000
2,469	Maturing within one year	2,680
2,680	Maturing within 1 - 2 years	2,910
9,505	Maturing within 2 - 5 years	10,327
12,651	Maturing within 5 - 10 years	8,953
831	Maturing in more than 10 years	797
28,136	**Total borrowing**	**25,667**

- Current creditors (£56.0m)

The total of £55.996m for trade payables and other accruals, and for tax and social security creditors has been included in financial liabilities. All other categories of creditor arise from statutory debts (council tax and business rates), are governed by more specific reporting standards (pension fund and accumulated absences), or are not contracts giving rise to financial assets and liabilities (deferred income).

29 Pension Costs

The Council makes payment into three pension schemes – the Local Government Pension Scheme; the Teachers' Pension Scheme, and the NHS staff pension scheme. These provide members with index linked pensions based on final salaries and length of service (although from April 2014 the local government scheme has been based on career average from that date rather than final salary). This note gives details about each of these schemes and how they are accounted for in these financial statements.

An important distinction is drawn between defined contribution schemes (where the employer has a liability to make payments into the fund during an employee's period of employment, but has no liability to make payments after that period if the scheme has insufficient funds to meet its pension payment obligations), and defined benefit schemes (where benefits paid out are not related to contributions paid in or assets held, and the employer has a liability to make good any funding shortfall).

Local Government Pension Scheme (LGPS).
The LGPS is a statutory scheme, and the benefits are paid under the provisions of LGPS Regulations. This is a funded scheme meaning that members and the employer pay contributions into a fund, with these contributions being calculated at a level to balance pension liabilities and investment assets over the expected lifetime of the membership. These calculations are revised every 3 years as part of a full actuarial valuation. The last full valuation was in March 2022 as a result of which employer rates were set to be subject to annual review and are currently at 17.1% (17.1% 2021/22). Regular employer contributions charged in 2022/23 were £15.5m and are forecast to be £15.9m in 2023/24.

Calderdale is part of the West Yorkshire Pension Fund (WYPF), which is part of the LGPS. The City of Bradford Metropolitan District Council is the administering authority for WYPF and therefore has overall legal and strategic responsibility for it. Bradford Council's administering authority responsibilities are met by WYPF's in-house pension's administration and investment teams.

The fund is advised by three boards - the WYPF Investment Advisory Panel, the WYPF Joint Advisory Group and the WYPF board. The Investment Advisory Panel establishes the investment principles of the scheme. The Joint Advisory Group oversees the administration of the fund and responds to legislative changes. The WYPF pension board aims to ensure effective governance and regulatory compliance.

The Council has about 5,000 active members, 7,300 pensioners and dependants and 6,400 deferred pensioners in the scheme. Total scheme membership is nearly 320,000 and there are approximately 400 individual bodies participating in the scheme. Total contributions into the fund are nearly £530m.

Although it is a multi-employer defined benefit plan, there is no cross subsidy, and individual employer contributions are determined with reference to the contributing Authority's membership, funding profiles, and particular circumstances. The employer contribution rate of 17.1% is the rate needed, together with employee contributions, to cover the cost of service being earned by current active members and reduced to recover existing funding surpluses over 22 years. In order to ensure that the deficit is recovered over the proposed period, the rate will be subject to annual review in the light of any significant shift in the underlying fund valuation assumptions (particularly, following the Covid-19 pandemic, any impact on mortality rates or the returns on investments as a result of market uncertainty and volatility). The Council builds these changes into its Medium-Term Financial Strategy.

Based on a prudent assessment of the amount of assets to be set aside to meet forecast future pension commitments, discounted back to the valuation date using a rate which takes into account future expected investment returns, the latest formal fund valuation showed that assets were sufficient to cover 108% of the estimated liability for pension benefit payments at that date. This surplus meant that employer contribution rates could be maintained. The risks to this position are that investment performance may be lower than forecast, or that assets held (in the expectation of greater returns) do not match expected benefit payments. Liabilities will increase as members live longer and as pay and inflation rates rise, increasing the amount of pensions which have to be paid out in the future. Liabilities extend many years into the future. The weighted average period over which benefits fall due is 16.1 years.

The Council also meets the unfunded costs of discretionary pension benefits as they become due. Added pensions are no longer given, but sometimes the Council will meet the cost of allowing employees to retire and draw their pensions earlier than usual where this generates longer term savings. Discretionary benefits are accounted for as defined benefit schemes. They are unfunded but the liabilities can be identified to the Council. The cost of such contributions during the year was £462k.

Both funded and unfunded LGPS schemes are accounted for as defined benefit schemes.

The Teachers' Pension Scheme (TPS)

The TPS is a defined benefit scheme covering teachers. It is "notionally funded". This means that, although there are no investment assets built up to meet pension liabilities, periodic valuations are carried out as though there was a fund. Contributions are set on the basis of these valuations. The current employer rate is 23.68% (which includes a 0.08% administration levy). As at 31 March 2022 (the date of the latest published accounts) the pension liabilities of the TPS were valued at £532.3bn. Contributions from members and employers are paid to the Exchequer, and the Exchequer effectively meets the cost of all benefits.

The Council has approximately 1,000 employees paying into the TPS scheme (which has a total membership of over 2.1m (including current, deferred and in receipt of pensions) from 12,209 participating employers and is administered by Capita Business Services Ltd on behalf of the Department for Education). The total paid in nationally is £8.9bn. Total employer contributions to the TPS by the Council were £4.9m. Expected contributions to the Teachers' Pension Scheme in the year to 31st March 2024 are £5m, but this depends on the number of schools converting to academies and the agreed teachers' pay award for the year.

As with the LGPS scheme, the Council is responsible for the costs of any additional benefits awarded to staff at its discretion outside the scheme. These on-going costs (£0.7m per annum) are met as they become due and are accounted for on a defined benefit basis and included in the figures reported for such schemes.

The NHS Staff Pension Scheme (NHS scheme)
The NHS scheme is a defined benefit scheme covering a very small number of public health employees (19). Total NHS scheme membership is in excess of 3.5 million from approximately 8,000 participating employers. Council employer/employee contributions totalled £0.1m from a national total contribution of approximately £17.5bn. Expected contributions in 2023/24 are £0.1m.

Contribution rates to the NHS scheme are set by the Secretary of State for Health, with the consent of HM Treasury, after consideration of the advice of the scheme actuary and employee and employer representatives as deemed appropriate. The current employer rate is 20.68%, including a 0.08% administration levy. NHS England are paying a proportion of this centrally, and the effective rate to be paid by the Council is 16.88%. On 31 March 2022 (the date of the latest published accounts) the pension liabilities of the Scheme were valued at £869.9 billion. As the NHS Pension Scheme is an unfunded scheme, these liabilities are underwritten by the Exchequer. In-year deficits (where contributions paid out exceed contributions paid in), are met by the Exchequer, and in year surpluses (where contributions paid in exceed contributions paid out), are paid to the Exchequer.

It is not possible to identify the Council's share of the underlying liabilities on a consistent and reasonable basis, and so the NHS scheme is accounted for as a defined contribution scheme, with funding being generated to meet pension payments as they become due. The cost to the Council of participating in the Scheme is therefore taken to be the contributions payable to the Scheme for the accounting period.

Accounting charges and asset and liability valuations under IAS 19

This section details the amounts recognised in these financial statements in relation to our pension schemes. It shows the financial and demographic assumptions made in estimating the net pension liability, and analyses the movement during the year over its component elements. The net pension liability recognised on the balance sheet is the current cost of meeting future pension liabilities offset by the assets held to meet those liabilities for all defined benefit schemes. The cost over the year of providing pension benefits is recognised in SDOPS. Actuarial gains and losses (due to changes in assumptions, or revisions to assumptions in the light of experience) are recognised in OCI.

IAS 19, the International Accounting Standard on employee benefits, requires the financial position of defined benefit pension schemes to be reassessed at each balance sheet reporting date following a prescribed methodology. The expected liabilities are calculated using a number of financial and demographic assumptions by AON Hewitt Limited, a firm of actuaries. Assets are held at fair value.

