



**STATEMENT OF ACCOUNTS**  
**2023/24**

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# Narrative Report by the Director of Financial Services

## Introduction

The aim of this narrative is to provide an understandable guide to the Council's year-end financial position and future outlook which are relevant to the performance of the Council.

The Statement of Accounts sets out the Council's income and expenditure for the year and also provides a snapshot of the financial position as at 31<sup>st</sup> March 2024. Included are core financial statements supported by supplementary statements, which will help to provide an analysis of the financial performance of the Council over the financial year 2023/24.

Whilst the publication of the Statement of Accounts is a statutory requirement, the purpose is to provide stakeholders with clear information regarding the Council's financial performance over the past year. The Council continues to review the style and content of information within the Statement of Accounts to ensure the content included is relevant and material from both a quantitative and qualitative viewpoint.

The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting 2023/24 (known as The Code), which in turn is underpinned by International Financial Reporting Standards.

## The Core Statements are:

- **Comprehensive Income and Expenditure Statement** – this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount which is funded from taxation. The end result is a very different position to how net outturn spend compared to budget is reported. A reconciliation between the two is provided as part of this narrative statement and also the Expenditure and Funding Analysis Statement, included within Note 1.
- **Balance Sheet** – The Balance Sheet shows the value as at 31<sup>st</sup> March 2024 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.
- **Movement in Reserves Statement** – this statement shows the movement in the year on the different reserves held by the Council, analysed into “Usable Reserves” i.e. those that can be applied to fund expenditure (both capital and revenue) or reduce local taxation, and “Unusable Reserves”, reserves which highlight changes to unrealisable gains or losses.
- **Cash Flow Statement** – this statement shows the changes in cash and cash equivalents (cash invested for 3 months or under) 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. 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.

- **Notes to the above Statements** – extensive notes to support the core statements are set out in accordance with the requirements of the Code. The notes shall:
  1. Present information about the basis of preparation of the financial statements and the specific accounting policies used.
  2. Disclose the information required by the Code that is not presented elsewhere in the core financial statements.

#### **The Supplementary Financial Statements are:**

- **Collection Fund Account** – this is a statement that reflects the statutory obligation for the Council as a billing authority to maintain a separate Collection Fund. The statements show the transactions of the Council in relation to the collection from taxpayers and distribution to major and local preceptors of council tax and non-domestic rates.

#### **Other Statements / Financial Reports are:**

- **Statement of Responsibilities for the Statement of Accounts** – this statement sets out the responsibilities of the Council and the Chief Financial Officer (Section 151 Officer).
- **Statement of Accounting Policies** – this statement explains the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.
- **Independent Auditor’s Report to Members** – this is the report and certificate following the external audit of the Council’s accounts, carried out by Grant Thornton UK LLP.

#### **Organisational Overview**

The Council is structured with an Executive Board comprising ten portfolio holders, whose areas of responsibility reflect the Council’s corporate priorities. There are six Policy and Performance Boards and an Audit and Governance Board, which also reflect the corporate priorities and undertake an overview and scrutiny role, along with a number of regulatory and other boards. Financial and non-financial key performance indicator data is reported to Policy and Performance Boards on a quarterly basis and is published on the Council’s website. Council-wide revenue and capital financial performance is also reported to Executive Board on a quarterly basis.

## **Council Operational Structure**

The Council's operational structure is made up of five directorates, led by Executive Directors, who along with the Chief Executive make up the Council's senior management team. It has responsibility for the day-to-day management of the Council and responsibility for delivering the priorities set out within the Corporate Plan.

The five directorates are:

- Adults Directorate
- Chief Executive's Directorate
- Children's Directorate
- Environment & Regeneration Directorate
- Public Health Directorate

## **Governance**

Further details regarding the effectiveness of the Council's governance arrangements can be found in the Annual Governance Statement which is reviewed, reported and published annually alongside the Statement of Accounts.

## **Partnership Working**

The Council operates with a Joint Senior Leadership Team (JSLT) between HBC Adult Social Care and NHS Cheshire and Merseyside Integrated Care Board (ICB), responsible for the direction, oversight, monitoring of the Better Care Fund (BCF) Plan and associated Pooled Budget. The JSLT is supported in this duty via the Better Care Commissioning Advisory Group (BCCAG). The BCCAG reviews in detail information pertaining to BCF Plan, impact of the Pool Budget, quality, performance, activity and finances, and make recommendations to the JSLT on remedial action plans or future use of the Pool as appropriate.

By working together collaboratively and in partnership, the JSLT is able to achieve and sustain good health and wellbeing for the people of Halton and is able to provide a range of options to support people in their lives by jointly designing and delivering services around the needs of local people rather than focusing on the boundaries of individual organisations. This aids in the ability to ensure that services are sustainable, particularly with continued challenges.

The Council is a member of the Liverpool City Region (LCR) Combined Authority and works closely with the other five member councils in respect of a number of key service areas, including economic regeneration, highways and transport services. In addition, the Council is part of the LCR Business Rates Retention pilot scheme, designed to incentivise councils to develop their local economy by permitting them to retain any resulting growth in business rates. The pilot scheme will continue to operate through 2024/25, however participation in the scheme beyond March 2025 is uncertain.

## **Corporate Plan**

In March 2023 the Council adopted an interim (one-year) Corporate Plan with the aim of providing adequate opportunity for meaningful consultation, and sufficient time to produce a Corporate Plan which is totally unique and meaningful to the people of Halton.

In March 2024 the Council approved a new Corporate Plan. The Corporate Plan sets out the Council's priorities and ambitions of what it wants to achieve for the residents, communities, and businesses of Halton between 2024 and 2029.

The Corporate Plan has six priority areas, consisting of:

Priority 1 - Improving Health, Promoting Wellbeing and Supporting Greater Independence - Encouraging good quality health, wellbeing and social care, by involving everyone in our community. To support the people of Halton to feel safe, be active, happy and lead their best lives.

Priority 2 - Building a Strong, Sustainable Local Economy - Fostering a strong, diverse local economy where there is access to good jobs and successful businesses in our community, providing opportunities for all.

Priority 3 - Supporting Children, Young People and Families - Supporting families to nurture and protect every child and young person and raise their aspirations. We will invest in Early Years, education and youth provision to ensure they reach their full potential and help Halton families flourish.

Priority 4 - Tackling Inequality and Helping Those Who Are Most In Need - Addressing inequalities by helping the people of Halton to receive the good quality and accessible advice, information and services that they need to achieve their aspirations and ambitions.

Priority 5 - Working Towards a Greener Future - Working with everybody to keep our neighbourhoods clean and tidy, and create a sustainable environment for current and future generations.

Priority 6 - Valuing and Appreciating Halton and Our Community - Supporting Halton's residents to live in decent and affordable homes, surrounded by safe and thriving communities.

## **Transformation Programme**

The past decade of public austerity continues to have a significant impact on the Council. Using the Government's own interpretation of Spending Power, since 2010/11 Halton has had its spending power reduced in real terms by £52.4m (26%), the equivalent of £896 per dwelling. This compares to an average reduction for all English councils of 18.1%, the equivalent of £556 per dwelling. This continues to bring exceptional challenges for the Council in setting a robust, balanced budget each year whilst continuing to deliver high quality, essential public services. During the same period, demand and costs for adults' and children's



social care services continues to increase, adding further challenges and pressures on the budget.

On 1<sup>st</sup> February 2023 Council approved the three-year transformation programme and funding arrangements. The programme formally commenced on 1<sup>st</sup> April 2023, and is an addition to the Council's establishment using a mix of seconded employees from other service areas and external expertise. The programme is funded through £7m of capital receipts as per the capitalisation direction agreed with Central Government. The programme is tasked with identifying efficiency savings of £4m in 2024/25, £8m in 2025/26 and £10m in 2026/27.

Over the past year the Transformation Programme has moved into the delivery phase and a number of priority action areas have commenced; these include:

- Enabling Greater Independence and Flexibility for Adults.
- Becoming an Employer of Choice.
- Simplifying the Customer Journey – a digital vision and delivery strategy for the Council linked to focused investment in long term delivery capability, people and platforms.
- A Stable, Sustainable Children's Service
- Children's SEND
- Environment and Regeneration – Maximising Outcomes and Opportunities
- Environment and Regeneration – Accelerating Growth

### **Children's Services**

An improvement notice was issued to Halton Borough Council following an Ofsted inspection in October 2021. Two areas were for priority action:

- The assessment and management of risk to children, including the frequency of visits to children, in line with assessed risk and needs
- Management oversight and supervision to provide effective support and challenge

In response to the inspection the Council has developed a Children and Young People's Improvement Plan. The plan sets out how the Council will ensure that children and young people in Halton are safeguarded and achieve the Council's aspiration that all its services for children and young people are good or better.

This Improvement Plan sets out key actions that focus on what the Council needs to do to ensure that its work makes a difference to the children, young people and families that are supported and safeguarded.

Progress in implementing the Improvement Plan is being monitored through the Halton Improvement Board. The Board is independently chaired and consists of the Council's key partner agencies, DfE representatives, Children's and corporate colleagues, who all have a vital role to help create the environment where good social work can flourish.

In November 2023, Ofsted undertook an Area SEND inspection and identified 5 areas for priority action across the local area partnership:

- Leaders at Halton local authority and the NHS Cheshire and Merseyside ICB should cooperate at pace to improve the shared strategic oversight, governance, support and challenge to drive improvements to meet the needs of children and young people with SEND in Halton.
- Leaders in the local authority, ICB and education, health and social care providers should improve the efficiency and quality of their information gathering and sharing processes to ensure that children's and young people's needs are understood accurately and met more swiftly and effectively through coordinated approaches.
- Leaders across education, health and social care should improve the joint commissioning of services to ensure that children, young people and their families receive sufficient support to have their needs met effectively.
- Leaders across education, health and social care should urgently improve the early identification of needs and access to specialist health pathways, including the neurodevelopmental assessment pathway and speech and language therapy and the support available, while children and young people wait.
- Leaders across education, health and social care should improve the timeliness of new EHC plans and updates to EHC plans following the annual review process, so that, if appropriate, children and young people receive an effective EHC plan within statutory timescales.

Following the inspection Halton were required to produce a Priority Action Plan, to address the priority areas of weakness. The Priority Action Plan is monitored by the newly established SEND Strategic Improvement Board and an Independent Chair is now in place. The Board is made up of Stakeholders from all SEND related Services across the area, and parent representatives. The role of the board is to hold stakeholders to account and to rigorously monitor and challenge progress across all 5 Priority Action Areas. To date, 17% of all actions in the plan are marked as complete with a further 51% on target to be completed within the identified timeframe. 30% of actions are marked as delayed, but notably no actions are identified as significantly delayed or not expected to meet target. 2% of targets are noted to be not started, however as noted above those actions are held within plans with a large number of actions and are dependent on the completion of other actions.

## Financial Performance 2023/24

The Council incurs both revenue and capital expenditure. Revenue expenditure is generally on items which are used in the year and net expenditure is generally financed by council tax, retained business rates and top-up funding. Capital expenditure generally has a life beyond one year and increases the value of an asset. The financing of capital expenditure is charged to revenue over a number of years in accordance with statutory requirements.

The Council operates a pilot scheme for the retention of 99% of business rates (the remaining 1% going to Cheshire Fire and Rescue Service). The pilot is part of a scheme with all six member authorities of the Liverpool City Region. Government gave a guarantee that as a result of the pilot the Council would be no worse off than had it continued with business rate retention of 49%.

The impact of the pilot scheme for the Council is that both Revenue Support Grant and Improved Better Care Fund are no longer paid as separate grants but instead replaced by the additional retained business rates and an increased element of top-up funding.

On 8<sup>th</sup> March 2023 Council set a 2023/24 revenue budget of £140.9m, revised during the year to £141.8m. At the same time Council approved a council tax requirement for the year of £60.8m, setting the Band D rate at £1,675.29 (excluding preceptors). This was inclusive of a 2.99% increase to basic council tax and a 2% increase to the Adult Social Care precept levy.

For 2023/24 the Council's total Government Settlement Funding Allocation was £55.5m. This is made up of £52.2m Business Rates Baseline Funding and Top-Up Grant of £3.3m. The increase to the Settlement Funding Assessment from 2022/23 was 4.8%, representing the high inflation rate at the time. Government also provided a grant of £11.6m, ring-fenced specifically for social care. Whilst this represented an increase of £4.5m (64%) on the previous year, it was insufficient to keep pace with increasing demand and costs for both children's social care and adult social care.

Additional funding of £1.5m (Market Sustainability and Improvement Fund Grant) was allocated at the start of the financial year which helped to address pressures within adult social care, specifically to address discharge delays, social care waiting times, low fee rates and workforce pressures.

The financial settlement also reported a reduction in Services Grant paid to the Council. The grant payable to Halton dropped from £2.5m to £1.5m. Little information was provided on the reasons for this.

Funding of the Council's budget position continues to be driven by locally raised taxes (i.e.. council tax and business rates) as opposed to support from Central Government. In 2010/11 local taxes accounted for 60% of the Council's net budget, compared to over 97% for 2023/24.

Financial performance and outturn forecasts of the Council's annual net spend are reported on a quarterly basis to both the Executive Board and Policy & Performance Boards.

A budget risk register is maintained on a quarterly basis, key risks are evaluated and control measures put in place.

Going back to the start of austerity measures in 2010/11 the Council's budget has consistently been under financial pressure. Starting with large decreases in Government funding from 2010/11 followed by notable increases in demand pressures (predominantly within social care), has created a challenge each year in setting a balanced budget.

Overall, the Council reported net spend for the year of £147.4m, £5.6m over the revised budget of £141.8m. The final position was an improvement on the forecast outturn of £7.1m estimated at the end of December 2023 but still represents a major concern for the Council given the value of the overspend. Further details on day-to-day operational spending are included further on in this report.

The final overspend against budget was funded through a review of Council earmarked reserves. This had the impact of the Council's General Fund balance of £5.1m remaining consistent from the reported position as at 31<sup>st</sup> March 2023.

The Council holds earmarked reserves which have been set aside to cover known future one-off costs. These reserves are reviewed on a quarterly basis and released for general fund purposes where possible. The value of earmarked reserves as at 31<sup>st</sup> March 2024 total £35.5m, a significant decrease from earmarked reserves of £109.1m held in March 2023. This is explained in the movement of reserves held for the Mersey Gateway project.

During the year a performance review of the Mersey Gateway project was undertaken by Mersey Gateway Crossing Board (MGCB) and the Department for Transport (DfT). This review covered the period October 2017 to March 2023 and future reviews will be undertaken every 3 years.

As part of the review an exercise was undertaken regarding the excess revenue share procedure. This identified that up to March 2023 the excess income from the project over and above project costs was £52.647m. The share to the Council of this amount is £7.897m, with £44.750 being payable to DfT.

Included within schedule 3 of the Mersey Gateway Road User Charging Scheme are restrictions on how the Council can utilise the excess share. Included as part of these is the following:

- Making payments to the Council's General Fund for the purpose of directly or indirectly facilitating the achievement of policies relating to public transport in its Local Transport Plan (LTP).

Since April 2018 (the first full year of Mersey Gateway being operational), the council has incurred costs of £16.510m in funding LTP initiatives. The Council's share of excess funding meets these conditions and therefore form part of overall reserves available to balance 2023/24 and future-year budgets.

The table below shows the cost of meeting the LTP over the 5 years from 2018/19 to 2022/23.

		2018/19 Spend £000	2019/20 Spend £000	2020/21 Spend £000	2021/22 Spend £000	2022/23 Spend £000	Total Spend £000
<b>Highways Maintenance</b>	Maintain roads and footpaths to appropriate standards. Provide adequate winter maintenance to roads and footpaths	2,228	2,362	2,699	2,369	2,739	<b>12,397</b>
<b>Street Lighting</b>	Maintain street lights to best possible standards ensuring energy efficiency	157	165	(43)	50	35	<b>364</b>
<b>School Crossing Patrol</b>	Continue to ensure road safety	80	77	75	78	74	<b>384</b>
<b>Bus Shelters</b>	Good quality timetable information	22	44	20	5	28	<b>119</b>
<b>Independent Traveller Trainer and Travel Training Co-ordinator</b>	Continue to provide travel training for vulnerable young people and adults	61	64	64	67	74	<b>330</b>
<b>Bus Support</b>	Ensure a good reliable bus service which is accessible to all. High frequency services	554	503	457	666	736	<b>2,916</b>
<b>Total</b>		<b>3,102</b>	<b>3,215</b>	<b>3,272</b>	<b>3,235</b>	<b>3,686</b>	<b>16,510</b>

Details of the earmarked reserves are shown in Note 36.

The table below shows the movement on the Council's General Fund position compared to budget.

	2023/24 Original Budget £000	2023/24 Actual £000
Net Expenditure	140,880	147,405
Parish Precepts	167	167
<b>Total</b>	<b>141,047</b>	<b>147,572</b>
Financed by Local Taxpayers – Council Tax	(60,881)	(60,881)
Financed by Local Taxpayers – Business Rates*	(73,724)	(74,616)
Financed by Local Taxpayers – Council Tax Surplus	(3,123)	(3,123)
Financed by Top-Up Funding	(3,319)	(3,319)
<b>(Surplus)/Deficit for Year</b>	<b>-</b>	<b>5,633</b>
<b>Use of Earmarked Reserves</b>	<b>-</b>	<b>(5,633)</b>
<b>General Fund Balance Brought Forward</b>	<b>(5,149)</b>	<b>(5,147)</b>
<b>General Fund Balance Carried Forward</b>	<b>(5,149)</b>	<b>(5,147)</b>

\*Note – Actual level of business rates receipts in 2023/24 of £74.616m was £0.892m higher than forecast when the 2023/24 budget was set due to a recalculation by Government of the business rates baseline and a one-off adjustment to the business rates top-up grant.