All the principal financial and demographic assumptions used by the actuary are shown below.

Financial assumptions	2022/23	2021/22
Consumer price index inflation	2.70%	3.0%
Rate of Increase in salaries	3.95%	4.25%
Rate of increase in pensions	2.70%	3.0%
Rate for discounting scheme liabilities	4.70%	2.7%
Mortality Assumptions:		
Longevity at 65 for current pensioners:		
men	21.6	21.8
women	24.6	24.6
Longevity at 65 for future pensioners:		
men	22.9	22.5
women	25.7	25.7

There are two major pension issues which, although the pension fund rules have not yet been changed, are likely to require some remedy to the local government pension scheme in order to remove potential age and sex discriminatory practices. There is some uncertainty as to the extent to which these issues will apply, or what remedies will be implemented.

1) As part of revisions to the local government pension scheme in 2014 aimed at reducing the cost of such schemes to the taxpayer and making them more sustainable, certain protections were offered to scheme members nearing retirement age in order to ensure that they did not incur loss through moving from a final salary to a career average scheme. Following the ruling in the "McCloud case" it is considered likely that such protections will need to be extended to all scheme members irrespective of age. The figures allow for remedies to be applied as appropriate to all members in service from 1st April 2012 on retirement, or prior withdrawal and with extension to benefits payable to dependants. The figures have been calculated using an average cost factor for each individual active member based on their age, sex, and pensionable pay in the latest valuation data.

2) The Government is also committed to equalising the Guaranteed Minimum Pension part of the State Pension irrespective of age or sex. The figures allow for full pension increases to be paid on GMP's to individuals reaching state pension age after 6th April 2016.

   The effect of these issues on scheme liabilities is reflected in the figures below and is estimated to be around £10m.

A third issue aimed, following the "Goodwin case", at eliminating inequalities for some surviving male spouses, has not been reflected in the figures. At this stage, it is estimated that the effect of this could be to increase pension liabilities by around £2m.

The net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rates at which salaries and pensions paid are projected to increase, changes in retirement ages and mortality rates. The approximate impact on the net liability of changing key assumptions is shown below. In each case, only the assumption mentioned is changed (although in reality many of the assumptions are interrelated).

Specific judgements and risks include: -

- Changes in the discount rate used: Pension liabilities extend many years into the future. They are discounted back to a present value at the balance sheet date using a rate based on high quality AA corporate bond yields of an appropriate term at that date. A reduction in the discount rate used to value pension liabilities will lead to a higher present value being placed on future pension payments and so will increase the deficit. The dataset used to determine the discount rate has been expanded to include all bonds rated at AA by at least one of the main ratings agencies. This has led to an increase in the discount rate and a consequent reduction in scheme liabilities of around 24.4%.
- Changes in pay and price inflation: Scheme benefit obligations are strongly linked to salary expectations and inflation. Increases in these measures will lead to higher pension liabilities, and so will increase the deficit. Inflation assumptions are set by reference to inflation rates priced into the gilts market. These rates are currently based on the (typically higher) Retail Price Index. However, other technical amendments to moderate the perceived supply and demand effect on market implied inflation rates have had the opposite effect, reducing forecast liabilities by a similar amount. Pensions increases are set as being equal to the CPI assumption. Salary increases are set at CPI with an additional allowance for promotional increases within scale.
- Changes in life expectancy: An increase in life expectancy means that pensions are expected to be paid for a longer period, so increasing the liability and the scheme's deficit. Due to the pandemic, recent deaths have been well outside the usual range. It is considered too early to fully assess what the impact of these higher rates might be on future cashflows and so mortality assumptions do not reflect the impact of the pandemic pending a more measured consideration within the model used.

The effect on the Council's pension fund liability of marginal changes in these factors is shown below: -

	Effect on liability	
	£m	%
0.1% change in discount rate	15	1.6
0.1% change in salary increases	1	0.1
0.1% change in pension increases	14	1.5
1 year change in member life expectancy	24	2.6

Only the LGPS has pension fund assets. These were valued at 31st March 2023 at £929.8m (2022: £939.5m) and the accounting liabilities for this scheme were calculated to be £932.4m (2022: £1,237.1m). Including the unfunded LGPS and TPS pension enhancements (for which the pension liabilities were £10.4m and £5.4m respectively), total IAS 19 pension fund liabilities of £934.1m (2022: £1,237.1m) have been recorded. The overall net pension liability for all defined benefit schemes has fallen by £293.3m (97.1%) over the year.

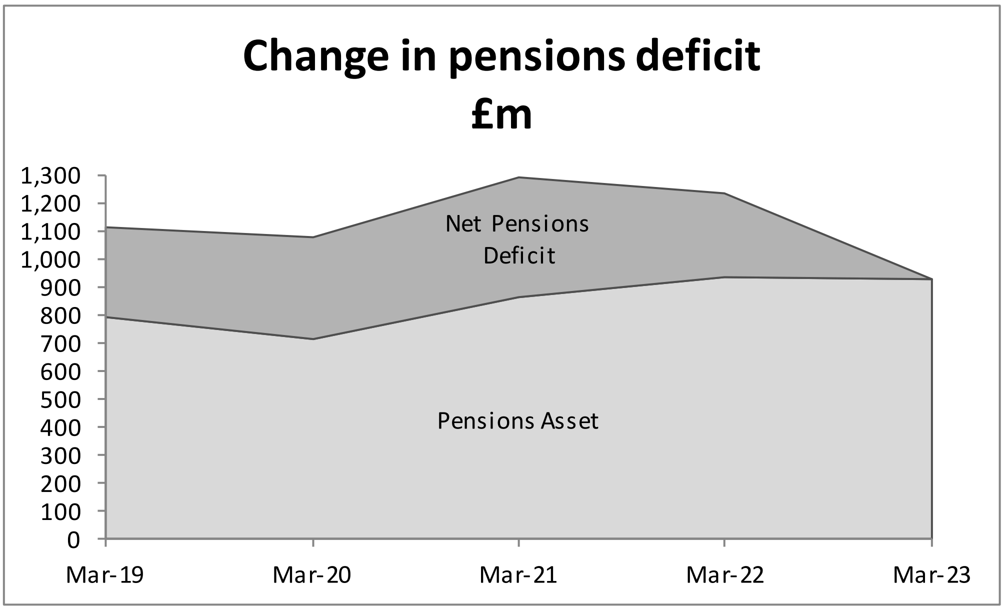
The Council's asset share of £929.8m is invested as follows:-

% split of pension fund assets	31st March 2023 %			31st March 2022 %			31st March 2021 %		
	Quoted	**Unquoted**	**Total**	**Quoted**	**Unquoted**	**Total**	**Quoted**	**Unquoted**	**Total**
Equity investments	66.1	14.7	80.8	67.8	12.0	79.8	68.7	10.2	78.9
Government Bonds	6.9	0.0	6.9	7.4	0.0	7.4	9.0	0.0	9.0
Other Bonds	4.6	0.0	4.6	4.8	0.0	4.8	4.8	0.0	4.8
Property	1.1	2.2	3.3	1.6	2.4	4.0	1.7	2.3	4.0
Cash liquidity	0.0	2.3	2.3	0.0	2.9	2.9	0.0	1.3	1.3
Other assets	0.0	2.1	2.1	0.0	1.1	1.1	0.0	2.0	2
Total	**78.7**	**21.3**	**100**	**81.6**	**18.4**	**100**	**84.2**	**15.8**	**100**

Fuller details of fund asset holdings and maturity profiles can be found within the West Yorkshire Pension Fund valuation report.

Movement in assets & liabilities and the impact on the surplus or deficit on the provision of services, and other comprehensive income and expenditure.

Pension benefits are earned by employees as part of their contracts. Although the pensions are not payable until the employees retire, the commitment which the Council has as the employer is recognised during the working lifetime of the employee. Pension contributions are invested in assets intended to provide funding at a future date when the pensions become due. Where the asset holdings fall short of expected commitments, there is said to be a net pension liability. Where asset holdings exceed expected commitments, there is said to be a net pension asset.



Pension accounting charges included within SDOPS were £47.4m. However, the statutory charge against council tax is based on the amounts payable by the Council to the pension fund in the year (£17.0m). Appropriations from a pensions reserve are made within the MIRS to replace the real cost of retirement benefits with the statutory charge so that the additional costs of providing for retirement benefits in accordance with IAS19 do not impact on levels of local taxation.

The total pension liability (or defined benefit obligation) represents the current cost of meeting the future benefits forecast to be paid out by the scheme. The net defined benefit pension liability is the difference between the total pension liability and scheme assets. The following table shows the pensions costs and income charged during the year into the accounts in accordance with IAS 19 and the effect of these on the net pension liability.

- Current service cost is the value of pension benefits earned in year by current employees, net of the contributions paid by the employees themselves in respect of those benefits.
- Past service costs are those scheme liabilities relating to service rendered in previous periods arising in the current period as a result of changes to retirement benefits.
- Net interest on the net defined benefit liability is a charge based on the net pension liability multiplied by the discount rate at the start of the period. Future pension obligations are stated at present value. A discount rate is used to calculate this current value of the future liability. The net interest on pensions liabilities is the unwinding of this discount rate as benefits move one period closer to settlement, partly offset by an amount earned on fund assets.

- Remeasurements arise from the uncertainty in making assumptions about future events when calculating the liability. These may be due to changes in assumptions, or to actual experience differing from previous actuarial assumptions made. Remeasurement gains and losses are recognised in OCI.
- Contributions are paid into the scheme by employers and participating members. These contributions reduce the value of the net pension liability.
- Net benefits paid out reduce the defined benefit obligation.
- Changes in assets and liabilities due to business elements being transferred into or out of the fund are shown as disposals/acquisitions.

IAS 19 pensions accounting charges (£'000)	**Assets**	**Liabilities**	**Net pension liability**	**Expenses recognised in SDOPS**	**Total (gains)/losses recognised in OCIE**
Value as at 1st April 2022	**939,544**	**-1,237,063**	**-297,519**		
Current service costs		-37,184	**-37,184**	37,184	
Past service cost		-146	**-146**	146	
Net interest on the net defined benefit liability			**-7,804**	7,804	
Of which: - interest on the defined benefit obligation		-32,951			
- interest income on plan assets	25,147				
Remeasurement of the net defined benefit liability					
- on plan assets	-17,977		**-17,977**		17,977
- on liabilities - financial assumptions		446,008	**446,008**		-446,008
- on liabilities - demographic assumptions		-6,012	**-6,012**		6,012
- on liabilities - experience		-98,946	**-98,946**		98,946
Employer contributions	17,030		**17,030**		
Contributions by plan participants	5,619	-5,619	**0**		
Net benefits paid out	-39,532	39,532	**0**		
Net decreases from disposals and acquisitions			**0**		
Value as at 31st March 2023	**929,831 -**	**932,381 -**	**2,550**	**45,134 -**	**323,073**

Adjustment to charges made in accordance with IAS 19 to those required under regulations - 28,104

Amount falling due to be met by council taxpayers (employer contributions to the scheme) 17,030

IAS 19 pensions accounting charges (£'000)	**Assets**	**Liabilities**	**Net pension liability**	**Expenses recognised in SDOPS**	**Total (gains)/losses recognised in OCIE**
Value as at 1st April 2021	**861,864**	**-1,290,756**	**-428,892**		
Current service costs		-39,948	**-39,948**	39,948	
Past service cost		-262	**-262**	262	
Net interest on the net defined benefit liability			**-8,841**	8,841	
Of which: - interest on the defined benefit obligation		-26,778			
- interest income on plan assets	17,937				
Remeasurement of the net defined benefit liability					
- on plan assets	75,086		**75,086**		-75,086
- on liabilities - financial assumptions		78,178	**78,178**		-78,178
- on liabilities - demographic assumptions		12,624	**12,624**		-12,624
- on liabilities - experience		-1,651	**-1,651**		1,651
Employer contributions	16,187		**16,187**		
Contributions by plan participants	5,244	-5,244	**0**		
Net benefits paid out	-36,774	36,774	**0**		
Net decreases from disposals and acquisitions					
Value as at 31st March 2022	**939,544 -**	**1,237,063 -**	**297,519**	**49,051 -**	**164,237**

Adjustment to charges made in accordance with IAS 19 to those required under regulations - 32,864

Amount falling due to be met by council taxpayers (employer contributions to the scheme) 16,187

A fund review is used to judge the money we need to put into the pension scheme. It will always be different to the IAS 19 accounting deficit, which is an accounting standard about how employee benefit obligations are to be shown on the balance sheet. The accounting standard requires all reporting entities to assume their pension funds grow at a standard rate reflecting a fairly low level of risk. The fund review can take a more expansive view of returns.

IAS 19 thus produces results that are different from, and more volatile than, the actuarial valuation, as members' liabilities at the balance sheet date are valued using market rates of corporate bonds and do not reflect the expected future returns on the assets the fund owns. This tends to increase the value of liabilities.

Differences can also arise due to changes in market conditions between the two valuation dates (31 March 2023 and 31 March 2025). Some key assumptions for the IAS 19 accounting valuation are based on those used for the most recent actuarial valuation (March 2022). In between triennial revaluations, some assumptions are updated annually (e.g. inflation, pay increases, discount rates, asset values) whilst others taking a longer term view (e.g. mortality rates, demographic factors) may not be. There can be a noticeable effect following scheme triennial reviews when mortality rates and other less easily identifiable data are updated.

30 Authorisation

Relevant events after the balance sheet date have been considered up to the date included on the statement of responsibilities, being the date on which these statements of accounts were authorised for issue by the Chief Finance Officer. Any events taking place after the year end but before the date of publication are considered and reflected only where the event provides information on conditions existing at the balance sheet date. No events after the balance sheet date have been identified. Events taking place after the date of authorisation are not reflected in the financial statements or notes. These accounts will be subject to formal external audit verification and may be amended as part of that process.

F Accounting Policies

The statement of accounts summarises the Council's transactions for the financial year to 31st March, and its financial position as at that date. Following the Government's response to the Redmond review of the effectiveness of external audit and the transparency of financial reporting in local authorities, local authorities are now under a duty to prepare their accounts and have these signed by the responsible finance officer, and to publish them on or before the first working day in August.

Proper practices are based on IFRS standards as incorporated into the Code. The selected accounting policies have been applied to all material items for inclusion in the accounting statements and disclosure notes. Only those items which are insignificant within the context of the financial statements and whose exclusion does not impair the reliability or interpretation of the financial information provided have been omitted from inclusion.

Accounting policies are determined by the Code. Where the Code is not explicit, unless there are any specific legislative requirements (which always take precedence), accounting treatment will be determined by application of IFRS or similar standards; the framework for preparing and presenting financial statements; or issued guidance notes.

In selecting appropriate policies and accounting treatment, judgement has been exercised to ensure that, through a balanced and sensible application of competing qualitative characteristics, costs and time, the resulting accounting statements both faithfully reflect the substance of the transactions and other events that have taken place by being free from material error, exaggeration or systematic bias, and are relevant in enabling an assessment of the stewardship of public funds and the making of any economic decisions based on materially significant disclosures. The statements are presented in such a way as to be comparable between accounting periods, and understandable to those with a reasonable knowledge of local government and accounting practices. Although this is unavoidably quite a technical document, every effort has been made to explain either in the text or the glossary, any technical terms necessarily involved.

Accounting policies have been chosen to give a true and fair view of the financial transactions of the Council.

31 Accounting policies

Accruals of Income and Expenditure

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

- 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.
- Tax income is an annual charge and is recognised in the year in which it is due when it is probable that economic benefits or service potential associated with the

transaction will flow to the Council, and the amount of revenue can be reliably measured.

- 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.

Cash and cash equivalents
Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments maturing within three months from the date of acquisition and are readily convertible to known amounts of cash with no risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of any bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Collection Fund
Billing authorities are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-domestic Rates (NDR). The key feature of the accounting policy is that billing authorities act as agent collecting and distributing monies on behalf of the Government and other Council Tax and NDR preceptors.