### **Financial Performance 2023/24 – Operational Spending**

In overall terms, net Council spending as at 31<sup>st</sup> March 2024 was £5.6m over budget. This was an improvement from the forecast outturn position of £7.144m reported at the end of December 2023, showing that actions being taken by the Council to reduce spend are having a positive impact. Whilst an improved position, it still has a significant detrimental impact upon the Council's finances and further reduces the Council's limited reserves.

The outturn position continued to show overspend positions across the majority of departments, with the exceptions of Public Health and the Environment & Regeneration Directorate departments. The largest pressure on the budget continues to be within the Children's Directorate, where net spend for the year was over the approved budget by £10.0m

The pay award, high inflation rates, increasing service demands and use of agency staff, continue to have a serious negative impact upon the Council's financial position. As such there continues to be a real urgency for the Council to progress the Transformation Programme with great urgency.

Detailed information on the Council's 2023/24 financial performance can be found on the Council's website at [this link](#).

### **Schools**

Expenditure incurred in relation to the Schools budget, both by individual schools and the Council totalled £89.0m and is shown in more detail in Note 8.

School balances at 31<sup>st</sup> March 2024 total £6.5m (£7.2m 31<sup>st</sup> March 2023).

At 31<sup>st</sup> March 2024 there was a deficit of £5.3m (£2.9m 31<sup>st</sup> March 2023) of schools related central spend compared to the available funding. This balance will be carried forward into 2024/25. The Council are currently working with the Department for Education as part of the Delivering Better Value in SEND programme, aiming to support local authorities and their local area partners to improve the delivery of SEND services for children and young people whilst working towards financial sustainability.

### **Comprehensive Income & Expenditure Statement**

As previously mentioned the Council's overspend position of £5.6m against budget was funded from earmarked reserves which helped to protect the General Fund position. Therefore, whilst there was no movement to the General Fund balance, the accounting position presented in the Comprehensive Income & Expenditure Statement (CIES) shows a surplus for the year of £8.210m. The CIES takes a wider view of financial performance than

that shown in the General Fund and shows the true accounting position for the year. This surplus represents the total amount by which the Council's equity has increased over the year as shown in the Balance Sheet.

Supporting the CIES is the Expenditure and Funding Analysis included in Note 1 to the accounts. It shows the movement by Council directorate from the year-end outturn position reported to the Council's Executive Board to what is included in the deficit position on the provision of services, included as part of the CIES.

The table below reconciles the General Fund overspend, via the deficit position on the provision of services, to the total surplus for 2023/24 on the Comprehensive Income & Expenditure Statement. Included below the table are supporting notes to the amounts within the table.

	<b>2023/24 £000</b>
<b>General Fund Overspend</b>	-
<b>Accounting Adjustments Provision of Services:</b>	
Adjustment for Capital Purposes	
- Depreciation, Impairment and Revaluation Losses of Non-Current Assets	26,299
- Capital Grant Income	(11,553)
- Revenue Expenditure Funded from Capital	9,783
- Gain on De-Recognition of Non-Current Assets	(1,302)
- Minimum Revenue Provision	(11,410)
- Other Capital Adjustments	(9,874)
Pension Adjustments	(337)
Movement in Reserves	11,135
Other Differences	2,754
<b>Deficit on the Provision of Services</b>	<b>15,495</b>
<b>Accounting Adjustments Other:</b>	
Surplus on Revaluation of Non-Current Assets	(23,669)
Gain on Pension Assets	(12,385)
Gain on Pension Assumptions (Demographic, Financial and Other)	(18,298)
Pension Asset Ceiling Adjustment	30,780
Revaluation of Financial Assets Measured at Fair Value Through Other Comprehensive Income	(133)
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(8,210)</b>

## Adjustment for Capital Purposes

- Depreciation and Revaluation Loss of Non-Current Assets – Reflects the annual cost of assets consumed during the year
- Capital Grant Income – Used to help fund the capital programme, recognised in the CIES in line with proper accounting practice.
- Revenue Expenditure Funded from Capital – Capital funded expenditure charged to the CIES under statute.
- Gain on De-Recognition of Non-Current Assets and Financial Instruments – Largely net capital receipt gains over the year.
- Minimum Revenue Position – Amount set aside in the General Fund to recognise the repayment of debt. In line with proper accounting practice this is not required to be included in the CIES.
- **Pension Adjustments** - Denotes the difference between the accounting cost of pensions (included in the CIES) and the actual employer contributions to the pension fund. More information on pensions is included elsewhere within the narrative report.
- **Movement in Reserves** - As per proper accounting practice, changes to reserves are not required to be included in the CIES.
- **Other Differences** – Includes the Collection Fund adjustment, i.e. the difference between amounts credited to the CIES and amounts to be recognised under statutory provisions relating to council tax and business rates.
- **Surplus on Revaluation of Non-Current Assets** - Increase in the value of those non-current assets that have been revalued during the year.
- **Gain on Pension Assets / Loss on Pension Adjustments** – Information on these adjustments is included within the Pension Liability heading as part of the narrative report.
- **Pension Asset Ceiling Adjustment** – An adjustment to reflect the amount by which the pension asset attributable to the Council exceeds the accrued pension liability, which is not able to be immediately realised by the Council.
- **Revaluation of Financial Assets Measured at Fair Value Through Other Comprehensive Income** – Increase in the value of financial instruments held. This has no impact on the General Fund.

## Capital Planning

The Council prepares and reports a rolling capital programme to forecast the probable level of capital spend over the next three years, along with the likely sources of funding. The Council also maintains a capital reserve, which has been generated from revenue contributions in order to support funding the capital programme. The forecast shows that there are sufficient resources over the medium-term to cover the current capital programme, funded from borrowings, grants, revenue contributions, capital receipts and use of reserves.



At 31<sup>st</sup> March 2024 unused capital receipts were £5.0m, and the balance on the revenue backed capital reserve was £0.5m. The forecast level of receipts as at 31<sup>st</sup> March 2027 is £5.0m. This is inclusive of meeting the costs of the Transformation programme over the next two years.

The Council considers any new additions to the capital programme in light of the resources available.

On 6<sup>th</sup> March 2024, Council approved the 2024/25 Capital Strategy. This helps to provide a high-level, long-term overview of how capital expenditure, capital financing and treasury management will contribute to the provision of services. It also provides an overview of how associated risks are managed and implications for future financial sustainability. The Council's Asset Management Working Group meet on a quarterly basis to plan and develop the Council's Asset Management Plan.

### **Capital Expenditure**

The Council spent £44.2m on capital schemes in 2023/24 compared with planned expenditure of £62.2m (which historically assumes 20% slippage in the £77.8m capital programme). The shortfall of spending is linked mainly to delays on Bridge and Highway Maintenance schemes. Major elements of spend on the 2023/24 capital programme include £17.6m on Halton Leisure Centre, £2.2m on East Runcorn Connectivity and £2.3m on the Transformation Programme.

The approved budget and capital outturn position, together with the various sources of funding is as follows:

	<b>2023/24 Budget £000</b>	<b>2023/24 Actual £000</b>	<b>2023/24 Variance £000</b>
<b>Expenditure:</b>			
Chief Executive's Directorate	16,759	2,663	14,096
Environment & Regeneration	51,841	36,739	15,102
Adult Social Care	3,049	1,575	1,474
Children's Services incl. Schools	6,204	3,225	2,979
<b>Total Expenditure</b>	<b>77,853</b>	<b>44,202</b>	<b>33,651</b>
<b>Funded By:</b>			
Borrowing	(32,479)	(21,014)	(11,465)
Capital Receipts	(5,406)	(3,238)	(2,168)
Revenue	(144)	(294)	150
Grants and Other Contributions	(39,822)	(19,656)	(20,166)
<b>Total Funding</b>	<b>(77,851)</b>	<b>(44,202)</b>	<b>(33,649)</b>

Analysis of capital expenditure is included as part of the notes to the financial statements in Note 16.

### **Pension Liability**

Under International Accounting Standard 19, the Council is required to adjust its accounts to reflect the activities of the two major pension providers, the Cheshire Pension Fund and the Teachers' Pension Agency.

As at 31<sup>st</sup> March 2024, the Council has defined pension net liabilities of £4.5m. This is a decrease of £0.2m to the net liabilities of £4.7m from 31<sup>st</sup> March 2023. Scheme obligations have increased by £5.0m over the course of the past year, and an increase of £40.7m linked to the scheme assets attributable to the return on plan assets. Due to accounting regulations the net pension asset value has been reduced by £137.0m due to the asset ceiling calculation. Please see Note 32 for further details.

Funding levels of the pension fund are monitored on an annual basis. Following the triennial review in 2022, Council contribution rates to the pension fund have remained static at 20.5% for 2023/24 and will then fall to 20% in each of the following two years. These future contribution rates reflect the relatively good performance of the pension fund over the last number of years.

## **Treasury Management**

The Council operates within a Treasury Management framework, which requires that each year a strategy is prepared including setting prudential indicators to form a framework for the Council's borrowing and lending activities. The Council has adopted the CIPFA Code of Practice on Treasury Management. Performance is regularly monitored throughout the year with reports presented to the Council's Executive Board at the halfway point of the year and a report on the final outturn position.

Over the past year there has been an upwards surge in the Bank of England interest rate, increasing from 0.75% in March 2022 to 5.25% in March 2024. The increase in rates over the years has enabled the Council to take advantage and increase the level of interest generated from cash reserves.

The Council's Treasury Management Strategy for 2024/25 was approved by Council on 6<sup>th</sup> March 2024. The aim of the treasury management operation is to ensure that cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments, with security being prioritised over yield.

As at 31<sup>st</sup> March 2024 long term borrowing totalled £172m, well within the authorised borrowing limit. Borrowing of £172m comprises of loans from the Public Works Loan Board.

Of the £172m, total borrowing of £142m relates to the contribution from the Council towards the Mersey Gateway Bridge construction costs. This borrowing has been taken with a maturity period of between 26-30 years and will be repaid fully using toll income from the Mersey Gateway Crossing.

The Council's cash flow position continues to be well managed. Cash held (and deposits payable within 3 months) totals £57.4m (£12.2m in 2022/23), and short-term deposits (up to 1 year) total £24.6m (£65.8m in 2022/23). Deposits over 12 months total £15.0m (£16.7m in 2022/23) and £8.5m (£8.9m in 2022/23) is held as a longer-term investment in a property fund.

The Council has a prompt payment discount scheme, whereby in agreement with suppliers it will arrange early payment of invoices in return for a percentage discount on the invoice total, a scheme that is equally beneficial to both parties.

All transactions relating to investments and borrowings complied with the approved guidelines for the year. Treasury management risk is evaluated within the Treasury Management Strategy and reviewed by the Council's Internal Audit function.

## **Collection Fund**

The transactions on this fund record the collection of council tax and non-domestic rates.

The Business Rate Retention Scheme was implemented on 1<sup>st</sup> April 2013 with the Liverpool City Region pilot scheme introduced on 1<sup>st</sup> April 2017. As part of the pilot scheme the Council collects non-domestic rates on behalf of Cheshire Fire & Rescue Service, and itself.

For the period to 31<sup>st</sup> March 2024 the Council as the Billing Authority collects council tax on behalf of Cheshire Fire & Rescue Service, Cheshire Police & Crime Commissioner, Liverpool City Region Combined Authority, and itself.

As at 31<sup>st</sup> March 2024 the council tax position showed the Council had a gross surplus position of £0.298m (to be shared with major preceptors). In setting the 2024/25 budget the Council approved the use of £0.234m of the Collection Fund surplus in balancing the overall budget.

As at 31<sup>st</sup> March 2024 the Business Rates position showed the Council had a gross surplus position of £2.738m. This is slightly higher than the £2.472m which was forecast in January 2024 to be used towards balancing the 2024/25 budget.

Further details on the Collection Fund can be found within the supplementary financial statements.

### **Performance Measures 2023/24**

The Council's interim Corporate Plan for 2023/24 identified the Council's vision, values and principles and six strategic themes which underpin the work of the various departments and service areas across the Council. They are:

- Halton's Children & Young People
- Employment, Learning & Skills in Halton
- Environment & Regeneration in Halton
- Healthy Halton
- Safer Halton
- Corporate Effectiveness and Efficiency

These strategic themes provide the basis for the development of key actions and activities, and performance measures, which are reported on a quarterly basis to the Policy and Performance Board with responsibility for scrutiny in each of these strategic areas. These Priority Based Performance Reports also contain information concerning the key developments and emerging issues that have arisen during the period of reporting.

These reports are placed on public deposit and are available on the Council's website via the relevant Policy and Performance Board agenda packs. The reports identify what progress is being made throughout the year in relation to the delivery of predetermined actions and the progress of a range of measures including direction of travel and achievement of targets.

The reports provide financial statements identifying variation in planned spend during the quarter and providing an explanatory comment.

Policy and Performance Boards also receive a mid-year update concerning the implementation of mitigation measures for those risks contained within the Directorate Risk Registers which have been assessed as high.

This approach allows the opportunity for the effective scrutiny of the Council's performance during the course of the year in order that any underperformance can be addressed in a timely manner and/or resources can be realigned in response to prevailing conditions or pressures.

Listed below are a number of key performance indicators used in assessing the Council putting in place economy, efficiency and effectiveness in its use of resources:

- The average number of working days lost during the year due to sickness absence has decreased from 12.98 in 2022/23 to 11.46 in 2023/24.
- Council tax collection for the year to 31<sup>st</sup> March 2024 is 93.8%, down 0.11% on the same point last year. Cash collection for the year is £74.3m, this includes £2.2m collected in relation to previous-year debt.
- Business rates collection for the year to 31<sup>st</sup> March 2024 is 96.7%, down 0.94% on this point last year. The collection percentage has been impacted by a larger site coming on to the rating list during March 2024. The Council has billed the organisation in full for the rates due but this remains unpaid at financial year-end. Excluding this site, the collection rate would have been 97.7%, up by 0.08% on this point last year. Business rate cash collected for the year is £60.9m, this includes £1.1m collected in relation to previous year debt.

## **Financial Planning**

The Medium-Term Financial Strategy (MTFS) is a major element of the Council's corporate planning process. It brings together resources and spending plans and identifies financial constraints over the medium-term. Its purpose is to ensure that resources are properly targeted towards Council priorities, to avoid excessive council tax rises, to deliver a balanced and sustainable budget, and to continue to identify efficiencies.

The public spending austerity programme has had, and will continue to have, a significant impact upon the Council's finances over the medium-term and this has been reflected in the MTFS.

Via the Transformation Programme the Council is continuing to review its services, changing the way in which services are delivered in order to realise efficiencies. In addition, the Council has continued to seek improved procurement, better utilisation of assets, changes to staff terms and conditions, collaborative working with other Councils and partner agencies, and

increased income from external sources in order to manage costs within the funding constraints imposed by Government.

The most recent MTFS was reported to the Council's Executive Board in November 2023 and subsequently updated as part of the budget report in March 2024. The latest report identified potential shortfalls in funding for the Council over the following three years of approximately £3.3m (2025/26), £2.7m (2026/27) and £4.5m (2027/28). These figures assume transformation targets of £8m are achieved in both 2025/26 and 2026/27.

The 2024/25 net budget requirement of £149.5m was approved by Council on 6<sup>th</sup> March 2024. The budget will be funded from £64.0m of council tax (increase of 4.99% on the 2023/24 Band D level), business rates of £61.0m, top-up funding of £3.9m, share of the collection fund surplus of £2.7m and Government Grant to fund business rate reliefs of £17.9m.

Beyond 2024/25 there is great uncertainty regarding the funding of Local Government, due to the potential impact of a number of changes to the local government funding regime, General Election, lack of certainty of future funding settlements and deferrals of the Fair Funding Review, Business Rates Retention Review and Fair Cost of Care Programme. Alongside the funding issue, the high cost of inflation is placing further pressure on local government finances.

## **Conclusion**

These continue to be difficult times for the Council from setting a balanced budget to ensuring spend is controlled as tightly possible, whilst at the same time, there is high demand and associated costs for services. The high cost base is particularly relevant within both adult and children's social care services where the funding provided by Government and through locally generated taxes is not keeping pace with the increase in need.

Forecasting early in the financial year identified the significant financial risk of net spend for the year being significantly in excess of the available budget. The hard work of members and officers helped to control and reduce the overspend position to £5.6m, which was considerably lower than the £7.1m forecast at the end of December 2023.

Despite the outturn overspend being lower than forecast, the Council is now in a position where in-year spend is consistently exceeding the available budget, which is a considerable concern, especially set against the backdrop of depleted reserves and ongoing service demand pressures. This makes expediting the work of the Transformation Programme vital, to bring forward fundamental changes in service delivery which will help to control and reduce future costs. Alongside additional Government funding, transformation is essential to provide the Council with a long-term, sustainable financial position.

In March 2024 the Council's External Auditor (Grant Thornton UK LLP) issued its Annual Report which highlighted the Council's financial sustainability as a significant weakness. The External Auditor provided the judgement "The Council's planned and unplanned use of reserves is not sustainable and is a significant weakness in the Council's arrangements. The lack of progress to achieve planned savings from the transformation programme and limited MTFS savings in 2022/23 and in 2023/24 are significant risks to the Council's financial sustainability".

Provision balances continue to be set at prudent levels, but the impact of utilising reserves to help provide a balanced budget position cannot be sustained. The Council will therefore look to replenish reserves over the medium-term.

Continued commitment to capital expenditure allows the borough to develop and grow. The collection fund function funds over 97% of the Council's net budget, supported by treasury management and the prompt collection of external charges allows the Council to be more self-sufficient through funding from local resources, albeit with an increased level of risk.

I would like to thank all Members and Officers that have assisted greatly over the past year, which has helped contribute to and shape this set of financial statements.

**Ed Dawson**

**Director of Financial Services**

## Core Financial Statements

### Comprehensive Income & Expenditure Statement as at 31<sup>st</sup> March 2024

		Gross Expenditure 2023/24 £000	Gross Income 2023/24 £000	Net Expenditure 2023/24 £000
<b>Services</b>	<b>Note</b>			
<b>CONTINUING OPERATIONS</b>				
Chief Executive's Directorate		49,402	(41,754)	7,648
Environment & Regeneration		68,584	(20,810)	47,774
Public Health		13,719	(12,161)	1,558
Adult Social Care		114,419	(53,087)	61,332
Children's Services		90,108	(40,077)	50,031
Schools		92,240	(86,229)	6,011
Corporate & Democracy		2,095	(951)	1,144
Mersey Gateway	6	48,261	(80,600)	(32,339)
<b>Net Expenditure of Continuing Operations</b>		<b>478,828</b>	<b>(335,669)</b>	<b>143,159</b>
Other Operating Expenditure	3			(2,406)
Financing and Investment Income & Expenditure	4			33,555
Taxation and Non-Specific Grant Income	5			(158,813)
<b>(Surplus) or Deficit on the Provision of Services</b>				<b>15,495</b>
(Surplus) or Deficit on revaluation of Non-Current Assets	37			(23,669)
(Surplus) or Deficit on revaluation of financial assets measured at fair value through other comprehensive income	37			(133)
Remeasurement of net defined benefit liability	32			97
<b>Other Comprehensive Income &amp; Expenditure</b>				<b>(23,705)</b>
<b>TOTAL COMPREHENSIVE INCOME &amp; EXPENDITURE</b>				<b>(8,210)</b>



## Comprehensive Income & Expenditure Statement as at 31<sup>st</sup> March 2023

		Gross Expenditure 2022/23	Gross Income 2022/23	Net Expenditure 2022/23
Services	Note	£000	£000	£000
<b>CONTINUING OPERATIONS</b>				
Chief Executive's Directorate		43,379	(39,719)	3,660
Environment & Regeneration		75,313	(21,622)	53,691
Public Health		13,156	(12,200)	956
Adult Social Care		106,379	(44,295)	62,084
Children's Services		84,208	(34,327)	49,881
Schools		87,008	(79,539)	7,469
Corporate & Democracy		3,472	(1,004)	2,468
Mersey Gateway		39,324	(69,386)	(30,062)
<b>Net Expenditure of Continuing Operations</b>		<b>452,239</b>	<b>(302,092)</b>	<b>150,147</b>
Other Operating Expenditure	3			1,289
Financing and Investment Income & Expenditure	4			35,694
Taxation and Non-Specific Grant Income	5			(155,580)
<b>(Surplus) or Deficit on the Provision of Services</b>				<b>31,550</b>
(Surplus) or Deficit on revaluation of Non-Current Assets	37			(5,796)
(Surplus) or Deficit on revaluation of financial assets measured at fair value through other comprehensive income	37			233
Remeasurement of net defined benefit liability	32			(106,199)
<b>Other Comprehensive Income &amp; Expenditure</b>				<b>(111,762)</b>
<b>TOTAL COMPREHENSIVE INCOME &amp; EXPENDITURE</b>				<b>(80,212)</b>

## Balance Sheet as at 31<sup>st</sup> March 2024

31/03/2022	31/03/2023		Note	31/03/2024
£000	£000			£000
Restated	Restated			
845,010	842,660	Non-Current Assets – Property Plant & Equipment	17	874,379
1,410	1,425	Heritage Assets	18	1,425
1,344	1,344	Investment Properties	19	1,323
632	726	Intangible Assets	20	784
5,102	4,869	Investments in Associates and Joint Ventures	22	5,002
21,329	25,579	Long-Term Investments	22	23,533
13,550	13,012	Long-Term Debtors	23	13,113
<b>888,377</b>	<b>889,615</b>	<b>Total Long Term Assets</b>		<b>919,559</b>
		<b>Current Assets</b>		
396	407	Inventories		337
12,946	12,229	Assets Held for Sale < 12 months	21	987
33,198	45,501	Short-Term Debtors	23	52,848
100,121	65,845	Short-Term Investments	22	24,648
13,327	12,161	Cash and Cash Equivalents	24	57,372
<b>159,988</b>	<b>136,143</b>	<b>Total Current Assets</b>		<b>136,192</b>
		<b>Current Liabilities</b>		
(618)	(15,760)	Short-Term Borrowing	26	(38,150)
(71,905)	(61,002)	Short-Term Creditors	25	(114,073)
(9,400)	(15,617)	Short-Term Grants Receipts in Advance	7	(7,216)
(3,673)	(48,937)	Provisions < 1 year	27	(3,366)
<b>(85,596)</b>	<b>(141,316)</b>	<b>Total Current Liabilities</b>		<b>(162,805)</b>
<b>74,392</b>	<b>(5,173)</b>	<b>Net Current Assets/(Liabilities)</b>		<b>(26,613)</b>
<b>962,769</b>	<b>884,442</b>	<b>Total Net Assets</b>		<b>892,946</b>
		<b>Long Term Liabilities</b>		
(172,000)	(172,000)	Long-Term Borrowing	26	(172,000)
(67,270)	(17,140)	Provisions > 1 year	27	(23,426)
(14,004)	-	Long-Term Grants Receipts in Advance	7	(1,540)
(444,590)	(350,186)	Other Long-Term Liabilities	29	(342,654)
<b>(697,864)</b>	<b>(539,326)</b>	<b>Total Long Term Liabilities</b>		<b>(539,620)</b>
<b>264,905</b>	<b>345,116</b>	<b>Total Assets Less Liabilities</b>		<b>353,326</b>
(100,237)	(83,526)	Usable Reserves	35	(76,006)
(164,668)	(261,590)	Unusable Reserves	37	(277,320)
<b>(264,905)</b>	<b>(345,116)</b>	<b>Total Equity</b>		<b>(353,326)</b>



Signed by:

Ed Dawson – Director of Financial Services

Date: 20<sup>th</sup> November 2024

## Movement in Reserves Statement

	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	TOTAL USABLE RESERVES (Note 35)	TOTAL UNUSABLE RESERVES (Note 37)	TOTAL COUNCIL RESOURCES
	£000	£000	£000	£000	£000	£000
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>(74,616)</b>	<b>(1,061)</b>	<b>(24,560)</b>	<b>(100,237)</b>	<b>(164,668)</b>	<b>(264,905)</b>
<b>Movement in Reserves during 2022/23</b>						
Total Comprehensive Income and Expenditure	31,550	-	-	31,550	(111,762)	(80,212)
Adjustments between Accounting Basis and Funding Basis under Regulations ( <b>note 34b</b> )	(8,733)	(1,729)	(4,377)	(14,839)	14,839	-
Other Adjustments	-	-	-	-	1	1
<b>(Increase)/Decrease in the year</b>	<b>22,817</b>	<b>(1,729)</b>	<b>(4,377)</b>	<b>16,711</b>	<b>(96,922)</b>	<b>(80,211)</b>
<b>Balance at 31<sup>st</sup> March 2023 carried forward</b>	<b>(51,799)</b>	<b>(2,790)</b>	<b>(28,937)</b>	<b>(83,526)</b>	<b>(261,590)</b>	<b>(345,116)</b>
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>(51,799)</b>	<b>(2,790)</b>	<b>(28,937)</b>	<b>(83,526)</b>	<b>(261,590)</b>	<b>(345,116)</b>
<b>Movement in Reserves during 2023/24</b>						
Total Comprehensive Income and Expenditure	15,495	-	-	15,495	(23,705)	(8,210)
Adjustments between Accounting Basis and Funding Basis under Regulations ( <b>note 34a</b> )	(4,360)	(2,188)	(1,425)	(7,973)	7,973	-
Other Movements	(2)	-	-	(2)	2	-
<b>(Increase)/Decrease in the year</b>	<b>11,133</b>	<b>(2,188)</b>	<b>(1,425)</b>	<b>7,520</b>	<b>(15,730)</b>	<b>(8,210)</b>
<b>Balance at 31<sup>st</sup> March 2024 carried forward</b>	<b>(40,666)</b>	<b>(4,978)</b>	<b>(30,362)</b>	<b>(76,006)</b>	<b>(277,320)</b>	<b>(353,326)</b>

Please note that the General Fund Balance includes Earmarked Reserves and School Reserves. See Notes 1 and 36 for further details.

## Cash Flow Statement

2022/23 £000		Note	2023/24 £000
31,550	<b>Net (surplus) or deficit on the provision of services</b>		15,495
(26,118)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	38	(42,413)
27,958	Adjust for items in the net (surplus) or deficit on the provision of services	38	28,182
<b>33,390</b>	<b>Net cash flows from Operating Activities</b>		<b>1,264</b>
(28,550)	Net cash flows from Investing Activities	39	(34,270)
(3,674)	Net cash flows from Financing Activities	40	(12,205)
<b>1,166</b>	<b>Net (increase)/decrease in Cash and Cash Equivalents</b>		<b>(45,211)</b>
(13,327)	Cash and Cash Equivalents at the beginning of the reporting period	24	(12,161)
<b>(12,161)</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>	<b>24</b>	<b>(57,372)</b>

## **Notes to the Core Financial Statements**

Please note the Accounting Policies are shown on page 117.

### **1. Expenditure and Funding Analysis**

The Expenditure and Funding Analysis demonstrates how the funding available to the Council for the year (including government grants, council tax and business rates) has been used to provide services in comparison with those resources consumed or earned under generally accepted accounting practices. This also shows how this expenditure is allocated for decision making purposes between the Council's Directorates.

## Expenditure and Funding Analysis 2023/24

	Outturn Reported to Management	Movement in Earmarked Reserves	Net Expenditure Chargeable to the General Fund Balances	Adjustments Between the Funding and Accounts Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000	2023/24 £000
Chief Executive's Directorate	6,845	910	7,755	(107)	7,648
Environment & Regeneration	48,102	(61)	48,041	(267)	47,774
Public Health	1,157	436	1,593	(35)	1,558
Adult Social Care	60,487	860	61,347	(15)	61,332
Children's Services	52,139	446	52,585	(2,554)	50,031
Schools	-	992	992	5,019	6,011
Corporate & Democracy	(21,325)	3,583	(17,742)	18,886	1,144
Mersey Gateway	-	(1,678)	(1,678)	(30,661)	(32,339)
<b>Net Cost of Services</b>	<b>147,405</b>	<b>5,488</b>	<b>152,893</b>	<b>(9,734)</b>	<b>143,159</b>
Other Income and Expenditure (Surplus) or Deficit	(141,772)	14	(141,758)	14,094	(127,664)
	<b>5,633</b>	<b>5,502</b>	<b>11,135</b>	<b>4,360</b>	<b>15,495</b>
<b>Opening General Fund Balance</b>	<b>(5,147)</b>	<b>(46,652)</b>	<b>(51,799)</b>		
Transfer to / from Earmarked Reserves to General Fund	(5,633)	5,633	-		
(Surplus) or Deficit in year	5,633	5,502	11,135		
<b>Closing General Fund Balance at 31st March</b>	<b>(5,147)</b>	<b>(35,517)</b>	<b>(40,664)</b>		

Note to Expenditure and Funding Analysis 2023/24

<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>	<b>Other Income and Expenditure £000</b>	<b>Adjustments for Capital Purposes £000</b>	<b>Net change for the Pension Adjustments £000</b>	<b>Other Adjustments £000</b>	<b>Total Adjustments £000</b>
Chief Executive's Directorate	(2,241)	2,334	(18)	(182)	<b>(107)</b>
Environment & Regeneration	(993)	912	(21)	(165)	<b>(267)</b>
Public Health	(23)	-	(3)	(9)	<b>(35)</b>
Adult Social Care	-	-	(20)	5	<b>(15)</b>
Children's Services	(2,465)	(121)	(13)	45	<b>(2,554)</b>
Schools	2,465	190	(174)	2,538	<b>5,019</b>
Corporate & Democracy	2,710	22,470	(305)	(5,989)	<b>18,886</b>
Mersey Gateway	(31,214)	(7,476)	-	8,029	<b>(30,661)</b>
<b>Net Cost of Services</b>	<b>(31,761)</b>	<b>18,309</b>	<b>(554)</b>	<b>4,272</b>	<b>(9,734)</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	31,761	(16,366)	217	(1,518)	<b>14,094</b>
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	-	<b>1,943</b>	<b>(337)</b>	<b>2,754</b>	<b>4,360</b>

## Expenditure and Funding Analysis 2022/23

	<b>Outturn Reported to Management</b>	<b>Movement in Earmarked Reserves</b>	<b>Net Expenditure Chargeable to the General Fund Balances</b>	<b>Adjustments between the Funding and Accounts Basis</b>	<b>Net Expenditure in the Comprehensive Income and Expenditure Statement</b>
	<b>2022/23</b>	<b>2022/23</b>	<b>2022/23</b>	<b>2022/23</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chief Executive's Directorate	1,930	1,310	3,240	420	3,660
Environment & Regeneration	47,823	1,186	49,009	4,682	53,691
Public Health	96	400	496	460	956
Adult Social Care	54,916	3,014	57,930	4,154	62,084
Children's Services	47,294	2,243	49,537	344	49,881
Schools	-	421	421	7,048	7,469
Corporate & Democracy	(43,208)	9,011	(34,197)	36,665	2,468
Mersey Gateway	8,028	(17)	8,011	(38,073)	(30,062)
<b>Net Cost of Services</b>	<b>116,879</b>	<b>17,568</b>	<b>134,447</b>	<b>15,700</b>	<b>150,147</b>
Other Income and Expenditure	(111,718)	87	(111,631)	(6,966)	(118,597)
<b>(Surplus) or Deficit</b>	<b>5,161</b>	<b>17,655</b>	<b>22,816</b>	<b>8,734</b>	<b>31,550</b>
<b>Opening General Fund Balance</b>	<b>(5,147)</b>	<b>(69,469)</b>	<b>(74,616)</b>		
Transfer to from Earmarked Reserves to General Fund	(5,161)	5,161	-		
(Surplus) or Deficit in year	5,161	17,656	22,817		
<b>Closing General Fund Balance at 31st March</b>	<b>(5,147)</b>	<b>(46,652)</b>	<b>(51,799)</b>		



**Note to Expenditure and Funding Analysis 2022/23**

	<b>Other Income and Expenditure</b>	<b>Adjustments for Capital Purposes</b>	<b>Net change for the Pension Adjustments</b>	<b>Other Adjustments</b>	<b>Total Adjustments</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>					
Chief Executive's Directorate	(2,577)	(4)	3,119	(118)	<b>420</b>
Environment & Regeneration	(620)	1,333	4,007	(38)	<b>4,682</b>
Public Health	(21)	-	474	7	<b>460</b>
Adult Social Care	-	493	3,658	3	<b>4,154</b>
Children's Services	(2,321)	115	2,599	(49)	<b>344</b>
Schools	2,323	149	3,457	1,119	<b>7,048</b>
Corporate & Democracy	6,029	17,418	(268)	13,486	<b>36,665</b>
Mersey Gateway	(38,073)	-	-	-	<b>(38,073)</b>
<b>Net Cost of Services</b>	<b>(35,260)</b>	<b>19,504</b>	<b>17,046</b>	<b>14,410</b>	<b>15,700</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	35,258	(26,577)	2,691	(18,338)	<b>(6,966)</b>
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(2)</b>	<b>(7,073)</b>	<b>19,737</b>	<b>(3,928)</b>	<b>8,734</b>

### **Other Income and Expenditure**

This column moves all items that are shown within the directorate spend reported to management but are shown below the Net Cost of Services in the Comprehensive Income and Expenditure Statement. These include:

- Interest Payable and Receivable
- Levy Payments

### **Adjustments for Capital Purposes**

This column adjusts for any capital transactions that are not included in the directorate spend reported to management but are shown in the Comprehensive Income and Expenditure Statement. These include:

- Capital funding
- Revaluation gains and losses
- Revenue Expenditure Funded by Capital Under Statute

This column also includes items that are included in the spend reported to management but are not shown in the Comprehensive Income and Expenditure Statement. This includes:

- Minimum Revenue Provision
- The reversal of depreciation transactions shown in Corporate and Democracy

### **Net Charge for Pension Adjustments**

This column includes the net change for the removal of pension contributions and the addition of IAS 19 employee benefits pension related income and expenditure:

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

### **Other adjustments**

This column includes:

- The difference between what is chargeable under statutory regulations for council tax and non-domestic rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code.

This is a timing difference, as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

- Adjustments to show Schools income and expenditure separately on the Comprehensive Income and Expenditure Statement. This is reported under the Children's Services Directorate when reported to management.