The total of NDR and Council Tax income included in the CIES is the Council's share of the accrued income for the year. However, regulations determine the amount of Council Tax and NDR that can be released from the collection fund to the general fund. This is the Council's precept plus any share of the previous year's surplus or deficit. Any difference between the income included in the CIES 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 MIRS.

The balance sheet includes the Council's share of year end balances in respect of Council Tax and NDR arrears, impairment allowances for doubtful debts; overpayment, prepayments and appeals. Any difference between cash collected on behalf of the Government or other preceptors and cash paid over to them is included as a creditor (where more cash has been collected than paid over) or a debtor.

The Cash Flow Statement includes as operating activities only the Council's share of council tax and NDR collected in the year, and the net cost of pursuing arrears. Cash collected as agent does not arise from revenue activities, and is excluded from operating activities. Cash held as agent, being the difference between cash collected and paid over, is included in other receipts/payments within financing activities.

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

Employee benefits
Benefits Payable During Employment
Short-term employee benefits are those due to be settled within 12 months of the year end. They include accrued annual leave, lieu time and flexi time earned by employees but not taken before the year end, which employees can carry forward into the next financial year. They are recognised as an expense in the year in which employees render service to the Council. The accrual is made at the pay rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to SDOPS,

but then reversed out through the MIRS so that such benefits are charged against council tax in the financial year in which the holiday absence occurs.

Termination Benefits
Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy. They are charged to service costs in SDOPS when the Council can no longer withdraw the offer of those benefits.

Where termination benefits involve the enhancement of pensions, the cost of this lifetime benefit is recognised in the CIES. Statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund, not the amount calculated according to the relevant accounting standards. In the MIRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and any such amounts payable but unpaid at the year end.

Post Employment Benefits
Pension schemes providing members with defined benefits (retirement lump sums and pensions) earned as employees working for the Council are accounted for as defined benefit schemes. All retirement benefits are accounted for in accordance with the relevant reporting standard IAS19 which stipulates how such commitments are to be recognised in the CIES and on the Balance Sheet.

Pension schemes which provide defined benefits to members, but where the liabilities for these benefits cannot be identified to the Council on a consistent and reasonable basis, are accounted for as defined contribution schemes. No liability for future payments of benefits is recognised on the Balance Sheet.

Where liabilities can be identified to the Council on a consistent and reasonable basis, they are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees. Liabilities are discounted to their value at current prices.

The associated assets of the fund attributable to the Council are included in the Balance Sheet at fair value based on current bid price (securities), market value (property) and professional estimate for unquoted assets.

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, not the amount calculated according to the relevant accounting standard (IAS19). There are appropriations in the MIRS to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits, and replace them with debits for the cash paid to the pension fund and any such amounts payable but unpaid at the year end. This ensures that the additional costs of providing for retirement benefits in accordance with IAS19 do not impact on levels of local taxation.

Discretionary Benefits
The Council can make discretionary awards of retirement benefits in the event of early retirement or voluntary redundancy. Liabilities estimated to arise as a result of any such award to any member of staff (including teachers) are accrued in the year of the award, and are accounted for as defined benefit schemes.

Events after the balance sheet date
Events after the balance sheet date are those that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. The Statement of Accounts is adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Where the event is indicative of conditions that arose after the reporting period, appropriate disclosures are made, but the amounts in the Statement of Accounts are not adjusted. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Assets
The classification of financial assets is based on the business model for holding the assets and their cashflow characteristics.

Financial assets are classified into three types:

- Amortised cost. Such assets are those where there are contractual terms giving rise on specified dates to cash flows which are solely payments of principal and interest on the principal outstanding, and where the business model is to collect the cash flows arising.
- Fair value through other comprehensive income (FVOCI). Such assets are those where these conditions hold true, but the business model includes selling the financial assets,
- Fair value through profit and loss (FVPL). All other financial assets with different contractual cashflows and business models.

Election can be made on initial recognition for some FVPL equities to be classed as FVOCI if the equity instrument is not held for trading (i.e. they are not held principally for selling in the "near term" and/or are held for reasons which are not purely financial).

Amortised cost.
Financial assets that are measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and they are initially measured at fair value. They are subsequently measured at amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in SDOPS for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the majority of financial assets, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to SDOPS is the amount receivable for the year in the loan agreement.

Where any material soft loans are made (extended credit at less than market rates), a loss is recorded in SDOPS (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in SDOPS at the (higher) effective rate of interest rather than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the MIRS.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the CIES. Short duration receivables with no stated interest rate, and any small value loans considered immaterial for valuation as above are measured at the original invoice amount.

Fair value through other comprehensive income and fair value through profit and loss
The Council has one investment which is measured at FVPL and two long term investments which would ordinarily fall to be classed as FVPL but which, as these investments are made

for reasons other than commercial gain, the Council has elected to value these assets as FVOCI.

Financial assets that are measured at fair value are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and they are initially measured and carried at fair value. Subsequent remeasurement gains and losses are, for FVOCI assets, taken to the Financial Instrument Revaluation Reserve (FIRR) and charged to OCI and, for FVPL assets, taken to the Pooled Investment Fund Adjustment Account (PIFAA) and charged to the financing and investment income and expenditure line in SDOPS.

Depending on the market for such assets, fair value might be the quoted market price (where there is one), cost less impairment, or other amount based on valuation techniques. Inputs used in measurement are categorised into three levels: - level 1 (quoted prices in active markets for identical assets); level 2 (other observable inputs); level 3 (unobservable inputs). Measurements rely on inputs drawn from the highest available level.

Any gains or losses on derecognition of an asset are recognised in the CIES along with any gains/losses previously recognised in the FIRR/PIFAA.

Impairment of financial assets
The Council recognises expected credit losses on all financial assets held at amortised cost and fair value. Impairment losses are calculated to reflect the prospect that expected future cash flows might not take place due to default.

If risk has increased significantly between initial recognition and the balance sheet date, impairment is based on expected credit losses from all possible defaults over the expected life of the instrument, otherwise impairment is based on a 12 month expected loss (that is the lifetime expected credit loss multiplied by the probability of the default occurring within the next 12 months).

A simplified approach is applied to trade receivables whereby the loss allowance is measured at an amount equal to lifetime expected credit losses thus avoiding the need to consider annually whether there has been an increase in credit risk. This is based on probability weighted outcomes and other supporting information.

Financial Liabilities
Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. Financial liabilities are initially measured at fair value and are then carried at amortised cost. Annual charges for interest payable are based on the carrying amount of the liability multiplied by the effective interest rate of the instrument. This is the rate that discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. These charges are taken to financing and investment income and expenditure within SDOPS.

For the borrowings which the Council has, this results in the Council's financial liabilities being included in the Balance Sheet at the outstanding principal repayable, and interest charged is the amount payable for the year according to the loan agreement.

Premium payments and discounts on the repurchase or early settlement of debt are taken in year directly to financing and investment income and expenditure within SDOPS unless, in accordance with certain specific conditions, a repurchase/restructure has taken place and the modification to the financial instrument is not considered substantial. In such cases, the loan debt carrying amount is adjusted rather than being taken directly to SDOPS, and the adjustment is written down to SDOPS over the life of the loan by an adjustment to the effective interest rate.

Government grants and other contributions
All grants and contributions are recognised as income within SDOPS when there is reasonable assurance that the Council will comply with the grant conditions, and the grants or contributions will be received. Conditions are stipulations requiring repayment of the grant if they are not met.

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

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

The Council sometimes acts as Accountable Body for various partnerships and in that role receives grant funding on behalf of the partnership. Where it is considered that the Council determines partner allocations, the grant is recognised as income and allocations as expenditure. Where the Council does not exercise such control, only such grant as may ultimately be awarded to the Accountable Body is recognised as grant receivable.

Heritage Assets
These are assets with historical, artistic, scientific, technological, geophysical or environmental qualities held principally for their contribution to knowledge and culture rather than for any operational reasons (mainly museum exhibits). They are held mainly at insurance value (though some difficult to value items with no comparable market values have not been valued) as permitted under FRS102. Depreciation is not required for those assets with indefinite lives. Valuations are reviewed where there is clear evidence of impairment such as damage or doubts as to provenance. Impairments and gains and losses on disposal are accounted for in accordance with the policies for impairment, and property, plant and equipment.

Investment property
Investment properties are separately identifiable properties used solely and specifically to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost or are revalued immediately prior to reclassification. They are subsequently measured at fair value, based on the amount that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Investment properties are not depreciated but valuations are assessed annually to ensure they reflect market conditions at the year end.

After initial recognition, gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in SDOPS. Gains and losses on disposal are included under other operating expenditure. Such charges are not permitted by statutory arrangements to have an impact on the General Fund Balance. Therefore, these gains and losses are reversed out of the General Fund Balance in the MIRS, and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Income and expenditure relating to investment properties are also charged to the financing and investment income and expenditure line in SDOPS.

Leases
Arrangements transferring substantially all the risks and rewards of ownership to the Council or away from the Council are treated as finance lease acquisitions or disposals. All other arrangements are treated as operating leases.

Finance leases.
Property, plant and equipment held under finance leases is recognised on the Balance sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments if lower).

The asset recognised is matched by a liability for the obligation to pay the lessor. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Subsequent lease payments are apportioned between:

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

The asset is carried at current value and accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

Assets disposed of by way of finance leases are written out of the accounts like any other asset sale. A long term debtor is recognised for the capital receipt from the disposal. Lease rentals receivable are apportioned between:

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

O*perating leases.*
Rentals paid under operating leases are charged to SDOPS as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even where this may not match the pattern of payments.

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income credits are made to SDOPS on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. where there is a premium paid at the commencement of the lease).

Non current assets held for sale
When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through continued use, the asset is reclassified as Held for Sale. This is when the asset is available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets, and when the sale is highly probable (the appropriate level of management must be committed to the sale, and an active programme to locate a buyer for the asset at a fair value must have been initiated with the sale being expected to qualify for recognition as a completed sale within one year).

The asset is revalued immediately before reclassification, and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in SDOPS. Gains in fair value are recognised only up to the amount of any previous losses recognised in SDOPS.

Gains and losses on disposal are included under other operating expenditure, and any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Such charges are not permitted by statutory arrangements to have an impact on the General Fund Balance. Therefore these gains and losses are reversed out of the General Fund Balance in the MIRS, and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

Depreciation is not charged on Assets Held for Sale.

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

Private Finance Initiative

PFI contracts are agreements with private sector operators to construct or enhance property used to provide public services and to operate and maintain that property for a specified period of time. The operator is paid for its services over the period of the arrangement. Such arrangements are accounted for in line with IFRIC12 Service Concession Arrangements.

IFRIC12 specifies that properties used to provide services under PFI contracts should be recognised as an asset by whichever party exercises control over the property in terms of stipulating the services provided, and any residual interest. As the Council is deemed to control the services that are provided under its 5 school PFI scheme, and as ownership of the property, plant and equipment (other than for schools which convert to academies) will pass to the Council at the end of the contract for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

Assets and liabilities

The school buildings are recognised as assets of the Council together with a liability to pay future rentals. These assets are then treated like any other Council assets in accordance with the accounting policy for property, plant and equipment, i.e. they are subject to annual depreciation and regularly revalued so that the carrying amount included in the Balance Sheet is at current value. The liability is written down annually over the period of the contract by the amount of the unitary charge recognised for this purpose.

Comprehensive Income and Expenditure Statement entries

Each year, the Council pays the operator an agreed unitary charge for occupation of the premises and the service provided. This unitary charge is broken down into 3 parts based on the current value of the property involved and estimated service element costs. The current value of the property is the amount initially recognised on the Balance Sheet together with an offsetting liability. This is accounted for as a finance lease, with part of the unitary charge therefore being recognised as a repayment of the liability, and part being the associated interest cost based on the rate implicit in the lease. The rest of the unitary charge reflects the cost of the services provided.

Service costs are included within the net cost of services figure in SDOPS. Interest costs are included in the financing and investment income and expenditure line. The principal element is applied to write down the liability towards the PFI operator on the Balance Sheet.

In accordance with statutory requirements, revenue provision has to be made towards the reduction of the borrowing requirement relating to this transaction. In line with the Council's policy for such provision, this charge is based on the asset life and, being written off over this longer period, is different from the amount notionally calculated as the principal repayment of the liability which is based on the (shorter) lease term.

The Council also receives an annual revenue grant towards the above costs. Grant equivalent to the interest charge is recognised as non specific grant income in SDOPS. All remaining grant is included in net cost of services.

Property, plant and equipment
Physical assets that are controlled or held on a continuing basis for use in the provision of services or for administrative purposes are classified as Property, Plant and Equipment (PPE).

Recognition
Expenditure in excess of £10k on the acquisition or creation of, or which adds to an asset is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council for periods in excess of one year, and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement
Capital expenditure is recognised initially at cost, comprising all expenditure that is directly attributable to bringing an asset into working condition for its intended use. All acquired and newly created assets, and assets which have had significant enhancement works completed during the year have been formally revalued. All other capital expenditure has been added to property, plant and equipment at cost until such time as the asset is revalued as part of the 5 year rolling programme.

Assets in major classes and individual assets with a net book value over £10m are reviewed each year to assess whether there are any indications of material change in value. Increases in valuations are recognised as unrealised gains in the revaluation reserve (or credited to SDOPS where they arise from the reversal of an impairment or revaluation loss previously charged to a service revenue account). Where decreases in value are identified, they are written down against any balance of revaluation gains for the asset in the Revaluation Reserve, and then to the relevant service line(s) in SDOPS.

Assets are assessed at each year end for indications of material impairment. Where indications exist, impairment losses are recognised and accounted for in the same way as revaluation losses.

Assets are included in the Balance Sheet as follows: -

- Operational property, plant, and equipment have been included in the Balance Sheet at current value – a measurement reflecting the economic environment prevailing for the service or function the asset is supporting at the reporting date. Measurement bases include: -
    - Existing use value for assets providing service potential where an active market exists (e.g. offices)
    - Depreciated replacement cost for specialised properties for which no market evidence exists (e.g. schools and sports facilities);
    - Depreciated historical cost (as a proxy for current cost) for items of plant, vehicles and equipment which are short lived and of relatively low value, and for infrastructure assets (e.g. highways and bridges);
    - Historical cost for assets under construction and community assets (e.g. parks), but these are assessed for impairment and depreciated where appropriate.
    - Fair value for surplus assets. These are assets which are not currently operational, but which do not yet meet the criteria to be classed as held for sale or investment properties. Such assets might, for example, be currently held vacant pending future use. They are valued at highest and best use from a market participant's perspective.

Depreciation
With the exceptions of land (unless it has a finite life), buildings under construction, and community assets (unless specifically appropriate), all items of property, plant and equipment are depreciated over their useful economic lives. Depreciation is calculated by writing off the valuation of the asset less estimated residual value over the useful life of the asset. Asset lives are provided by the valuers on an individual basis.

Where an item of Property, Plant and Equipment has a major component whose cost is significant in relation to the total cost of the item and whose asset life is significantly different from the life of the asset to which it is attached, the component is separately identified and depreciated.

Depreciation charges are made to service revenue accounts. However, under statute, the charge to be met by council taxpayers for property, plant and equipment is the minimum revenue provision. There are reversing entries within the MIRS taking out depreciation charges and replacing these with the minimum revenue provision. These entries are charged to the Capital Adjustment Account.

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

Disposals
On disposal, the net book value of an asset is written off to the Other Operating Expenditure line in SDOPS, and the receipt is credited to the same line. This shows the gain or loss on disposal. Any remaining balances relating to the asset in the revaluation reserve are transferred to the capital adjustment account.

Since the costs of fixed assets have already been provided for under separate capital accounting arrangements, the costs of any write offs are not charges against council tax. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

Receipts in excess of £10k are categorised as capital receipts and are required to be credited to the usable capital receipts reserve. As these are credited in the first instance to SDOPS, receipts are appropriated to the reserve from the General Fund Balance in the MIRS. The usable capital receipts reserve can be used to redeem debt or finance capital expenditure.