## Segmental Income and Expenditure

Income and expenditure received on a segmental basis is analysed below:

	<b>Revenues from External Customers £000</b>	<b>Interest Revenue £000</b>	<b>Interest Expense £000</b>	<b>Depreciation and Amortisation £000</b>
<b>2023/24</b>				
Chief Executive's	(1,995)	-	-	817
Environment & Regeneration	(14,772)	-	-	14,428
Public Health	(172)	-	-	-
Adult Social Care	(14,513)	-	-	583
Childrens Services	(375)	-	-	110
Schools	(210)	-	-	2,438
Corporate & Democracy	(196)	(5,862)	2,925	(26,405)
Mersey Gateway	(58,081)	-	31,214	8,029
<b>Net Cost of Services</b>	<b>(90,314)</b>	<b>(5,862)</b>	<b>34,139</b>	<b>-</b>

	<b>Revenues from External Customers £000</b>	<b>Interest Revenue £000</b>	<b>Interest Expense £000</b>	<b>Depreciation and Amortisation £000</b>
<b>2022/23</b>				
Chief Executive's	(1,998)	-	-	748
Environment & Regeneration	(13,668)	-	-	14,815
Public Health	(239)	-	-	-
Adult Social Care	(12,579)	-	-	512
Childrens Services	(580)	-	-	144
Schools	(198)	-	-	2,322
Corporate & Democracy	(238)	(2,590)	2,758	(26,569)
Mersey Gateway	(55,396)	-	31,307	8,028
<b>Net Cost of Services</b>	<b>(84,896)</b>	<b>(2,590)</b>	<b>34,065</b>	<b>-</b>

## 2. Expenditure and Income Analysed by Nature

2022/23 £000		2023/24 £000
	<b>Expenditure</b>	
171,768	Employee benefits	165,311
258,043	Other service expenses	292,535
27,514	Depreciation, amortisation and impairment	27,248
34,065	Interest payments	34,139
3,634	Precepts and levies	3,820
<b>495,024</b>	<b>Total Expenditure</b>	<b>523,053</b>
	<b>Income</b>	
(123,385)	Fees and charges and other service income	(134,449)
(2,345)	Gain on disposal of non-current assets	(6,226)
(111,819)	Income from Council Tax and Business Rates	(121,251)
(223,335)	Government grants income	(239,770)
(2,590)	Interest and investment income	(5,862)
<b>(463,474)</b>	<b>Total Income</b>	<b>(507,558)</b>
<b>31,550</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>15,495</b>

## 3. Other Operating Expenditure

2022/23 £000		2023/24 £000
161	Parish Council Precepts	166
3,473	Levies	3,654
-	Movement in value of Assets Held for Sale	-
(2,345)	(Gains)/Losses on the Disposal of Non-Current Assets	(6,226)
<b>1,289</b>	<b>Total</b>	<b>(2,406)</b>

#### 4. Financing and Investment Income and Expenditure

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
34,065	Interest payable and similar charges	34,139
2,690	Net interest on the net defined benefit liability	216
(2,590)	Interest receivable and similar charges	(5,862)
(23)	Income and expenditure in relation to investment properties and changes in their fair value	(76)
1,751	Movement in fair value of financial instruments	346
-	Loss on transfer of academies	4,960
(199)	Other investment income and expenditure	(168)
<b>35,694</b>	<b>Total</b>	<b>33,555</b>

#### 5. Taxation and Non-Specific Grant Income

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
(57,581)	Council Tax income	(60,892)
(54,238)	Non-domestic rates	(60,359)
(13,461)	Non-ringfenced government grants	(18,632)
(6,067)	NNDR Top Up Grant	(3,918)
(24,233)	Capital grants and contributions	(15,012)
<b>(155,580)</b>	<b>Total</b>	<b>(158,813)</b>

#### 6. Material Items of Income and Expenditure

The Mersey Gateway line in the Comprehensive Income and Expenditure statement includes expenditure of £67.176m relating to the 85% share of the excess revenue from the Mersey Gateway bridge payable to Department for Transport (DfT). This figure has two elements, £44.750m agreed to be paid back to DfT on 1<sup>st</sup> August 2024 following the five-year review during 2023/24, and £23.426m provision for payment, an element of which will be due following the next three-year review in 2026/27. For further breakdown of income and expenditure relating to the Mersey Gateway, please see Note 42.

## 7. Grant Income

The Council has received a number of grants and contributions that have yet to be recognised as income. At the balance sheet date, conditions existed which remain to be satisfied. The balances at year-end are as follows:

	<b>31/03/2023</b>	<b>31/03/2024</b>
	<b>£000</b>	<b>£000</b>
<b>Long Term Receipts in Advance</b>		
<b>Capital</b>		
Department for Levelling Up, Housing and Communities	-	(1,540)
Other Grants	-	-
<b>Total</b>	<b>-</b>	<b>(1,540)</b>

	<b>31/03/2023</b>			<b>31/03/2024</b>		
	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Short Term Receipts in Advance</b>						
Department for Levelling Up, Housing and Communities	(905)	(7,406)	<b>(8,311)</b>	(521)	(2,000)	<b>(2,521)</b>
Department for Education	(546)	(657)	<b>(1,203)</b>	(597)	(395)	<b>(992)</b>
Department of Health & Social Care	(3,606)	-	<b>(3,606)</b>	-	-	-
Other Grants	(1,523)	(13)	<b>(1,536)</b>	(2,846)	(13)	<b>(2,859)</b>
Contributions	(961)	-	<b>(961)</b>	(844)	-	<b>(844)</b>
	<b>(7,541)</b>	<b>(8,076)</b>	<b>(15,617)</b>	<b>(4,808)</b>	<b>(2,408)</b>	<b>(7,216)</b>

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

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Revenue Grants Credited to Services</b>		
Department for Levelling Up, Housing and Communities	(11,555)	(17,038)
Dedicated Schools Grant	(82,656)	(86,564)
Department for Education	(17,148)	(21,634)
Department for Environment, Food & Rural Affairs	(80)	(120)
Department for Transport	(14,003)	(22,566)
Department for Works & Pensions	(3,482)	(3,497)
Department of Health & Social Care	(13,031)	(15,439)
Home Office	(2,932)	(2,289)
Rent Allowance Subsidy	(30,355)	(30,035)
Other Grants	(4,332)	(3,026)
<b>Total</b>	<b>(179,574)</b>	<b>(202,208)</b>

## 8. Disclosure of Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). 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 2019. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2023/24 are shown below:

<b>Total 2022/23 £000</b>		<b>Central Expenditure 2023/24 £000</b>	<b>Individual Schools Budget 2023/24 £000</b>	<b>Total 2023/24 £000</b>
(135,993)	Final DSG before academy recoupment			(143,178)
53,316	Academy figure recouped in year			56,564
<b>(82,677)</b>	<b>Total DSG after academy recoupment</b>			<b>(86,614)</b>
	- Plus brought forward			-
	- Less carry forward agreed in advance			-
<b>(82,677)</b>	<b>Agreed budget distribution</b>	<b>(20,294)</b>	<b>(66,320)</b>	<b>(86,614)</b>
(146)	In-year adjustments	50	-	50
<b>(82,823)</b>	<b>Final budget distribution</b>	<b>(20,244)</b>	<b>(66,320)</b>	<b>(86,564)</b>
16,603	Less actual central expenditure	22,701		22,701
67,256	Less actual ISB deployed to schools		66,320	66,320
	- Plus Council contribution			-
<b>1,036</b>	<b>Carry forward</b>	<b>2,457</b>	-	<b>2,457</b>
	- Plus carry forward agreed in advance			
<b>1,036</b>	<b>Carry forward to following year</b>			<b>2,457</b>
1,856	DSG Unusable Reserve brought forward			2,892
1,036	Addition to DSG Unusable Reserve in year			2,457
<b>2,892</b>	<b>Total DSG Unusable Reserve at end of year</b>			<b>5,349</b>
<b>2,892</b>	<b>Net DSG position at end of year</b>			<b>5,349</b>



## 9. Pooled Budgets

### Better Care Fund

In 2015 the Government introduced a £3.8 billion Better Care Fund, a pooled budget for health and social care services, shared between the NHS and local authorities, to deliver better outcomes and greater efficiencies through more integrated services for older and disabled people. The pooled budget, hosted by the council, continues to provide an integrated system enabling resources to be used efficiently and effectively in the delivery of personalised, responsive and holistic care to those who are most in need within the community. This results in the alignment of systems, improved pathways, speeding up the discharge processes, transforming patient/care satisfaction and ensuring the future sustainability of meeting the needs of people with complex needs.

The Additional Better Care Fund (ABCF) was announced in the 2017 Spring Budget, with a condition that it is pooled into the local BCF plan. The grant determination enables the funding to be spent on three purposes:

- Meeting adult social care needs.
- Reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready.
- Ensuring that the local social care provider market is supported.

In addition to BCF and ABCF allocations, the Council and Health each contributed additional funds equal to 54% and 46% respectively (excluding the BCF allocation) for 2023/24.

It should be noted that Clinical commissioning groups (CCGs) were established as part of the Health and Social Care Act in 2012, and replaced primary care trusts on 1 April 2013. On 1 July 2022, integrated care systems (ICSs) became legally established through the Health and Care Act 2022, and CCGs were closed down. ICSs are partnerships of organisations that come together to plan and pay for health and care services to improve the lives of people who live and work in their area.

Each integrated care system has two statutory elements, an integrated care partnership (ICP) and integrated care board (ICB). Across England, local partnerships made up of all the public services that provide health and care (NHS, GPs, local councils and the community and voluntary sector) plan how best to deliver high quality, affordable services that meet the needs of local people. Although partnership working has taken place nationally for some years, these changes make it easier for people to get access to better, more efficient and joined-up care, and to enjoy better health.

This is joint arrangement between Halton Borough Council and the Cheshire and Merseyside Integrated Care Board, and all the relevant activities of the arrangement require unanimous consent of all parties.

	<b>2022/23</b>		<b>2023/24</b>
	<b>£000</b>		<b>£000</b>
<b>Balance Brought Forward</b>	<b>(205)</b>		<b>(148)</b>
<b>Funding provided to the pooled budget:</b>			
- Halton Borough Council	(3,696)		(3,144)
- Halton Place	(2,831)		(2,865)
- Better Care Fund	(12,078)		(12,762)
- Additional Better Care Fund	-		(6,982)
- Adult Social Care Discharge Grant	(1,628)		(979)
- Integrated Care Board Discharge Grant	-		(942)
- Other Grants	(962)		(144)
- Reserves	(700)		(193)
	<b>(21,895)</b>		<b>(28,011)</b>
<b>Income raised through the pooled budget:</b>			
- Halton Borough Council	(609)		-
	<b>(609)</b>		<b>-</b>
<b>Expenditure met from the pooled budget:</b>			
- Halton Borough Council	5,568		4,540
- Halton Place	4,915		3,875
- Better Care Fund	12,078		19,744
- Winter Pressures	-		-
	<b>22,561</b>		<b>28,159</b>
<b>Net (surplus)/deficit arising on the pooled budget during the year</b>	<b>57</b>		<b>148</b>
<b>Share of the (surplus)/deficit for the year:</b>			
- Halton Borough Council	53%	30	54%
- Halton Place	47%	27	46%
		<b>57</b>	<b>148</b>
<b>Balance Carried Forward</b>	<b>(148)</b>		<b>-</b>

## 10. Officers Remuneration

The number of employees whose remuneration, inclusive of redundancy payments and car benefit but excluding pension contributions, was £50,000 or more, grouped in rising bands of £5,000 is shown below. This list is inclusive of officers reported in the senior officers disclosure note.

Remuneration Band		2022/23		2023/24	
		Number of Employees		Number of Employees	
		Teaching	Non-Teaching	Teaching	Non - Teaching
£50,000	£54,999	16	51	29	75
£55,000	£59,999	13	9	13	20
£60,000	£64,999	8	9	17	7
£65,000	£69,999	9	5	7	12
£70,000	£74,999	6	9	7	10
£75,000	£79,999	4	5	8	4
£80,000	£84,999	1	5	4	7
£85,000	£89,999	-	2	1	2
£90,000	£94,999	-	4	-	2
£95,000	£99,999	-	5	-	3
£100,000	£104,999	-	1	-	3
£105,000	£109,999	-	-	-	1
£110,000	£114,999	-	1	-	-
£115,000	£119,999	-	-	-	1
£120,000	£124,999	-	-	-	1
£125,000	£129,999	-	-	-	-
£130,000	£134,999	-	-	-	-
£135,000	£139,999	-	1	-	-
£140,000	£144,999	-	-	-	-
£145,000	£149,999	-	-	-	1
£150,000	£154,999	-	-	-	-
£155,000	£159,999	-	1	-	-
£160,000	£164,999	-	-	-	-
£165,000	£169,999	-	-	-	1
£170,000	£174,999	-	-	-	-
£175,000	£179,999	-	-	-	-
£180,000	£184,999	-	-	-	-
£185,000	£189,999	-	-	-	-
£190,000	£194,999	-	-	-	-
£195,000	£199,999	-	-	-	-
£200,000	£204,999	-	-	-	-
£205,000	£209,999	-	-	-	-
£210,000	£214,999	-	-	-	-
£215,000	£219,999	-	-	-	-
£220,000	£224,999	-	-	-	-
£225,000	£229,999	-	-	-	-
£230,000	£234,999	-	-	-	-
£240,000	£244,999	-	-	-	-
£245,000	£249,999	-	-	-	-
£250,000	£254,999	-	-	-	-
£255,000	£259,999	-	1	-	-
		<b>57</b>	<b>109</b>	<b>86</b>	<b>150</b>

The note excludes salaries for staff at Voluntary Aided Schools who are employed directly by the school's governing body. 58 staff with a total salary value of £3,479,665 have been excluded from the 2022/23 figures. In 2023/24, 72 staff members of Voluntary Aided Schools with a total salary value of £4,356,504.73 were excluded from Note 10.

The number of Council employees disclosed in the £50,000 - £54,999 band has increased significantly from 2022/23 due to the inflationary impact of the 2023/24 local government pay award.

Halton Borough Council is required to disclose to local taxpayers the total remuneration package for the senior officers charged with the stewardship of the organisation.

A senior employee has a significant level of responsibility for contributing to the strategic decision making of the Council. Senior officers will include those that have a statutory duty under legislation.

Senior employees whose salary is between £50,000 and £150,000 are disclosed by job title. Senior employees whose salary is more than £150,000 are disclosed by job title and name.

*These notes refer to the detailed table below:*

Note 1: The Executive Director - Children's Services joined the authority on 23<sup>rd</sup> October 2023. Prior to this, the role was carried out on an interim basis by agency members of staff who were not employees of the Council.

Note 2: The Director of Public Health received an additional £10,414 for work done on behalf of NIHR Clinical Research Network, and an additional £2,236 from the Clinical Excellence Awards. These amounts are included in the above table, but have been fully reimbursed to the Council.

Note 3: The new post of Executive Director - Environment and Regeneration was created on 1<sup>st</sup> June 2023. The existing Operational Director - Economy, Enterprise, and Property moved into the newly created role on this date.

Note 4: The existing Interim Operational Director - Adult Social Care moved into the newly created Operational Director - Commissioning and Provision post on 17<sup>th</sup> April 2023.

Note 5: The existing Interim Operational Director - Adult Social Care moved into the newly created Operational Director - Care Management, Safeguarding, and Quality post on 17<sup>th</sup> April 2023.

Note 6: The Operational Director - Children's Social Care left the authority on 14<sup>th</sup> July 2023. The role was subsequently carried out by an agency member of staff who was not an employee of the Council until a new, permanent appointment was made on 25<sup>th</sup> December 2023. At this date, the post was renamed to Operational Director - Children's Social Care and Early Help.

Note 7: The Operational Director - Economy, Enterprise, and Property joined the authority on 20<sup>th</sup> November 2023.

Post Title	Salary (including fees & allowances)		Compensation for loss of employment		Benefits in kind		Total remuneration excluding pension contributions		Employers pension contributions		Total remuneration including pension contributions	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
	£	£	£	£	£	£	£	£	£	£	£	£
Chief Executive – Stephen Young	158,925	167,557	-	-	-	-	158,925	167,557	32,533	34,144	191,458	201,701
Statutory Executive Director - Adult's Services	39,857	124,548	-	-	-	-	39,857	124,548	8,142	25,327	47,999	149,875
Statutory Executive Director - Children's Services	1	-	53,565	-	-	-	-	53,565	-	10,890	-	64,455
Director of Public Health	2	117,519	145,602	-	-	-	117,519	145,602	16,055	20,872	133,574	166,474
Executive Director - Environment and Regeneration	3	-	101,250	-	-	-	-	101,250	-	20,585	-	121,835
Director of Chief Executive's Delivery Unit		8,250	103,940	-	-	-	8,250	103,940	1,682	21,103	9,932	125,042
Interim Operational Director - Adult Social Care	4	27,776	3,472	-	-	-	27,776	3,472	5,653	703	33,429	4,175
Operational Director - Commissioning and Provision	4	-	82,716	-	-	-	-	82,716	-	16,760	-	99,476
Interim Operational Director - Adult Social Care	5	27,776	3,472	-	-	-	27,776	3,472	5,653	703	33,429	4,175
Operational Director - Care Management, Safeguarding, and Quality	5	-	82,716	-	-	-	-	82,716	-	16,760	-	99,476
Care	6	21,768	46,631	-	-	-	21,768	46,631	4,437	5,753	26,205	52,384
Operational Director - Children's Social Care and Early Help	6	-	23,174	-	-	-	-	23,174	-	4,696	-	27,870
Statutory Operational Director - Education, Inclusion & Provision		32,878	98,566	-	-	-	32,878	98,566	6,695	20,001	39,573	118,567
Operational Director - Community & Greenspace		85,713	91,154	-	-	-	85,713	91,154	17,662	18,482	103,375	109,635
Operational Director - Economy, Enterprise & Property	3	95,267	16,428	-	-	-	95,267	16,428	19,673	3,334	114,940	19,761
Operational Director - Economy, Enterprise & Property	7	-	35,867	-	-	-	-	35,867	-	7,278	-	43,145
Operational Director - Policy, Planning & Transportation		92,876	100,233	-	-	-	92,876	100,233	19,123	20,343	111,999	120,575
Operational Director - Finance		95,267	98,566	-	-	-	95,267	98,566	19,419	20,001	114,686	118,567
Operational Director - ICT & Support Services		102,767	106,066	-	-	-	102,767	106,066	20,964	21,539	123,731	127,605
Operational Director - Legal & Democratic Services		95,267	98,566	-	-	-	95,267	98,566	19,419	20,001	114,686	118,567
		<b>1,001,905</b>	<b>1,584,089</b>	-	-	-	<b>1,001,905</b>	<b>1,584,089</b>	<b>197,110</b>	<b>309,275</b>	<b>1,199,015</b>	<b>1,893,364</b>

## 11. Exit Packages and Termination Benefits

The number of exit packages with total cost per band and total cost of compulsory and voluntary redundancies and early retirements are set out in the table below:

Exit package cost band	Number of compulsory redundancies		Number of voluntary redundancies		Number of early retirements		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23 £000	2023/24 £000
£0 - £20,000	3	3	11	24	-	-	14	27	77	229
£20,001 - £40,000	-	-	5	13	-	-	5	13	147	395
£40,001 - £60,000	-	1	-	2	-	-	-	3	-	131
£60,001 - £80,000	-	-	1	1	-	-	1	1	65	70
£80,001 - £100,000	-	-	1	-	-	-	1	-	100	-
£100,001 - £150,000	-	-	-	-	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-	-	-	-	-
£250,001 - £300,000	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>4</b>	<b>18</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>44</b>	<b>389</b>	<b>825</b>

The total cost of exit packages in 2023/24 is £0.825m (2022/23 - £0.389m) charged to the authority's Comprehensive Income and Expenditure Statement (CIES). Costs associated with redundancies include officers aged 55 or over being able to access their pensions immediately, the costs of which amounted to £0.319m in 2023/24. There were no early retirements taken in 2023/24 (2022/23 - £0.000m).