The Council's policy is to pool all capital receipts (unless specific application is made) and to reinvest them in the capital programme. Where the receipt arises from the sale of a revenue earning asset, a specific decision is taken as to whether or not to use that receipt to redeem debt (to minimise the impact of the sale on the revenue account) rather than reinvesting it in the capital programme.

Infrastructure Assets

Highways Infrastructure assets
Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Recognition
Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

Measurement
Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April [1994 England and Scotland] [1996 Wales], which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation
Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis over 25 years. Annual depreciation is the depreciation amount allocated each year.

Disposals and Derecognition When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

Provisions
Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits, and a reliable estimate can be made of the amount of the obligation. Provision is also made where there are many similar obligations which in isolation depend on some future decision or judgment and would not therefore be considered a provision, but for which cumulatively there is evidence to suggest that a proportion of such obligations are likely to be settled and therefore a reliable estimate can be made. Provisions are charged as an expense to an appropriate revenue account or recognised as capital expenditure in the year in which the Council becomes aware of the obligation. All provisions are reviewed annually and adjusted to reflect the best estimate at the balance sheet date of the anticipated expenditure required to settle the obligation. When expenditure is incurred to which the provision relates, it is charged to the provision carried in the Balance Sheet.

Impairment of assets
Assets are assessed at each year end for evidence of impairment to ensure that they are carried at no more than their recoverable amount. The main asset categories are assessed for impairment in line with the requirements of specific accounting standards for property, plant and equipment, and financial instruments.

- Property, plant and equipment (PPE) assets and heritage assets are assessed in accordance with the policy for accounting for PPE assets. Impairments are written off against any revaluation gains attributable to the relevant assets, with any excess being charged to the relevant service revenue account. Impairments of investment properties and held for sale assets are written off to specific lines within SDOPS.
- Financial assets are assessed annually for impairment in accordance with the policy for accounting for financial assets. Credit losses for anticipated cashflows being less than expected are recognised in the CIES.

Earmarked Reserves
Earmarked reserves are funds set aside at the discretion of either the Council or individual service departments for future policy purposes, contingencies, or to meet future items of

revenue or capital expenditure. Reserves are created by appropriating amounts out of General Fund balances in the MIRS and so count against council tax when set aside. Expenditure funded from reserves is charged directly in the year it is incurred to service revenue accounts in SDOPS. The reserve is then appropriated back into the General Fund balance in the MIRS so that there is then no net charge against council tax for the expenditure.

Certain reserves are kept to manage the differences in timing between statutory recognition and the accounting treatment of non-current assets, financial instruments, local taxation, retirement and employee benefits. These are not usable resources for the Council.

Revenue expenditure financed by capital under statute (REFCUS)
REFCUS is expenditure on assets not owned by the Council but which is permitted to be capitalised under statutory provisions. It does not give rise to assets which can be controlled by the Council. Examples include grants given to third parties for capital purposes, expenditure on private sector housing renewal, or on schools not in Council ownership. There is no on-going controlling benefit to the Council of such expenditure, and so it is charged to the relevant service line in SDOPS within the year.

As this expenditure can be met from capital resources or by borrowing, a transfer in the MIRS from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged so that there is no impact on the level of council tax.

Minimum Revenue Provision (MRP)
The Council's MRP Policy was amended between 2021/22 and 2022/23. For supported borrowing incurred before 1st April 2008, the Council applies an average asset Life Method basis in conjunction with the annuity method to calculate MRP. The interest rate chosen is the average Public Works Loan Board rate for the accounting year for the period of the asset life.

Unsupported prudential borrowing is subject to MRP using an average Asset Life Method charged over a period which is commensurate with the estimated useful life of the assets. This MRP calculation is again discounted on an annuity basis using the average Public Works Loan Board interest rate for the accounting year in question for the period calculated for the asset life.

The level of MRP charged is subject to regular review to determine if it is at a level which is considered prudent based on the Authority's financial circumstances at that time taking into account medium/long term financial plans and current and future capital expenditure plans. Dependent on this review, the MRP charge may be varied by making Voluntary Revenue Provision (VRP) or reclaiming previous VRP. The amount of MRP charged shall not be less than zero in any financial year.

Schools
Where the balance of control of maintained schools is adjudged to lie with the Council, the school buildings are deemed to be those of the Council and accounted for like other Council held fixed assets. The Code stipulates that the other assets, liabilities, reserves and cash flows of all maintained schools are recognised not in group accounts but in the Council's single entity accounts, as if they were the transactions, cash flows and balances of the Council.

Value Added Tax
Income and expenditure are reported exclusive of VAT as all VAT collected is payable to HM Revenue and Customs, and all VAT paid is recoverable from them. VAT is therefore only included in service income and expenditure to the extent that it is irrecoverable, or has been recovered retrospectively from amounts paid over in previous years.

SUPPLEMENTARY ACCOUNTING STATEMENTS

The Collection Fund

This account reflects the statutory requirements for billing authorities to maintain a separate collection fund to account for the income from Council Tax and Business Rates. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to the Council (including parish councils), West Yorkshire Combined Authority (on behalf of the Mayor for West Yorkshire for the Police), the West Yorkshire Fire and Rescue Authority and Central Government**.** The balance on this fund is shared between the Council, the Government and the other preceptors. That element due to the Council is incorporated into the Council's Balance Sheet in the Collection Fund Adjustment Account. The balance due to/from the Government and other preceptors is included in creditors and debtors.

Council Tax £'000	Business Rates £'000	2021/22 £'000	COLLECTION FUND	2022/23 £'000	Council Tax £'000	Business Rates £'000
			INCOME			
121,662		121,662	Billed to Council Taxpayers	126,781	126,781	
		0	Business rates transitional relief received	0		
	47,256	47,256	Non-Domestic Rates income (net of interest on refunds)	49,467		49,467
753	19,164	19,917	Contributions towards previous year's collection fund deficit	8,337	0	8,337
122,415	**66,420**	**188,835**	**TOTAL INCOME**	**184,585**	**126,781**	**57,804**
			EXPENDITURE			
			Precepts and Demands			
100,716	26,026	126,742	Calderdale Metropolitan Borough Council	129,399	105,473	23,926
12,991		12,991	Police and Crime Commissioner for West Yorkshire	13,831	13,831	
4,131	531	4,662	West Yorkshire Fire & Rescue Authority	5,000	4,512	488
		144,395		148,230		
			Business Rates			
	26,557	26,557	Payment to Government	24,414		24,414
	243	243	Business rates transitional relief paid over	375		375
	480	480	Disregarded business rate income due to renewable energy	486		486
	348	348	Cost of Collection	347		347
		27,628		25,622		
			Impairment of debts and appeals			
661	-1	660	Write offs of uncollectable amounts	5,848	204	5,644
1,430	-394	1,036	Allowance for impairment of collectable amounts	-2,388	2,100	-4,488
	-477	-477	Allowance for losses on appeal	-783		-783
		1,219		2,677		
			Contributions			
	0	0	From previous year's collection fund surplus	938	938	0
119,929	**53,313**	**173,242**	**TOTAL EXPENDITURE**	**177,467**	**127,058**	**50,409**
2,486	13,107	**15,593**	**MOVEMENT ON FUND BALANCE IN YEAR**	**7,118**	-277	7,395
-1,446	-16,265	**-17,711**	**OPENING FUND SURPLUS / (DEFICIT) AT 1ST APRIL**	**-2,118**	1,040	-3,158
1,040	-3,158	**-2,118**	**CLOSING FUND SURPLUS / (DEFICIT) AT 31ST MARCH**	**5,000**	763	4,237

Notes to the Collection Fund

1. Business Rates

Income from business rates 2022/23

Under statutory arrangements business rates, based on a rate poundage determined nationally by the Government and applied to rateable values determined by HM Revenue and Customs, are collected locally by the Council. The rate specified by the Government for 2022/23 was 51.2p (49.9p for small businesses). In 2022/23, the gross amount collectable net of refunds was £49.467m, based on a non-domestic rateable value at the 31st March 2023 of £158,863,138.