### Termination Benefits

The Council incurred no liabilities relating to past early retirements charged to the Comprehensive Income and Expenditure Statement.

## **12. Members Allowances**

During the year £893,428.26 (2022/23 - £842,015.70) was paid to Members, including Mayoral and Deputy Mayoral allowances.

## **13. Related Party Transactions**

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

Once these relationships are brought to the attention of users, transactions are disclosed so that readers can assess for themselves whether these relationships might have had an effect or could have an effect in the future.

### **Materiality**

Materiality has been assessed with regards to the Council and the related party.

### **Central Government**

UK Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides significant funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits).

Grants received from government departments are set out in Note 7.

### **Members and Officers**

Members of the Council have direct control over the Council's financial and operating policies. The Council operates a system of self-regulation which requires each Executive Director and Member to complete a declaration highlighting whether they or any members of their family have been involved in any material financial transactions between the Council and any external bodies they are affiliated to during the financial year.

The total of members allowances paid in 2023/24 is shown in Note 12. The total of senior officers' remuneration paid in 2023/24 is shown in Note 10.

In 2023/24, 3 Members had interests in various organisations and voluntary sector bodies involving payments worth £1.945m and receipts worth £0.048m for various works and services.

In 2023/24, no senior officers had interests in organisations which were party to transactions with the Council.

Payments/receipts from organisations where Members or their spouse hold an interest	2023/24		31/03/2024	
	Expenditure	Income	Creditor	Debtor
	£000	£000	£000	£000
Creative Health Initiatives CIC	38	(8)	-	-
Mersey Gateway Crossings Board	1,907	(40)	99	(1)
<b>Total</b>	<b>1,945</b>	<b>(48)</b>	<b>99</b>	<b>(1)</b>

### Other Public Bodies

The Council is a member of Liverpool City Region Combined Authority, from which it received £7.311m of income in 2023/24, plus outstanding debtors of £5.025m. This related to highways grant funding of £9.902m from Merseytravel, funding for regeneration projects of £0.66m, funding for skills and apprenticeship programmes of £1.417m, £0.126m for IT hosting services, £0.093m for accommodation projects, and £0.138m for other services. £0.089m of expenditure was incurred in 2023/24.

The Council had one pooled budget arrangement with NHS Cheshire and Merseyside ICB Integrated Care Board during 2023/24 under s75 of the Health Act 2006. Transactions and balances are highlighted in Note 9. In addition to the pooled budget arrangement there were further payments of £0.031m relating to other services. There was additional income received of £13.878m for contributions to care packages, a £0.220m contribution towards the Positive Behaviour Support Service, a £0.182m contribution towards the Transforming Care Project, a £0.023m contribution towards the Direct Payments Service, £0.164m for rent at Council buildings, and £0.239m for other services. There were debtors outstanding at year end of £0.168m for joint funded care packages and a £0.085m contribution towards the benefits advice scheme.

£1.450m of expenditure was paid to Warrington and Halton Hospitals NHS Trust from the pooled budget, comprising £0.771m for reablement services, £0.132m for the Halton Community Team Project, £0.132m for supported hospital discharge, and £0.420m for other services. There were £0.180m of creditors outstanding at 31<sup>st</sup> March 2024. Outside of the pooled budget, £0.005m was paid to the Trust for Public Health Services. One member of the Council is a Governor of the Trust.

The Council incurred £2.385m of expenditure with Bridgewater Community Healthcare NHS Trust in 2023/24 from the pooled budget, the majority of which (£1.541m) related to the Intermediate Care and Frailty Service. £0.829m of expenditure was incurred on the Integrated Community Equipment Service, and £0.015m related to other services. Outside of the pooled



budget, the Council incurred £3.270m of expenditure for the 0-19 public health service, £0.092m for children's therapy equipment, £0.073m for infection control services, £0.022m for mental health services, and £0.043m for vision and deafness support services. There were £0.323m of creditors outstanding at the end of the 2023/24 financial year.

£0.178m of expenditure to Cheshire Police was incurred in 2023/24, including £0.102m for staffing costs, and £0.076m of project contributions. £0.381m of income was received, including £0.154m for the Domestic Abuse Prevention Service, £0.078m for community support services, £0.053m for the Safer Halton CCTV Project, £0.044m for substance misuse programmes, £0.042m for traffic equipment, and £0.010m for other services.

The Council has contracted with Merseyside Recycling and Waste Authority (MRWA) to manage the disposal of household waste, the processing of recyclables, and to run the Household Waste and Recycling Centres within Halton. Expenditure of £6.040m was incurred during 2023/24, with additional creditors of £1.104m outstanding at 31<sup>st</sup> March 2024. £1.016m of debtors were outstanding at the end of the financial year. One member of the Council represents Halton as a member of MRWA.

Three members of the Council sit on the Committee of Cheshire Fire and Rescue Service. There were no significant financial transactions between Halton Borough Council and Cheshire Fire and Rescue Service during the 2023/24 financial year.

Full details of the Council's pension fund transactions can be found in Note 32, Pension Schemes.

### **Entities Controlled or Significantly Influenced by the Council**

Halton Borough Council are joint venture partners in Daresbury SIC (Pub Sec) LLP, which has significant influence over Daresbury SIC LLP. Total payments of £0.431m were received in 2023/24, including interest income of £0.162m. The total debtor outstanding is £5.872m and further details of the lease are provided in Note 30, Finance Leases – Authority as a Lessor. The Council also received £0.414m (including interest income of £0.124m) from the Enterprise Zone Rates in relation to the repayment of a contribution towards the construction of Project Violet.

Details of the Council's interests in companies are disclosed in Note 41, Interest in Companies and Other Entities.

## 14. External Audit Fees

The Council paid the following amounts to Grant Thornton in 2023/24 for fees relating to external audit, inspection and additional services.

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Fees payable for:		
- Audit	145	324
- Grants and returns	38	30
<b>Total</b>	<b>183</b>	<b>354</b>

## 15. Events after the Balance Sheet Date

These accounts have been authorised for issue by the Operational Director Finance, on the 28<sup>th</sup> June 2024 and reflect all known events for the financial year. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31<sup>st</sup> March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 16. Capital Expenditure and Financing

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

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Opening Capital Financing Requirement</b>	<b>Restated 614,327</b>	<b>604,079</b>
<b>Capital Investment:</b>		
Property, Plant & Equipment	19,325	34,123
Investment Properties	-	-
Intangible Assets	288	296
Revenue Expenditure Funded from Capital under Statute	7,936	9,783
<b>Source of Finance:</b>		
Capital Receipts	(1,470)	(3,238)
Capital Receipts to Reduce MRP Liability	(526)	(7,744)
Government Grants & Other Contributions	(25,752)	(19,656)
Direct Revenue Contributions	(145)	(294)
Minimum Revenue Provision	(9,904)	(11,409)
<b>Closing Capital Financing Requirement</b>	<b>604,079</b>	<b>605,940</b>
<b>Explanation of movement in year:</b>		
Increase in underlying need to borrow	182	21,014
Minimum Revenue Provision statutory set aside	(9,904)	(11,409)
Use of Capital Reserves to reduce MRP liability	(526)	(7,744)
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(10,248)</b>	<b>1,861</b>

The table above shows the Council spent £44.2m on capital during 2023/24.

Please note the 2022/23 capital receipts figures above have been restated to reflect the treatment of the use of capital receipts in the 2023/24 accounts.

### **Disposal of Assets/Capital Receipts**

Land/Dwellings/Recovered Advances – the Council received £12.532m from the sale of land, vehicles and various properties.

Under residual arrangements, the Council received £0.290m (£0.323m in 2022/23) from Halton Housing Trust for the sale of homes during the year, and a further £0.080m (£0.002m in 2022/23) under VAT Shelter arrangements.



## 17. Non-Current Assets, Property, Plant and Equipment

### Movements during 2023/24

	Land and Buildings £000	Community Assets £000	Vehicles, Plant and Equipment £000	Surplus Assets £000	Under Construction / Development £000	Total 2023/24 £000
<b>Cost or Valuation</b>						
<b>As at 1st April 2023</b>	<b>209,919</b>	<b>5,586</b>	<b>15,153</b>	<b>6,839</b>	<b>6,313</b>	<b>243,810</b>
Additions and Enhancements	17	383	1,653	87	18,907	21,047
Revaluations Recognised in the Revaluations Reserve	10,001	-	-	324	-	10,325
Revaluations Recognised in the Provision of Services	49	-	-	-	-	49
Derecognition – Disposals	(5,506)	-	-	-	-	(5,506)
Derecognition – Others	-	-	-	-	-	-
Assets Reclassified (to)/from Held for Sale	-	-	-	5,242	-	5,242
Other Movements	(208)	-	-	208	-	-
<b>As at 31<sup>st</sup> March 2024</b>	<b>214,272</b>	<b>5,969</b>	<b>16,806</b>	<b>12,700</b>	<b>25,220</b>	<b>274,967</b>
<b>Depreciation</b>						
<b>As at 1st April 2023</b>	<b>(8,575)</b>	<b>(2,739)</b>	<b>(9,841)</b>	<b>(88)</b>	-	<b>(21,243)</b>
Depreciation for the Year	(6,372)	(223)	(1,334)	(144)	-	(8,073)
Depreciation written out to Revaluation Reserve	13,346	-	-	-	-	13,346
Depreciation written out to Surplus/Deficit on the Provision of Services	207	-	-	-	-	207
Derecognition – Disposals	250	-	-	-	-	250
Derecognition – Other	-	-	-	-	-	-
Other Movements in Depreciation	-	-	-	-	-	-
<b>As at 31<sup>st</sup> March 2024</b>	<b>(1,144)</b>	<b>(2,962)</b>	<b>(11,175)</b>	<b>(232)</b>	-	<b>(15,513)</b>
<b>Balance Sheet Amount as at 31<sup>st</sup> March 24</b>	<b>213,128</b>	<b>3,007</b>	<b>5,631</b>	<b>12,468</b>	<b>25,220</b>	<b>259,454</b>
<b>Balance Sheet Amount as at 1<sup>st</sup> April 23</b>	<b>201,344</b>	<b>2,847</b>	<b>5,312</b>	<b>6,751</b>	<b>6,313</b>	<b>222,567</b>

## Movements during 2022/23

	Land and Buildings £000	Community Assets £000	Vehicles, Plant and Equipment £000	Surplus Assets £000	Under Construction / Development £000	Total 2022/23 £000
<b>Cost or Valuation</b>						
<b>As at 1st April 2022</b>	<b>207,388</b>	<b>5,109</b>	<b>26,762</b>	<b>6,741</b>	<b>2,049</b>	<b>248,049</b>
Additions and Enhancements	542	477	1,396	861	4,264	7,540
Revaluations Recognised in the Revaluations Reserve	2,345	-	-	(24)	-	2,321
Revaluations Recognised in the Provision of Services	(191)	-	-	(701)	-	(892)
Derecognition – Disposals	(375)	-	(13,005)	(38)	-	(13,418)
Derecognition – Others	-	-	-	-	-	-
Assets Reclassified (to)/from Held for Aale	208	-	-	-	-	208
Other Movements	2	-	-	-	-	2
<b>As at 31<sup>st</sup> March 2023</b>	<b>209,919</b>	<b>5,586</b>	<b>15,153</b>	<b>6,839</b>	<b>6,313</b>	<b>243,810</b>
<b>Depreciation</b>						
<b>As at 1st April 2022</b>	<b>(5,378)</b>	<b>(2,548)</b>	<b>(21,360)</b>	<b>(113)</b>	-	<b>(29,399)</b>
Depreciation for the Year	(6,698)	(191)	(1,479)	(109)	-	(8,477)
Depreciation written out to Revaluation Reserve	3,343	-	-	132	-	3,475
Depreciation written out to Surplus/Deficit on the Provision of Services	83	-	-	2	-	85
Derecognition – Disposals	75	-	12,998	-	-	13,073
Derecognition – Other	-	-	-	-	-	-
Other Movements in Depreciation	-	-	-	-	-	-
<b>As at 31<sup>st</sup> March 2023</b>	<b>(8,575)</b>	<b>(2,739)</b>	<b>(9,841)</b>	<b>(88)</b>	-	<b>(21,243)</b>
<b>Balance Sheet Amount as at 31<sup>st</sup> March 23</b>	<b>201,344</b>	<b>2,847</b>	<b>5,312</b>	<b>6,751</b>	<b>6,313</b>	<b>222,567</b>
<b>Balance Sheet Amount as at 1<sup>st</sup> April 22</b>	<b>202,010</b>	<b>2,561</b>	<b>5,402</b>	<b>6,628</b>	<b>2,049</b>	<b>218,650</b>





## Highways Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Infrastructure Assets</b>		
<b>Net book value (modified historical cost)</b>		
<b>At 1st April</b>	<b>626,360</b>	<b>620,093</b>
Additions	11,769	13,075
Derecognition	-	-
Depreciation	(18,036)	(18,243)
Impairment	-	-
Other movements in cost	-	-
<b>At 31st March</b>	<b>620,093</b>	<b>614,925</b>
<b>Service Concession Assets</b>		
<b>(included in Infrastructure Assets)</b>		
<b>Net book value</b>		
<b>At 1st April</b>	<b>439,243</b>	<b>431,946</b>
Additions	-	-
Derecognition	-	-
Depreciation	(7,297)	(7,297)
Impairment	-	-
Other movements in cost	-	-
<b>At 31st March</b>	<b>431,946</b>	<b>424,649</b>

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Infrastructure Assets	620,093	614,925
Other PPE Assets	222,567	259,454
<b>Total PPE Assets</b>	<b>842,660</b>	<b>874,379</b>

The authority has determined in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

### **Depreciation**

Depreciation is calculated on a straight-line basis and the following useful lives and depreciation rates have been used:

Buildings and Other Operational Properties	10-60 years
Community Assets	15 years
Infrastructure Assets	15-120 years
Vehicles, Plant and Equipment	3-10 years
Intangible Assets	5 years

### **Capital Commitments**

At 31<sup>st</sup> March 2024, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment.

The major commitments are:

Halton Leisure Centre	£9.874m
Runcorn Busway	£0.323m
Fleet Vehicles	£2.473m
East Runcorn Connectivity Pre-Development	£0.274m
Green Cycle / Walk Corridors	£0.275m
Open Spaces Schemes	£0.336m
Town Centre Development	£0.529m
Telehealthcare Upgrade	£0.149m

At 31<sup>st</sup> March 2024 the capital commitments totalled £14.233m (£34.97m at 31<sup>st</sup> March 2023).

### **Revaluations**

The Council carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at fair value is revalued every 3 years. A mixture of revaluations from each of the below categories are valued each year. Valuations were carried out by Sanderson Weatherall LLP and by the Council's in-house valuer Louise Risk MRICS. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

- Corporate Properties
- Children’s centres, Children’s homes and miscellaneous properties, land and open spaces
- Day care centres, homes, leisure centres, sports fields and changing rooms, allotments, community centres, libraries and cemeteries
- Nursery, infant, junior, primary, secondary, special and PRU schools.

All assets are subject to an annual review to ensure valuations have not materially changed in the years they are not valued and that the carrying value is not significantly different to their fair value.

Assets which were subject to a revaluation in 2023/24 are dated the 31<sup>st</sup> March 2024. The valuation report which is used in the preparation of the Council’s Statement of Accounts takes account of all known events throughout 2023/24 which could subsequently affect the asset’s value and is therefore dated the 31<sup>st</sup> March 2024.

The assets shown by year of valuation are shown in the table below:

	Other Land & Buildings	Community Assets	Infrastructure Assets	Vehicles, Plant & Equipment	Surplus	Under Construction / Development	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Valued at current value as at:</b>							
31 <sup>st</sup> March 2024	178,663				405		179,068
31 <sup>st</sup> March 2023	13,654				579		14,233
31 <sup>st</sup> March 2022	20,188				10,583		30,771
31 <sup>st</sup> March 2021	65				491		556
31 <sup>st</sup> March 2020	558				410		968
<b>Valued at Historic Cost</b>		3,007	614,925	5,631		25,220	648,783
<b>Total</b>	<b>213,128</b>	<b>3,007</b>	<b>614,925</b>	<b>5,631</b>	<b>12,468</b>	<b>25,220</b>	<b>874,379</b>

### Land & Buildings

Non-specialised property is valued at Fair Value – Existing Use Value. Specialised Property is valued on the basis of Depreciated Replacement Costs.

### Community Assets

This group includes parks, cemetery land and other identifiable assets held in perpetuity, usually at Depreciated Historical Cost.

### Infrastructure

These are included on the balance sheet at Depreciated Historical Cost in accordance with the guidelines contained in the RICS Appraisal and Valuation Standards.

### Vehicles, Plant and Equipment

The majority of the Council’s plant and equipment is included in the valuation of the buildings. The vehicles and other equipment are valued at Depreciated Historical Cost.

## **Intangible Assets**

This group consists mainly of software licences for computer systems held at Depreciated Historical Cost.

## **Surplus Assets**

Assets held for sale have strict criteria to be met before any assets can be included under this heading. Where assets are not in use but do not meet the criteria, they are accommodated within surplus assets. They are held at highest and best use value.

## **Assets under Construction/Development**

These schemes are held temporarily on the balance sheet at Historic Cost until the asset is completed, when it is replaced with a formal valuation.

## **Fair Value Hierarchy for Investment Properties, Surplus Assets and Assets Held for Sale**

Investment Properties, Surplus Assets and Assets Held for Sale have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Statement of Accounting Policies 9 – Fair Value).

## **Valuation Techniques Used to Determine Level 2 Fair Values**

The fair value of Investment Properties, Surplus Assets and Assets Held for Sale have been measured using a market approach, which takes into account quoted prices for the existing or similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Asset portfolio. This information is contained within the Valuation Assumptions and Evidence note agreed between the authority's Asset Manager and professional staff. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as Level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for Investment Properties, Surplus Assets or Assets Held for Sale.

## **Highest and Best Use**

In estimating the fair value of the Council's Investment Properties, the highest and best use is their current use, though Assets Held for Sale have been valued taking their development potential into account.

## **De-minimis Assets**

At 31<sup>st</sup> March 2024, the Council had 65 assets with a total value of £0.618m that were not recorded on the Balance Sheet as they fell below its de-minimis level of £35,000.

## 18. Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Council:

	2022/23			2023/24		
	Civic Regalia £000	Outdoor Sculpture £000	Total £000	Civic Regalia £000	Outdoor Sculpture £000	Total £000
<b>Cost or Valuation</b>						
<b>1st April</b>	<b>858</b>	<b>552</b>	<b>1,410</b>	<b>858</b>	<b>567</b>	<b>1,425</b>
Additions		15	15		-	-
Disposals	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
Impairment Losses/(Reversals) Recognised in the Revaluation Reserve	-	-	-	-	-	-
Impairment Losses/(Reversals) Recognised in the Surplus or Deficit on the Provision of Services	-	-	-	-	-	-
<b>31st March</b>	<b>858</b>	<b>567</b>	<b>1,425</b>	<b>858</b>	<b>567</b>	<b>1,425</b>

### Other Heritage Assets

For the following Heritage Assets, no valuation is held as the records for the cost of acquisition / construction are no longer available, and they are not insured as individual items so are not recorded on the Council's balance sheet. Although these assets have a cultural significance to the local community, they are not considered to have a material financial value.

#### War Memorials

The Council has two war memorials, one in Runcorn on Moughland Lane and the other in Widnes in Victoria Park.

#### Duck Decoy (Hale Village)

The Duck Decoy in Hale Village has been restored for use as a nature reserve with assistance from the Heritage Lottery Fund

#### Outdoor Works of Art

A metal sculpture called Spire in Church Street, Runcorn and works of art on Runcorn Promenade and within sets of railings and panels around Halton Castle.

#### Halton Castle

One of only two Norman Castles remaining in Cheshire, managed on behalf of the Council by Norton Priory Museum Trust.

## 19. Investment Properties

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

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
(44)	Rental Income from Investment Property	(39)
21	Direct Operating Expenses from Investment Property	15
<b>(23)</b>		<b>(24)</b>

Investment Properties are not directly involved in the delivery of a service and are valued annually.

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no obligations to purchase, construct or develop investment property or undertake repairs, maintenance or enhancement.

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

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at the start of the year</b>	<b>1,344</b>	<b>1,344</b>
Additions:		
- Purchases	-	-
- Construction	-	-
- Subsequent expenditure	-	-
Disposals	-	(73)
Net gain/(losses) from fair value adjustments	-	52
Transfers:		
- (To)/from Inventories	-	-
- (To)/from Property, Plant and Equipment	-	-
Other changes	-	-
	<b>1,344</b>	<b>1,323</b>

For details of the fair value valuations used for Investment Properties, see Note 17.

## 20. Intangible Assets

The Council accounts for its software as intangible assets, with the exception of software which is an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are 5 years.

The carrying amounts of intangible assets are amortised on a straight-line basis. The amortisation of £0.238m charged to revenue in 2023/24 was charged to various cost centres and then absorbed as an overhead across all service headings in the Net Expenditure of Continuing Operations.

The movement on Intangible Asset balances during the year is as follows:

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Balance at start of year:		
Gross carrying amounts	9,859	10,147
Accumulated amortisation	(9,227)	(9,421)
<b>Net carrying amount at start of year</b>	<b>632</b>	<b>726</b>
<b>Additions:</b>		
Purchases	288	296
Amortisation for the period	(194)	(238)
<b>Net carrying amount at end of year</b>	<b>726</b>	<b>784</b>
<b>Comprising:</b>		
Gross carrying amounts	10,147	10,443
Accumulated amortisation	(9,421)	(9,659)
	<b>726</b>	<b>784</b>

## 21. Assets Held for Sale

	2022/23	2023/24
	£000	£000
<b>Balance Outstanding at Start of Year</b>	<b>12,946</b>	<b>12,229</b>
Assets Newly Classified as Held for Sale:		
- Property, Plant and Equipment	-	-
- Intangible Assets	-	-
Revaluation Losses	-	-
Revaluation Gains	-	-
Impairment Losses	-	-
Assets Declassified as Held for Sale:		
- Property, Plant and Equipment	(208)	(5,242)
- Intangible Assets	-	-
Assets Sold	(510)	(6,000)
Transfers from Non-Current to Current	-	-
Other Movements	1	-
<b>Balance Outstanding at Year-End</b>	<b>12,229</b>	<b>987</b>

For details of the fair value valuations used for Assets Held for Sale, see Note 17.

Please note all Assets Held for Sale are due to be sold within a year and are shown as Current Assets on the Balance Sheet.

## 22. Investments

Investments in Associates and Joint Ventures are shown below:

	31/03/2023	31/03/2024
	£000	£000
<b>Associates</b>		
Daresbury SIC LLP (25% equity shares)	4,869	5,003
	<b>4,869</b>	<b>5,003</b>

Copies of the accounts for Daresbury SIC LLP are available from Companies House ([gov.uk/get-information-about-a-company](http://gov.uk/get-information-about-a-company))



Long-term Investments consist of:

	<b>31/03/2023</b>	<b>31/03/2024</b>
	<b>£000</b>	<b>£000</b>
<b>Subsidiaries</b>		
Mersey Gateway Share Capital - de minimis	-	-
	-	-
<b>Other Long Term Investments</b>		
Municipal Bonds Agency	10	10
CCLA Property Fund	8,869	8,523
Long Term Deposits	16,700	15,000
	<b>25,579</b>	<b>23,533</b>
<b>Total Long Term Investments</b>	<b>25,579</b>	<b>23,533</b>

Short-term investments consist of:

	<b>31/03/2023</b>	<b>31/03/2024</b>
	<b>£000</b>	<b>£000</b>
<b>UK Banks &amp; Building Societies</b>		
Santander	20,000	-
Goldman Sachs	5,000	-
<b>Non-UK Banks</b>		
Bank of Montreal	10,000	5,000
Toronto Dominion Bank	10,000	-
<b>Local Authorities</b>		
Police and Crime Commissioner for Kent	-	5,000
Aberdeen City Council	-	7,000
Adur District Council	-	1,000
Gravesham Borough Council	-	5,700
Cambridgeshire County Council	5,000	-
Slough Borough Council	10,000	-
Gloucester City Council	5,000	-
Interest accrued on investments 31st March	845	948
	<b>65,845</b>	<b>24,648</b>

## 23. Debtors

	Gross Debtors	Impairment	Net Debtors	Gross Debtors	Impairment	Net Debtors
	31/03/2023			31/03/2024		
	£000	£000	£000	£000	£000	£000
<b>Short Term</b>						
Mersey Gateway						
- Toll and registration fees	1,870	(1,702)	168	2,597	(2,137)	460
- Public charge notices	23,425	(21,758)	1,667	32,632	(30,849)	1,783
VAT	3,280	-	3,280	6,401	-	6,401
Other receivable amounts	38,273	(5,294)	32,979	41,899	(5,760)	36,139
Prepayments	2,663	-	2,663	3,036	-	3,036
Local Taxation	19,427	(14,683)	4,744	22,431	(17,402)	5,029
	<b>88,938</b>	<b>(43,437)</b>	<b>45,501</b>	<b>108,996</b>	<b>(56,148)</b>	<b>52,848</b>
<b>Long Term</b>						
Other receivable amounts	13,012	-	13,012	13,113	-	13,113
	<b>13,012</b>	<b>-</b>	<b>13,012</b>	<b>13,113</b>	<b>-</b>	<b>13,113</b>

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	31/03/2023	31/03/2024
	£000	£000
Less than one year	2,363	2,354
One to two years	991	1,062
Two to three years	542	687
Three to four years	364	382
Four to five years	243	273
Five years and above	241	271
	<b>4,744</b>	<b>5,029</b>

## 24. Cash and Cash Equivalents

	<b>31/03/2023</b>	<b>31/03/2024</b>
	<b>£000</b>	<b>£000</b>
Cash held by the Council	53	45
Bank current accounts	2,290	1,352
Short-term deposits	9,818	55,975
	<b>12,161</b>	<b>57,372</b>

## 25. Creditors

	<b>31/03/2023</b>	<b>31/03/2024</b>
	<b>£000</b>	<b>£000</b>
Mersey Gateway		
- Payment to toll collection company	(2,203)	(2,608)
- Payment of unitary charge	(6,378)	(6,582)
- Construction costs	(10)	(363)
- Mersey Gateway excess revenue share repayable to DFT	-	(44,750)
Short-term element of long-term liabilities	(7,941)	(9,139)
Other payable amounts	(44,470)	(50,631)
	<b>(61,002)</b>	<b>(114,073)</b>

## 26. Borrowings

Short-term borrowings consist of:

	<b>31/03/2023</b>	<b>31/03/2024</b>
	<b>£000</b>	<b>£000</b>
<b>Source of loans:</b>		
Lancaster City Council	(5,000)	-
Ashfield District Council	(5,000)	(5,000)
West Midlands Combined Authority	(5,000)	-
Chichester District Council	-	(5,000)
Gwynedd Council	-	(5,000)
Cambridge and Peterborough Combined Authority	-	(5,000)
West Yorkshire Pension Fund	-	(10,000)
Swansea County Council	-	(5,000)
Interest accrued on borrowing	(760)	(3,150)
	<b>(15,760)</b>	<b>(38,150)</b>

Long-term borrowings consist of:

	<b>31/03/2023</b>	<b>31/03/2024</b>
	<b>£000</b>	<b>£000</b>
<b>Source of loans:</b>		
Public Works Loan Board	(162,000)	(172,000)
Commerzbank	(10,000)	-
	<b>(172,000)</b>	<b>(172,000)</b>
<b>Analysis of loans by maturity:</b>		
Maturing in 1-2 years	-	-
Maturing in 2-5 years	-	(10,000)
Maturing in 5-10 years	-	-
Maturing in more than 10 years	(172,000)	(162,000)
	<b>(172,000)</b>	<b>(172,000)</b>

## 27. Provisions

	Short-Term					Long-Term		
	NDR Appeals £000	Insurance Provision £000	Mersey Gateway Grant £000	Other Provisions £000	Total £000	NDR Appeals £000	Mersey Gateway Grant £000	Total £000
<b>Balance at 1<sup>st</sup> April 2022</b>	<b>(1,787)</b>	<b>(1,532)</b>	<b>-</b>	<b>(354)</b>	<b>(3,673)</b>	<b>(4,867)</b>	<b>(62,403)</b>	<b>(67,270)</b>
Movement in use of provision in year	800	281	-	-	1,081	3,877	(92)	3,785
Amounts reclassified from >12 months	-	-	(46,345)	-	(46,345)	-	46,345	46,345
Amounts reclassified from <12 months	-	-	-	-	-	-	-	-
<b>Balance at 31<sup>st</sup> March 2023</b>	<b>(987)</b>	<b>(1,251)</b>	<b>(46,345)</b>	<b>(354)</b>	<b>(48,937)</b>	<b>(990)</b>	<b>(16,150)</b>	<b>(17,140)</b>
<b>Balance at 1<sup>st</sup> April 2023</b>	<b>(987)</b>	<b>(1,251)</b>	<b>(46,345)</b>	<b>(354)</b>	<b>(48,937)</b>	<b>(990)</b>	<b>(16,150)</b>	<b>(17,140)</b>
Movement in use of provision in year	(1,016)	242	46,345	-	45,571	990	(7,276)	(6,286)
Amounts reclassified as <12 months	-	-	-	-	-	-	-	-
Amounts reclassified from <12 months	-	-	-	-	-	-	-	-
<b>Balance at 31<sup>st</sup> March 2024</b>	<b>(2,003)</b>	<b>(1,009)</b>	<b>-</b>	<b>(354)</b>	<b>(3,366)</b>	<b>-</b>	<b>(23,426)</b>	<b>(23,426)</b>

### NDR Appeals

The Council is required to make a provision for NDR valuation appeal claims. It is assumed that appeals outstanding on the 2023 list will be settled in 2024/25.

### Insurance Provision

The Council have a number of insurance claims outstanding in relation to employers' liability and public liability claims. The provision shown above reflects the expected cost to the Council, up to the value of the excess for each claim. It is assumed that all claims will be settled during 2024/25.

### Mersey Gateway Grant Repayment

As part of the agreement with the Department for Transport, following each 3-year project review, the next being in 2026/27, 85% of any unused grant is to be repaid to Central Government.

## 28. Contingent Liabilities

At 31<sup>st</sup> March 2024, the Council had one categories of material Contingent Liabilities:

### Town and Country Planning Act 1990

Under the Town and Country Planning Act 1990, participants in planning appeals can apply for costs against other parties. The Council have received two applications for the award of costs. The Council are defending the claims and a final decision is yet to be made. No details

have been provided on the actual costs participants are claiming but based on historical cases it is estimated these costs will be in the region of £650,000.

## 29. Other Long-Term Liabilities

	<b>31/03/2023</b>	<b>31/03/2024</b>
	<b>£000</b>	<b>£000</b>
Defined benefit pension liability	(4,744)	(4,504)
Finance PFI lease liability due in more than 12 months	(16,551)	(15,924)
Mersey Gateway unitary charge due in more than 12 months	(328,862)	(320,351)
Repayment of grant due in more than 12 months	-	(1,846)
Deferred liabilities	(29)	(29)
	<b>(350,186)</b>	<b>(342,654)</b>

## 30. Leases

### Operating Leases – Authority as Lessee

The Council has acquired a number of properties by entering into operating leases.

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

	<b>31/03/2023</b>	<b>31/03/2024</b>
	<b>£000</b>	<b>£000</b>
Not later than one year	169	196
Later than one year and not later than five years	584	602
Later than five years	9,670	9,412
	<b>10,423</b>	<b>10,210</b>

### Operating Leases - Authority as a Lessor

The Council leases out property under operating leases to supplement the Council's income, to allow short-term use of assets being retained for longer-term asset strategy and to allow the use of Council assets by the third sector.

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

	<b>31/03/2023</b>	<b>31/03/2024</b>
	<b>£000</b>	<b>£000</b>
Not later than one year	1,495	653
Later than one year and not later than five years	1,707	1,800
Later than five years	8,854	6,697
	<b>12,056</b>	<b>9,150</b>

### Finance Leases - Authority as a Lessor

The authority leases buildings in Venture Fields and Daresbury SciTech. The authority has a gross investment in the leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the properties when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the authority in future years while the debtor remains outstanding. The gross investment is made up of the following amounts:

	<b>31/03/2023</b>	<b>31/03/2024</b>
	<b>£000</b>	<b>£000</b>
Finance lease debtor (net present value of minimum lease payments)		
- Current	539	552
- Non-Current	10,319	9,768
Unearned finance income	2,552	2,281
<b>Gross investment in the lease</b>	<b>13,410</b>	<b>12,601</b>

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	<b>Gross Investment in the Lease</b>		<b>Minimum Lease Payments</b>	
	<b>31/03/2023</b>	<b>31/03/2024</b>	<b>31/03/2023</b>	<b>31/03/2024</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Not later than one year	810	810	810	810
Later than one year and not later than five years	3,238	3,238	3,238	3,238
Later than five years	9,363	8,553	9,363	8,553
	<b>13,411</b>	<b>12,601</b>	<b>13,411</b>	<b>12,601</b>

As the Council is unaware of any financial circumstances that might result in lease payments not being made, there has been no provision set aside for uncollectable amounts. This will be reviewed on an annual basis.