Under the business rates retention scheme introduced in April 2013, business rate income is shared between Central Government (50%), the Council (49%) and the West Yorkshire Fire and Rescue Authority (1%). The total business rate shares of £48.828m payable in 2022/23 are estimated before the start of the year. The Council shares directly in the risks and benefits of business rate collection. There is a general risk of non-collection for which there is a provision of £2.141m. There are also potential losses on appeal which is estimated at £5.210m for appeals as at 31st March 2023. The Council accounts for its proportionate share (49%) of these balances.

Business Rates Surplus as at 31st March 2023

At the year end, the business rates collection fund can be in surplus or deficit dependent on collection rates, the level of revaluations, and additional reliefs introduced after the start of the year. At the 31st March 2023, business rates within the Collection Fund had a surplus of £4.237m. The surplus is shared proportionately between the Council, Central Government and West Yorkshire Fire and Rescue Authority. The surplus will be released from the collection fund in line with Government regulations during 2023/24 with any outstanding balance being released thereafter. The Council's share of the business rates surplus, £2.064m, is included on the Balance Sheet in the collection fund adjustment account.

2. Council Tax

Council Tax Surplus at 31st March 2023

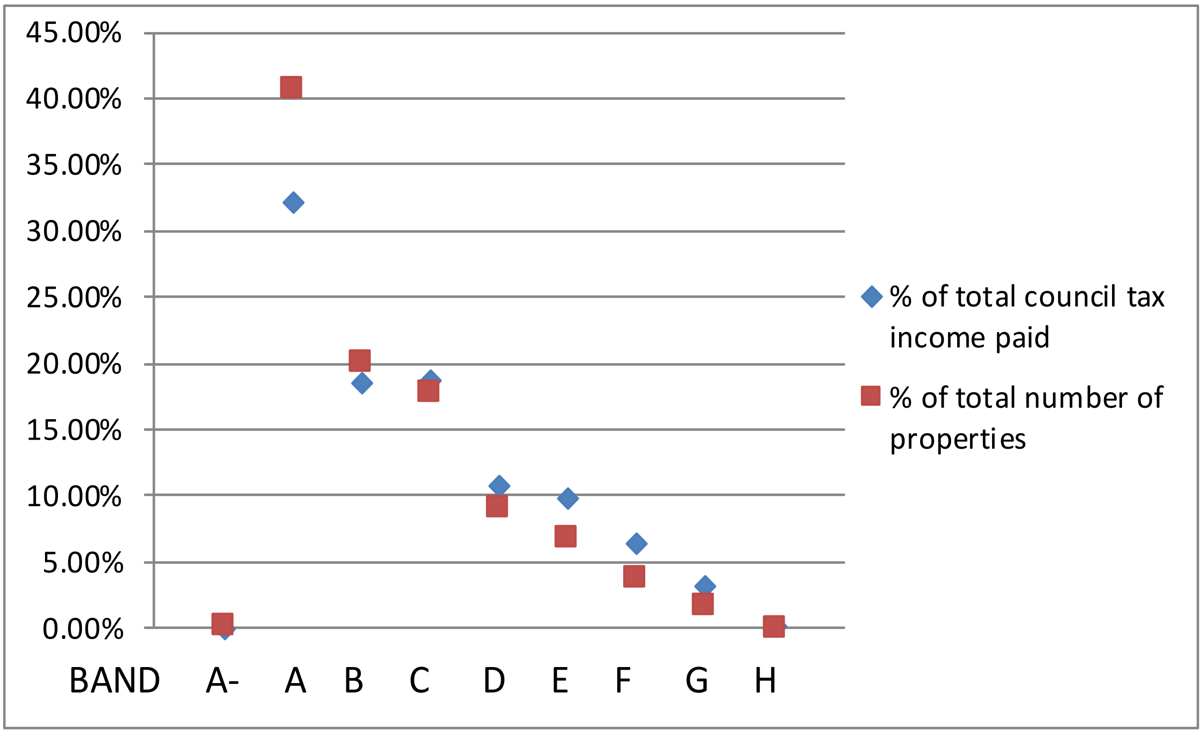
The Council and the other precepting authorities (West Yorkshire Combined Authority on behalf of the Mayor for West Yorkshire for the Police and the West Yorkshire Fire and Rescue Authority) draw on the Collection Fund to finance their net revenue expenditure. At the year end, the Collection Fund can be in surplus or deficit dependent on collection rates or the level of revaluations and discounts etc. At the 31st March 2023, the Collection Fund had a surplus of £0.763m. This surplus is shared proportionately between the precepting authorities. The Council's share of this surplus, £0.645m, is included on the Balance Sheet in the collection fund adjustment account.

Calculation of Council Tax Base 2022/23

In accordance with Section 67(2) of the Local Government Finance Act 1992, the Council Tax base was approved by the Council on 17th January 2022. The amount calculated as Calderdale's Council Tax base for 2022/23 (allowing for a 97.5% collection rate), was as follows:-

Council Tax Band	Number of dwellings*	Proportion of band D tax	Band D equivalent
A-	75.00	5/9	41.66
A	31,077.00	6/9	20,718.00
B	15,236.25	7/9	11,850.42
C	13,568.50	8/9	12,060.89
D	6,871.75	9/9	6,871.75
E	5,175.50	11/9	6,325.61
F	2,832.25	13/9	4,091.03
G	1,237.50	15/9	2,062.50
H	44.00	18/9	88.00
	76,117.75		64,109.86
Less allowance for non-collection			-1,602.75
Council tax base - band D equivalent			**62,507.11**

The following graph shows the proportion of total properties in each bracket, and the proportion of overall council tax payable by those properties.



The total Council Tax requirement in 2022/23 (including Parishes, Police and Fire Authorities) was £123.816m. The Council Tax at Band D equivalent was set at £1,980.83 for 2 adults and £1,485.62 for one adult.

Bad Debts Provision

The total bad debt provision for Council Tax as at 31 March 2023 was £11.657m (£9.556m in 2022).

3. Payments to precepting bodies

The Collection Fund made the following payments during the year:-

Precept 2021/22 £m	Share of surplus / (deficit) £m	Payments made £m	Payments made to Government / precepting bodies	Precept 2022/23 £m	Share of surplus / (deficit) £m	Payments made £m
			Council Tax			
100.716	-0.645	100.071	Calderdale MBC	105.473	0.801	106.274
12.991	-0.081	12.910	Police and Crime Commissioner for West Yorkshire	13.831	0.105	13.936
4.131	-0.027	4.104	West Yorkshire Fire and Rescue Authority	4.512	0.032	4.544
117.838	**-0.753**	**117.085**		**123.816**	**0.938**	**124.754**
			Business Rates			
26.026	-8.349	17.677	Calderdale MBC	23.926	-4.085	19.841
26.557	-10.623	15.934	Central Government	24.414	-4.169	20.245
0.531	-0.192	0.339	West Yorkshire Fire and Rescue Authority	0.488	-0.083	0.405
53.114	**-19.164**	**33.950**		**48.828**	**-8.337**	**40.491**

Glossary

Accounting Policies The principles, bases, conventions, rules and practices applied to specify how the effects of transactions and other events are to be reflected in the financial statements through recognising, measuring and presenting assets, liabilities, gains, losses and changes to reserves.

Accruals The concept that income and expenditure is accounted for as earned or incurred, not as money received or paid.

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

a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
b) the actuarial assumptions (financial and demographic) have changed.

Balances The accumulated surplus on the Council's General Fund.

Capital Expenditure Expenditure on the acquisition or creation of a fixed asset, or expenditure which adds to and does not merely maintain the value of an existing asset.

Capital Receipts Proceeds from the sale of capital assets such as land and buildings. Such receipts can be used to repay debt or to finance new capital expenditure.

Cash and cash equivalents Cash, deposits or investments readily convertible to known amounts with no risk of change in value or penalty charge.

Collection Fund A statutory account maintained by the Council to account separately for the collection and distribution of council tax and non domestic rates. The Government, West Yorkshire Combined Authority (on behalf of the Mayor for West Yorkshire for the Police), the West Yorkshire Fire and Rescue Authority and the Council's General Fund can all make demands upon this fund to help pay for running their services throughout the year. Any surpluses or deficits on this fund are borne in prescribed shares by the Government and the 3 precepting authorities.