## 31. Private Finance Initiatives and Similar Schemes

### Halton Grange School PFI Scheme

On 20<sup>th</sup> June 2011 the Council entered into a 25-year Private Finance Initiative (PFI) arrangement with HTP Grange Ltd for the provision of 1 new high school. There is a 25-year PFI contract for the construction, maintenance, and facilities management of Grange School. The new school building was handed over to the Council on 15<sup>th</sup> April 2013 and on 1<sup>st</sup> January 2018 the school converted to an academy.

The Grange PFI School was removed from the Council's Property Plant and Equipment during 2017/18 at a cost of £21.4m. As the Council is party to the contract with the PFI Operator, the PFI liability is retained on the Council's Balance Sheet and the income from the Academy school is recognised to reduce the overall charge in the year.

The contract specifies minimum standards for the services provided by the contractor to the school. The contractor took on the obligation to construct the school and maintain it in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the school. The buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for the costs incurred and future profits that would have been generated over the remaining term of the contract.

### Payments

The Council makes an agreed payment each year which is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year, but which is otherwise fixed.

Payments remaining to be made under the PFI contract at 31<sup>st</sup> March 2024 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	<b>Payment for Services £000</b>	<b>Reimbursements of Capital Expenditure £000</b>	<b>Interest £000</b>	<b>Total £000</b>
Payment in 2024/25	2,159	628	1,420	4,207
Payable within 2-5 years	8,081	3,403	5,060	16,544
Payable within 6-10 years	10,405	5,843	4,432	20,680
Payable within 11-15 years	8,358	6,672	1,514	16,544
<b>Total</b>	<b>29,003</b>	<b>16,546</b>	<b>12,426</b>	<b>57,975</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value for the services they provide,



the capital expenditure incurred and interest payable. The liability outstanding to the contractor for capital expenditure incurred is as follows:

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Balance outstanding at 1st April</b>	<b>17,720</b>	<b>17,162</b>
Payments during the year	(558)	(616)
Capital expenditure incurred in the year	-	-
<b>Balance outstanding at 31st March</b>	<b>17,162</b>	<b>16,546</b>

The carrying value of the PFI liability is the present value of the payments due using the interest rate implicit in the contract.

### **Mersey Gateway – Unitary Payments**

On 13<sup>th</sup> October 2017 the Mersey Gateway Bridge opened. The project was funded through a mixture of capital payments from Halton Borough Council and monthly unitary charge payments to Merseylink paid using the toll income raised. Unitary Charge payments cover the costs of construction and ongoing maintenance of the bridge for a period of 27 years.

The Mersey Gateway Bridge is recognised in Infrastructure Assets on the Council’s Balance Sheet. Movements in the value of the Mersey Gateway over the year are detailed in the analysis of the movement on the property, plant and equipment balance in Note 17.

The Project Company took on the obligation to construct the bridge and associated roads and maintain them in a minimum acceptable condition. At the end of the contract the assets will be handed back to the Council for nil consideration. Full details of the requirement to achieve acceptable handback condition are in the Project Agreement. The Council has rights to terminate the contract if it compensates the contractor in full as detailed in the Project Agreement. There are also provisions for termination by either party for certain breaches of performance.

### **Payments**

The Council makes an agreed payment each month to Merseylink which is increased annually by inflation and can be reduced if traffic flows fall below an agreed level.

Payments remaining to be made under the scheme at 31<sup>st</sup> March 2024 (excluding any deductions) are as follows:

	<b>Payment for Services £000</b>	<b>Reimbursements of Capital Expenditure £000</b>	<b>Interest £000</b>	<b>Total £000</b>
Payment in 2024/25	8,260	8,511	24,918	41,689
Payable within 2-5 years	34,356	39,803	92,598	166,757
Payable within 6-10 years	49,655	61,735	97,056	208,446
Payable within 11-15 years	51,385	87,732	69,328	208,445
Payable within 16-20 years	48,477	131,081	28,887	208,445
<b>Total</b>	<b>192,133</b>	<b>328,862</b>	<b>312,787</b>	<b>833,782</b>

Please note, the services element of the contract is calculated using the estimated costs over the life of the agreement.

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred, and interest payable. The liability outstanding to the contractor for capital expenditure incurred is as follows:

	<b>2022/23 £000</b>	<b>2023/24 £000</b>
<b>Balance outstanding at 1st April</b>	<b>342,955</b>	<b>336,188</b>
Payments during the year	(6,767)	(7,326)
Capital expenditure incurred in the year	-	-
<b>Balance outstanding at 31st March</b>	<b>336,188</b>	<b>328,862</b>

## 32. Pension Schemes

### Disclosure of Net Pensions Asset/Liability

#### Participation in pension schemes

As part of the terms and conditions of employment of its officers and other employees, the Council makes contributions towards the cost of post-employment retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their entitlement.

The Council participates in three pension schemes, all of which offer defined benefit schemes:

The Local Government Pension Scheme administered by Cheshire West and Chester Council - this is a funded career average revalued earnings (CARE) defined benefit scheme, meaning that the Council and its employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The principal risks to the authority of the scheme are the longevity assumptions, changes to inflation, bond yields, the performance of the equity investments held, and any significant statutory or structural changes to the scheme. The risks are, in part, mitigated by the annual process of charging to the General Fund any increase/decrease in the net asset or liability, as identified in the actuarial valuation.

The Teachers' Pension Scheme – this is a centralised scheme administered by Teachers' Pensions Agency. Although the scheme is unfunded, the Agency uses a notional fund as the basis for calculating the employers' contribution rate paid by Local Education Authorities.

The NHS Pension Scheme relates to 22 employees. The scheme operates on a similar basis to the Teachers' pension scheme.

## **Local Government Pension Scheme**

### **Transactions Relating to Post-Employment Benefits**

In 2023/24, the Council paid an employer's contribution to the Cheshire Pension Fund of £16.010m (£14.214m in 2022/23).

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the General Fund Balance via the Movement in Reserves Statement during the year.

Following the revaluation by our actuary it was determined that the fair value of the pension plan asset outweighed the present value of the plan obligations as at 31<sup>st</sup> March 2024, which resulted in a plan asset. IAS19 Employee Benefits requires that, where a pension asset exists, it is measured at the lower of the surplus in the defined benefit plan, and the asset ceiling. The calculation was completed by the actuaries and it was determined that the asset ceiling is nil. An adjustment has been added to notes below to reflect this.

	<b>2022/23</b>	<b>2023/24</b>
<b>Comprehensive Income &amp; Expenditure Statement</b>		
<b>Cost of Services</b>	<b>£000</b>	<b>£000</b>
Current service costs	31,669	15,916
Past service costs/(gain)	-	335
Losses/(gains) from settlements	-	(369)
<b>Finance &amp; Investment Income &amp; Expenditure</b>		
Net interest expense	2,690	(4,600)
Interest on the effect of the asset ceiling	-	4,816
<b>Total Post-Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>34,359</b>	<b>16,098</b>
<b>Other Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	86,611	(12,383)
Actuarial (gains) and losses arising on changes in demographic assumptions	(10,438)	(3,842)
Actuarial (gains) and losses arising on changes in financial assumptions	(302,110)	(32,769)
Other experience	18,341	18,311
Asset ceiling adjustment	101,397	30,780
<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(106,199)</b>	<b>97</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	<b>(34,359)</b>	<b>(16,098)</b>
Actual amount charged against the General Fund Balance for pensions in the year:		
Contributions in respect of unfunded benefits	<b>408</b>	<b>425</b>
Employers' contributions payable to scheme	<b>14,214</b>	<b>16,010</b>

## Pension Assets and Liabilities Recognised in the Balance Sheet

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

	<b>2022/23</b> <b>£000</b> <b>Restated</b>	<b>2023/24</b> <b>£000</b>
Present value of funded liabilities	(569,402)	(574,476)
Present value of unfunded liabilities	(4,741)	(4,504)
Fair value of plan assets	670,796	711,469
<b>Sub Total</b>	<b>96,653</b>	<b>132,489</b>
Other movement in the asset / liability	-	-
<b>Net asset / (liability) arising from defined benefit obligation</b>	<b>96,653</b>	<b>132,489</b>

This table has been restated to reflect the format of the 2023/24 accounts, but there have been no changes to the underlying figures.

### Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets.

	<b>2022/23</b> <b>£000</b> <b>Restated</b>	<b>2023/24</b> <b>£000</b>
<b>Opening fair value of scheme assets</b>	743,923	670,796
Interest income	20,061	31,788
Remeasurement gain / (loss)	(5,782)	-
The return on plan assets, excluding the amount included in the net interest expense	(86,611)	12,383
Contributions from employer	14,214	16,010
Contributions from employees into the scheme	4,496	4,873
Benefits Paid	(19,505)	(23,743)
Effect of settlements	-	(638)
<b>Closing fair value of scheme assets</b>	<b>670,796</b>	<b>711,469</b>

This table has been restated to reflect the format of the 2023/24 accounts, but there have been no changes to the underlying figures.

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation).

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Opening balance at 1<sup>st</sup> April</b>	<b>(835,127)</b>	<b>(574,143)</b>
Current service cost	(31,669)	(15,916)
Interest cost	(22,751)	(27,188)
Contribution from scheme participants	(4,496)	(4,873)
Remeasurement (gains) and losses:		
- Actuarial gains / losses arising from changes in demographic assumptions	10,438	3,842
- Actuarial gains / losses arising from changes in financial assumptions	302,110	32,769
- Other	(12,561)	(18,311)
Past service cost	-	(335)
Benefits paid	19,913	24,168
Liabilities extinguished on settlements	-	1,007
<b>Closing balance at 31<sup>st</sup> March</b>	<b>(574,143)</b>	<b>(578,980)</b>

Reconciliation of Asset Ceiling Adjustment.

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Opening effect of the asset ceiling</b>	-	(101,397)
Interest on the effect of the asset ceiling	-	(4,816)
Changes in the effect of the asset ceiling	(101,397)	(30,780)
<b>Closing effect of the asset ceiling</b>	<b>(101,397)</b>	<b>(136,993)</b>

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets 2022/23			Fair value of scheme assets 2023/24		
	Quoted prices in active markets £000	Unquoted prices not in active markets £000	Total £000	Quoted prices in active markets £000	Unquoted prices not in active markets £000	Total £000
<b>Cash and cash equivalents</b>	-	29,557	29,557	-	8,148	8,148
Equity securities						
- Consumer	3,037	-	3,037	3,441	-	3,441
- Manufacturing	3,101	-	3,101	3,585	-	3,585
- Energy & utilities	-	-	-	-	-	-
- Financial institutions	-	-	-	743	-	743
- Health & care	1,052	-	1,052	1,309	-	1,309
- Information technology	17,252	-	17,252	23,828	-	23,828
- Other	2,184	-	2,184	1,847	-	1,847
<b>Sub-total equity</b>	<b>26,626</b>	<b>-</b>	<b>26,626</b>	<b>34,752</b>	<b>-</b>	<b>34,752</b>
Debt securities						
- Corporate bonds	-	-	-	-	-	-
- Government bonds	-	-	-	-	-	-
- Other	-	-	-	-	-	-
<b>Sub-total bonds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Property						
- UK property	-	55,887	55,887	-	49,891	49,891
- Overseas property	-	888	888	-	953	953
<b>Sub-total property</b>	<b>-</b>	<b>56,775</b>	<b>56,775</b>	<b>-</b>	<b>50,844</b>	<b>50,844</b>
<b>Private Equity</b>	<b>-</b>	<b>46,753</b>	<b>46,753</b>	<b>-</b>	<b>48,356</b>	<b>48,356</b>
Other investment funds						
- Equities	198,251	-	198,251	205,359	-	205,359
- Bonds	160,005	75,776	235,781	162,019	106,890	268,909
- Hedge funds	-	44,548	44,548	-	50,553	50,553
- Infrastructure	-	4,431	4,431	-	11,606	11,606
- Other	-	28,074	28,074	-	32,941	32,941
<b>Sub-total investment funds</b>	<b>358,256</b>	<b>152,829</b>	<b>511,085</b>	<b>367,378</b>	<b>201,990</b>	<b>569,368</b>
<b>Total Assets</b>	<b>384,882</b>	<b>285,914</b>	<b>670,796</b>	<b>402,131</b>	<b>309,338</b>	<b>711,469</b>

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries.

The principal assumptions used by the actuary are shown below:

	2022/23	2023/24
<b>Mortality Assumptions</b>		
Longevity at 65 for current pensioners:		
- Men	21.3 years	20.8 years
- Women	23.7 years	23.5 years
Longevity at 65 for future pensioners:		
- Men	22.3 years	21.3 years
- Women	25.5 years	24.8 years
Rate of inflation	3.0%	2.8%
Rate of increase in salaries	3.7%	3.5%
Rate of increase in pensions	3.0%	2.8%
Rate for discounting scheme liabilities	4.8%	4.9%
Take-up of option to convert annual pension into retirement lump sum		
- Service to April 2008	65%	65%
- Service from April 2008	65%	65%

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

	Approximate % increase to Defined Benefits Obligation	Approximate monetary amount £000
<b>Change in assumptions at 31<sup>st</sup> March 2024</b>		
0.1% decrease in Real Discount Rate	2%	10,479
1 year increase in Member Life Expectancy	4%	23,061
0.1% increase in the Salary Increase Rate	0%	483
0.1% increase in the Pension Increase Rate	2%	10,188



## **Impact on the Authority's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the 20 years following the last valuation. Funding levels are monitored on an annual basis and the next triennial valuation is due to be completed on 31<sup>st</sup> March 2025.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31<sup>st</sup> March 2014 (or service after 31<sup>st</sup> March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The authority is anticipated to pay contributions of £15.452m to the scheme in 2024/25.

The weighted average duration of the defined benefit obligation for scheme members is 18 years in 2023/24 (18 years in 2022/23).

Further information can be found in Cheshire West and Chester Council's Pension Funds Annual Report, which is available from Cheshire Pension Fund, Cheshire West and Chester Council, 4 Civic Way, Ellesmere Port, CH65 0BE.

## **Teachers' Pension Scheme**

### **Defined Contribution Scheme**

In 2023/24, the Council paid an employers' contribution to the Teachers' Pension Agency of £6.365m (£6.124m in 2022/23) in respect of teachers' pension costs. The contribution rate for 2023/24 was 23.7% (23.7% in 2022/23) of teachers' pensionable pay.

The scheme is a defined benefit scheme. Although the scheme is unfunded, Teachers' Pensions use a notional fund as the basis for calculating the employers' contribution rate paid by Local Education Authorities. It is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of the statement of accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

The Council is responsible for any additional benefits granted upon early retirement, outside the standard terms of the scheme. For the year 2023/24 the cost was £0.168m (£0.431m in 2022/23).

## **NHS Pension Scheme**

### **Defined Contribution Scheme**

In 2023/24 the Council paid an employers' contribution to the National Health Service Pension Scheme in respect of 22 employees, the amount paid was £0.157m (£0.125m in 2022/23) in respect of these former NHS employees' pension costs. The contribution rate was 14.4% (14.4% in 2022/23) of pensionable pay, with an additional 2.5% bi-annual contribution

towards the increase in employer contributions of 6.3% in 2019. The NHS are responsible for funding the remaining 3.8% of the increase.

The scheme is a defined benefit scheme. Although the scheme is unfunded, the NHS use a notional fund as the basis for calculating the employers' contribution rate paid by local authorities.

It is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

### 33. Financial Instruments

#### Categories of Financial Instruments

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

#### Financial Assets

	Long Term 31/03/2023	Current 31/03/2023	Long Term 31/03/2024	Current 31/03/2024
	£000	£000	£000	£000
<b>Fair value through profit and loss</b>	8,868	-	8,523	-
<b>Amortised cost</b>				
- Investments	16,701	65,845	15,000	24,648
- Debtors	13,012	34,673	13,112	38,199
- Cash & cash equivalents	-	12,161	-	57,372
<b>Fair value through other comprehensive income</b>				
- Designated equity instruments	10	-	10	-
- Other	4,869	-	5,003	-
<b>Total financial assets</b>	<b>43,460</b>	<b>112,679</b>	<b>41,648</b>	<b>120,219</b>
Assets not defined as financial instruments	846,155	23,464	877,911	15,973
<b>Total assets</b>	<b>889,615</b>	<b>136,143</b>	<b>919,559</b>	<b>136,192</b>

## Financial Liabilities

	Long Term 31/03/2023	Current 31/03/2023	Long Term 31/03/2024	Current 31/03/2024
	£000	£000	£000	£000
<b>Financial liabilities at amortised cost</b>				
- Borrowings	(172,000)	(15,760)	(172,000)	(38,150)
- Finance lease liabilities and PFI	(16,551)	(616)	(15,924)	(628)
- Mersey Gateway Unitary Charge	(328,862)	(7,326)	(320,351)	(8,511)
- Creditors	-	(48,056)	(1,845)	(99,605)
<b>Fair Value through profit or loss</b>	-	-	-	-
<b>Total financial liabilities</b>	<b>(517,413)</b>	<b>(71,758)</b>	<b>(510,120)</b>	<b>(146,894)</b>
Liabilities not defined as financial instruments	(21,913)	(69,558)	(29,500)	(15,911)
<b>Total liabilities</b>	<b>(539,326)</b>	<b>(141,316)</b>	<b>(539,620)</b>	<b>(162,805)</b>

## Financial Instruments Designated at Fair Value through Profit or Loss

The Council's investment in the CCLA Property Fund has been disclosed at Fair Value through Profit or Loss and is valued at £8.522m at 31<sup>st</sup> March 2024 (£8.869m at 31<sup>st</sup> March 2023).