Community Assets These are assets that the Council intends to hold forever and which have an indeterminable useful life. There may be restrictions on their disposal. Examples include parks and cemetery land.

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

Constructive Obligation An obligation that derives from a Council's actions where:

a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the Council has indicated to other parties that it will accept certain responsibilities; and
b) as a result, the Council has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Contingent Liability A condition that exists at the balance sheet date which may arise in the future dependent on the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Council.

Council Tax This is a banded property tax that is levied on domestic properties throughout the Borough. The banding is based on estimated property values as at 1st April 1991.

Creditors An amount owed by the Council for work done, goods received or services rendered, but for which payment has not been made at the end of the year.

Current Service Cost (Pensions) For a defined benefit scheme, the value of the pension benefits earned by active employees in the period, net of the contributions paid by employees in respect of those benefits.

Current Value The basis for valuing operational fixed assets. The valuation recognises service potential and the economic environment prevailing for that service at the measurement date. Current value measurement bases include existing use, depreciated replacement cost and depreciated historical cost.

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

a) termination of employees' services earlier than expected, for example as a result of discontinuing a service activity; and
b) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Debtors Sums of money owed to the Council but not received at the end of the year.

Defined Benefit Scheme A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation A charge to service revenue accounts reflecting the wearing out, consumption, or other reduction in the economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

Discretionary Benefits Retirement benefits awarded at the discretion of the Council and which there are no legal, contractual or constructive obligations to pay.

Earmarked Reserve A sum set aside for a specific purpose to meet expected future expenditure.

Expected Credit Loss For a financial asset, the prospect that the net present value of expected cashflows will not match the net present value of contractual cashflows. This difference is the lifetime expected credit loss. When multiplied by the probability of the default occurring within the next 12 months, this equals the twelve month expected credit loss. Financial assets are impaired by these amounts as appropriate.

Fair Value The price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date.

Finance Lease A method of acquiring or disposing of fixed assets where, under the lease agreement, all the risks and rewards of ownership of a fixed asset are substantially transferred to the occupier in return for rental payments to the legal owner of the asset.

Financial Asset A financial instrument such as bank deposits, investments, trade debtors and other receivables.

Financial Instrument A contract giving rise to a financial asset in one entity, and a financial liability or equity instrument in another.

Financial Liability A financial instrument such as borrowings, bank overdraft, financial guarantees, trade creditors and other payables.

General Fund The total services of the Council (except for the Collection Fund), the net cost of which is met by Council Tax, retained Business Rates and Government grants.

Government Grants Specific assistance by Government and inter-government agencies and similar bodies in the form of cash or transfers of assets to a Council. Sometimes, there is expected to be compliance with certain conditions relating to the activities of the Council but many grants provided are "general" rather than service specific, and are used to help pay for the net cost of Council services generally.

Gross Book Value For assets valued at current value, the current value determined by the valuer in line with valuation principles excluding any provision made for cumulative depreciation. For assets valued at historical cost, the historical cost of those assets excluding any provision made for cumulative depreciation.

Held for sale assets A held for sale asset is an asset available for immediate sale with an active programme to locate a buyer for the asset, being actively marketed for sale at a reasonable price in relation to its fair value, and for which a sale is highly probable.

Heritage Assets Heritage assets are those assets held for their historical, artistic, scientific, technological, geophysical or environmental qualities and are held and maintained for future generations for their contribution to knowledge and culture rather than for any operational benefit. They include historical buildings, decorative structures, civic regalia, museum collections and works of art.

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

Infrastructure Assets These are assets such as highways, footpaths, bridges and drainage facilities. Benefit can be obtained only by continued use of the asset created.

Interest on the net defined pension liability For a defined benefit scheme, a charge based on the net liability of the scheme multiplied by the discount rate at the start of the period. It reflects the net effect of the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement, and an amount for interest earned on fund assets.

International Financial Reporting Standards (IFRS) International Financial Reporting Standards are accounting standards developed by the International Accounting Standards Board (IASB) to promote a single set of high quality global accounting standards.

Investment Properties Properties held solely to earn rental income or for capital appreciation, and not used to provide services or for administrative purposes.

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

Liquid Resources Current asset investments that are readily disposable by the Council without disrupting its business and are either of fixed, short term duration readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

Materiality Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that users of general purpose financial statements make on the basis of those financial statements.

Minimum Revenue Provision This is the minimum amount chargeable under statutory regulations each year to the Council's revenue account to provide for the repayment of loans used to finance capital expenditure.

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

NCOS – Net Cost of Service. This is the final cost of a service after all sources of income have been deducted from gross expenditure.

Net Current Replacement Cost The cost of replacing or recreating an asset in its existing condition and in its existing use.

Net Realisable Value The open market value of an asset in its existing use less any expenses incurred in realising the asset.

Non-Domestic Rates These are often referred to as Business Rates. An NDR poundage (the Multiplier) is set annually by the Government to be levied on the defined rateable value of business properties determined by the Valuation Agency Office. This is the sum to be collected by local authorities and shared with the fire authority and Central Government after the deduction of specific costs. These transactions are accounted for within the Collection Fund. The Council draws down from this fund an amount specified at the start of the year.

Operating Lease An agreement in which the use of an asset is derived in exchange for rental payments, but where the risks and rewards of ownership are not substantially all transferred.

Other Comprehensive Income (OCI) – these are unrealised gains and losses outside of the specific income included within services, which have not arisen from operating performance.

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

Precept The payment demanded from the Collection Fund by the West Yorkshire Combined Authority (on behalf of the Mayor for West Yorkshire for the Police), the West Yorkshire Fire and Rescue Authority and the Council's General Fund in relation to Council Tax. It is collected and distributed on behalf of all precepting authorities by the Council. These transactions are accounted for within the Collection Fund.

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

Private Finance Initiative (PFI) A Government initiative which enables authorities to carry out capital projects through partnership with the private sector, who then typically operate and maintain the property for a specified period of time in return for annual "unitary charge" payments.

Projected Unit Method An accrued valuation method in which pension scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to;

a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
b) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

Property, Plant and Equipment These are fixed assets such as land, buildings, and vehicles which yield benefits to the Council for more than one year and which are controlled, held, occupied, used or consumed in the direct delivery or administration of those services for which the Council has responsibility.

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

Public Works Loan Board This facility is operated by the UK Government's Debt Management Office (DMO) on behalf of HM Treasury. It provides loans to authorities at favourable rates and the Council can borrow from this source to fund its borrowing requirements.

REFCUS (Revenue Expenditure Funded from Capital Under Statute) Expenditure that is properly capitalised but does not result in, or remain matched with, assets of the Council. Examples of Refcus are expenditure on items such as grants for home adaptations or to businesses or other third parties for capital works.

Remeasurement of net defined liability (pensions) The movement in the value of the liabilities and assets of a defined benefit pension scheme due to gains and losses derived by actuarial revision of assumptions, and actual experience differing from previous actuarial assumptions made. These actuarial gains and losses are included in other comprehensive income and expenditure.

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

Residual Value The net realisable value of an asset at the end of its useful life. Residual values are based on current prices prevailing at the balance sheet date taking into account the expected age and condition at the end of the asset's useful life.

Retirement Benefits All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revenue Expenditure The day to day running costs incurred in providing Council services (e.g. employee costs, supplies and services).

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

SDOPS – Surplus or Deficit on the Provision of Services

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

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

Surplus Assets These are assets that are not directly occupied, used or consumed in the delivery of services, or held specifically to earn rental income or for capital appreciation, and which do not meet the criteria to be classed as held for sale or investment properties. Examples include land of indeterminate use.

Useful Life The period over which the Council will derive benefits from the use of a fixed asset.

Vested Rights In relation to a defined benefit scheme, these are: -

a) for active members, benefits to which they would unconditionally be entitled on leaving the scheme;
b) for deferred pensioners, their preserved benefits;
c) for pensioners, pensions to which they are entitled.

Vested rights include, where appropriate, the related benefits for spouses or other dependants.