The valuation is based on the net asset value provided by CCLA at 31<sup>st</sup> March 2024.

As the property fund has been classified at Fair Value through Profit or Loss, the changes in the valuation would have a direct impact on the General Fund Balance, but to comply with the IFRS statutory override, any unrealised gains or losses since the acquisition of the fund units have been moved to the Pooled Investment Fund Adjustment Account. Further details can be found in Note 37.

## Investments in Equity Instruments Designated at Fair Value through Other Comprehensive Income

The Council holds a 25% equity holding in Daresbury SIC LLP, valued at a net asset value of £5.003m at 31<sup>st</sup> March 2024 (£4.869m at 31<sup>st</sup> March 2023).

The Council also holds a £0.010m shareholding in the Municipal Bonds Agency, which is valued at cost based on materiality.

## Income, Expense, Gains and Losses

	2022/23		2023/24	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
<b>Net (gains)/losses on:</b>				
Financial assets measured at fair value through profit or loss	1,750	-	347	-
Financial assets measured at fair value through other comprehensive income	-	233	-	(134)
<b>Interest revenue</b>				
Financial assets measured at amortised cost	(2,221)	-	(5,438)	-
Financial assets measured at fair value through profit or loss	(369)	-	(424)	-
<b>Interest expense</b>	34,065	-	34,139	-
<b>Net Gain/(Loss)</b>	<b>33,225</b>	<b>233</b>	<b>28,624</b>	<b>(134)</b>

## Fair Values of Financial Assets

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

Recurring fair value measurements	Input level in fair value hierarchy £000	Valuation technique used to measure fair value £000	31/03/2023 £000	31/03/2024 £000
Fair Value through Profit or Loss: CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	8,869	8,523
Fair Value through Other Comprehensive Income & Expenditure:				
Daresbury SIC LLP	Level 2	Net Asset Valuation	4,869	5,003
Municipal Bonds Agency	Level 3	At Cost	10	10

There have been no transfers between input levels during the year, and no change in the valuation technique used.

### The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but for which Fair Value disclosures are required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets held by the authority are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments (Level 2), using the following assumptions:

- Estimated ranges of interest rates at 31<sup>st</sup> March 2024 for loans from PWLB and other loans receivable and payable, based on new lending rates for equivalent loans at that date.
- No early repayment or impairment is recognised for loans or investments.
- Short Term Investments, Cash, and Cash Equivalents are held at carrying value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount less a provision for impairment.
- Short-term creditors are carried at cost.

The fair values are shown below:

	2022/23		2023/24	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
<b>Financial Assets - short-term</b>				
Investments	65,845	65,808	24,648	24,648
Cash and cash equivalents	12,161	12,161	57,372	57,372
Debtors	34,673	34,673	38,199	38,199
<b>Financial Assets - long-term</b>				
Investments	16,701	16,347	15,000	15,162
Debtors	13,012	13,012	13,112	13,113
Fair value through profit and loss	8,868	8,868	8,523	8,522
Fair value through other comprehensive income	4,879	4,879	5,013	5,013

Where the fair value of assets is higher than the carrying amount, this is because the Council's portfolio of investments includes a number of fixed rate investments where the interest receivable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at the 31<sup>st</sup> March 2024) attributable to the commitment to receive interest above current market rates.

Where the fair value is lower than the carrying amount, this is because the Council's portfolio of investments includes a number of fixed rate investments where the interest receivable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at the 31<sup>st</sup> March 2024) attributable to the commitment to receive interest below current market rates.

	2022/23		2023/24	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
<b>Financial Liabilities - short-term</b>				
Borrowings	(15,760)	(15,760)	(38,150)	(38,150)
Finance lease liabilities & PFI	(616)	(616)	(628)	(628)
Mersey Gateway unitary charge	(7,326)	(7,326)	(8,511)	(8,511)
Creditors	(48,056)	(48,056)	(99,605)	(99,605)
<b>Financial Liabilities - long-term</b>				
Borrowings	(172,000)	(147,285)	(172,000)	(138,491)
Finance lease liabilities & PFI	(16,551)	(21,992)	(15,924)	(19,844)
Mersey Gateway unitary charge	(328,862)	(436,565)	(320,351)	(407,015)
Creditors	-	-	(1,845)	(1,845)

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31<sup>st</sup> March 2024) arising from a commitment to pay interest to lenders above current market rates.

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

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

Credit Risk – the possibility that other parties might fail to pay amounts due to the Council

Liquidity Risk – the possibility that the Council might not have enough funds available to meet its commitments to make payments

Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the treasury management section, under policies approved by the Council in the Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest risk, credit risk and the investment of surplus cash.

### **Fair Value**

The Code requires that each class of financial asset and liability should disclose the "fair value" in a way that permits it to be compared with its carrying amount, as well as the method used in determining such fair values. The Council has used Link Asset Services, its treasury management advisors, to calculate these values and they have based the calculation on the appropriate PWLB rate for new loans as at 31<sup>st</sup> March 2024.

### **Credit Risk**

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

Risks are minimised through the Annual Investment Strategy by ensuring that cash deposits are only placed with financial institutions identified on the Council's Approved List of Counterparties that meet identified minimum credit criteria and imposes a maximum sum to be invested with a financial institution located within each category. This list was established as one of the series of controls recommended by the CIPFA Code of Practice on Treasury Management (the Code) which the Council has adopted. The Annual Investment Strategy is regularly reviewed, as is the approved counterparty list, to help minimise the Council's exposure to risk.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with parameters set by the Council.



The Council's maximum exposure to credit risk in relation to its investments held in banks and building societies of £25.384m cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all Council deposits, but there was no evidence at 31<sup>st</sup> March 2024 that this was likely to crystallise.

During the year the Council complied fully with the requirements laid out in the Code and no counterparty indicated any problem with repaying any deposit placed by the Council.

The counterparties on the Councils' list are grouped and ranked by a mixture of credit ratings and size, and are set out below:

<b>Maximum Deposit per institution £000</b>	<b>Counterparties</b>	<b>Exposure at 31/03/2024 £000</b>
40,000	UK Government	-
	UK Banks and Building Societies	
30,000	- Minimum Rating AAA	-
25,000	- Minimum Rating AA	240
20,000	- Minimum Rating A	20,144
10,000	- Minimum Rating BBB	-
	Foreign Banks (with Sovereign Rating of AAA)	
25,000	- Minimum Rating AAA	-
20,000	- Minimum Rating AA	5,000
10,000	- Minimum Rating A	-
	Money Market Funds	
20,000	- Minimum Rating AAA	12,550
10,000	Property Funds	8,522
40,000	Local Authorities	56,700
		<b>103,156</b>

The amount invested in the CCLA Property Fund is £10m, the value of which was £8.522m at 31<sup>st</sup> March 2024 (£8.869 at 31<sup>st</sup> March 2023).

The counterparties on the list are under constant assessment using a variety of sources including rating agencies and professional advice.

The following table analyses the Council's potential maximum exposure to credit risk on financial assets. The historical experience of default has been provided by Link Asset Services based on the rating of each institution.

	Amount outstanding at 31/03/2024 £000	Historical experience of default %	Estimated maximum exposure to default and non- collection at 31/03/2024 £000
Deposits with AA rated banks and building societies			
- 1 year and over	-	0.02	-
- under 1 year	5,240	0.00	-
Deposits with A rated banks and building societies			
- 1 year and over	-	0.05	-
- under 1 year	20,144	0.00	-
Deposits with other Local Authorities	56,700	0.00	-
Deposits with MMF	12,550	0.00	-
Deposits with property funds	8,522	0.00	-
	<b>103,156</b>		-

None of the Council's counterparties had any difficulty in repaying their liabilities during 2023/24. There has been no impairment of any financial assets during the course of the year. The Council does not anticipate any losses due to non-performance of its counterparties.

An analysis of the customer/client debt is shown below. As at 31<sup>st</sup> March 2024, £53.45m of this debt is overdue:

	31/03/2023 £000	31/03/2024 £000
Less than 3 months	9,004	10,277
3 to 6 months	6,557	5,784
6 months to 1 year	7,942	8,661
More than 1 year	18,835	29,153
	<b>42,338</b>	<b>53,875</b>
Provision for non-payment	(28,754)	(38,746)

### Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board (PWLb). There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a

significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specified periods.

The maturity analysis of financial liabilities is as follows.

	<b>31/03/2023</b>	<b>31/03/2024</b>
	<b>£000</b>	<b>£000</b>
Less than 1 year	71,758	146,894
Between 1 and 2 years	9,144	12,024
Between 2 and 5 years	31,524	43,032
More than 5 years	476,745	455,063
	<b>589,171</b>	<b>657,013</b>

## Market Risk

### Interest Rate Risk

The Council is exposed to interest rate movements on its borrowing and investments. Movements in interest rates can have a complex impact on the Council. For example, a rise in interest rates would have the following effects:

Borrowing at variable rates – the interest expense charged to the Comprehensive Income & Expenditure Statement will rise

Borrowing at fixed rates – the fair value of liabilities will fall (with no impact on revenue balances)

Investment at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise

Investment at fixed rates – the fair value of assets will fall (with no impact on revenue balances)

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes to interest payable and receivable on variable rate borrowings and investments are posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy, the treasury management section monitors interest rates within the year and adjusts exposures accordingly. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to

losses and fixed rate investments may be taken for longer periods to secure better long-term results. Similarly, the drawing of longer-term fixed rate borrowing would be postponed.

If interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	<b>31/03/2024</b>
	<b>£000</b>
Increase in interest payable on short-term borrowings	125
Increase in interest receivable on short-term investments	(1,086)
	<b>(961)</b>

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

### **Price Risk**

The Council has invested £10m in the CCLA property fund as at 31<sup>st</sup> March 2024. The price of the investment is subject to potential gains and losses based on market volatility. The investment is shown in the accounts at its value as at 31<sup>st</sup> March 2024 and any gains or losses relating to this investment are shown in the Comprehensive Income and Expenditure Statement but due to the IFRS statutory override there is no impact on the General Fund.

The Council has no other holdings that are subject to market volatility, an example of which would be shares traded on the equity market.

### **Foreign Exchange Risk**

Other than £5k held in petty cash, the Council has no financial assets or liabilities, denominated in foreign currencies and thus has no exposure to loss or movement in exchange rates.

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

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

#### (a) 2023/24

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000	Movement in Unusable Reserves £000
<b>Capital adjustment account reversal of items debited or credited to the CIES:</b>					
Charges for depreciation and impairment on non-current assets	(26,316)	-	-	(26,316)	26,316
Revaluation losses on Property, Plant and Equipment	255	-	-	255	(255)
Movements in the Market Value of Investment Properties	52	-	-	52	(52)
Amortisation of Intangible Assets	(238)	-	-	(238)	238
Capital Grants and Contributions applied	11,553	-	8,103	19,656	(19,656)
Revenue Expenditure Funded by Capital Under Statute	(9,783)	-	-	(9,783)	9,783
Amounts written off on disposal of Academies to CIES	(4,960)	-	-	(4,960)	4,960
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	6,262	(13,170)	-	(6,908)	6,908
<b>Insertion of items not debited or credited to the CIES:</b>					
Statutory provision for the financing of Capital investment	11,410	-	-	11,410	(11,410)
Capital expenditure charged against the General Fund Balance	294	-	-	294	(294)
<b>Capital Grants Unapplied Account</b>					
Capital Grants and Contributions unapplied credited to the CIES	9,528	-	(9,528)	-	-

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000	Movement in Unusable Reserves £000
<b>Capital Receipts Reserve</b>					
Use of Capital Receipts Reserve to Finance new Capital Expenditure	-	3,238	-	3,238	(3,238)
Use of Capital Receipts to reduce MRP liability	-	7,744	-	7,744	(7,744)
<b>Pensions Reserve</b>					
Reversal of items relating to retirement benefits debited/credited to the CIES	(16,098)	-	-	(16,098)	16,098
Employers pension contributions and direct payments to pensioners	16,435	-	-	16,435	(16,435)
<b>Collection Fund Adjustment</b>					
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(65)	-	-	(65)	65
<b>Accumulated Absences Account</b>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration in accordance with statutory requirements	113	-	-	113	(113)
<b>Pooled Investment Fund Adjustment Account</b>					
Reversing the impact of CCLG Property Fund valuation on the General Fund	(346)	-	-	(346)	346
<b>Dedicated Schools Grant Adjustment Account</b>					
Reversing impact of overspent Dedicated Schools Grant on General Fund	(2,456)	-	-	(2,456)	2,456
<b>TOTAL ADJUSTMENTS</b>	<b>(4,360)</b>	<b>(2,188)</b>	<b>(1,425)</b>	<b>(7,973)</b>	<b>7,973</b>

**(b) 2022/23**

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000	Movement in Unusable Reserves £000
<b>Capital adjustment account reversal of items debited or credited to the CIES:</b>					
Charges for depreciation and impairment on non-current assets	(26,513)	-	-	(26,513)	26,513
Revaluation losses on Property, Plant and Equipment	(807)	-	-	(807)	807
Movements in the Market Value of Investment Properties	-	-	-	-	-
Amortisation of Intangible Assets	(194)	-	-	(194)	194
Capital Grants and Contributions applied	20,420	-	5,332	25,752	(25,752)
Revenue Expenditure Funded by Capital Under Statute	(7,936)	-	-	(7,936)	7,936
Amounts written off on disposal of Academies to CIES	-	-	-	-	-
Amounts of non-current assets written off on disposal or sale as gain/loss on disposal to the CIES	2,345	(3,725)	-	(1,380)	1,380
<b>Insertion of items not debited or credited to the CIES:</b>					
Statutory provision for the financing of Capital investment	9,904	-	-	9,904	(9,904)
Capital expenditure charged against the General Fund Balance	145	-	-	145	(145)
<b>Capital Grants Unapplied Account</b>					
Capital Grants and Contributions unapplied credited to the CIES	9,709	-	(9,709)	-	-

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000	Movement in Unusable Reserves £000
<b>Capital Receipts Reserve</b>					
Use of Capital Receipts Reserve to Finance new Capital Expenditure	-	1,470	-	1,470	(1,470)
Use of Capital Receipts to reduce MRP liability	-	526	-	526	(526)
<b>Pensions Reserve</b>					
Reversal of items relating to retirement benefits debited/credited to the CIES	(34,359)	-	-	(34,359)	34,359
Employers pension contributions and direct payments to pensioners	14,622	-	-	14,622	(14,622)
<b>Collection Fund Adjustment</b>					
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	6,007	-	-	6,007	(6,007)
<b>Accumulated Absences Account</b>					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration in accordance with statutory requirements	91	-	-	91	(91)
<b>Pooled Investment Fund Adjustment Account</b>					
Reversing the impact of CCLG Property Fund valuation on the General Fund	(1,131)	-	-	(1,131)	1,131
<b>Dedicated Schools Grant Adjustment Account</b>					
Reversing impact of overspent Dedicated Schools Grant on General Fund	(1,036)	-	-	(1,036)	1,036
<b>TOTAL ADJUSTMENTS</b>	<b>(8,733)</b>	<b>(1,729)</b>	<b>(4,377)</b>	<b>(14,839)</b>	<b>14,839</b>



### 35. Usable Reserves

Usable reserves are those reserves that contain resources that the Council can apply to the provision of services, either by incurring expenses or undertaking capital investment. Usable reserves include the General Fund Balance, any earmarked reserves under the General Fund umbrella, the Capital Receipts Reserve and any Capital Grants Unapplied.

#### General Fund Balance

The General Fund Balance records the Council's accumulated income over expenditure for each financial year. The fund manages the reversal of a number of transactions that are required to be included in the preparation of the financial statements, but which are subsequently removed under statutory mitigation.

#### Earmarked Reserves

These reserves help to meet specific known or predicted future requirements and are legally part of the General Fund Reserve. The earmarked reserves also include unspent school balances of budgets delegated to individual schools.

The movements in earmarked reserves are analysed in Note 36.

#### Capital Receipts Reserve

This reserve holds the proceeds from the sale of assets and can only be used for funding capital investment or the repayment of borrowing.

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

#### Capital Grants Unapplied

This reserve holds Capital Grants income for which all conditions have been met, but the funding has yet to be used to finance capital expenditure.

2021/22 £000	2022/23 £000		2023/24 £000
		General Fund	
(5,147)	(5,149)	- Excluding Earmarked Reserves	(5,149)
(69,469)	(46,650)	- Earmarked Reserves	(35,517)
		Capital Reserves	
(1,061)	(2,790)	- Capital Receipts Reserve	(4,978)
(24,560)	(28,937)	- Capital Grants Unapplied	(30,362)
<b>(100,237)</b>	<b>(83,526)</b>	<b>Total Usable Reserves</b>	<b>(76,006)</b>

### 36. Transfers to/from Earmarked Reserves

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

	Balance at 31 <sup>st</sup> March 2021	Movement (to)/from Reserve	Balance at 31 <sup>st</sup> March 2022	Movement (to)/from Reserve	Balance at 31 <sup>st</sup> March 2023	Movement (to)/from Reserve	Balance at 31 <sup>st</sup> March 2024
	£000	£000	£000	£000	£000	£000	£000
<b>General Fund</b>							
<b>Schools Reserves</b>	(7,099)	(334)	(7,433)	226	(7,207)	688	(6,519)
Balances held by schools under the scheme of delegation							
<b>Capital</b>	(2,047)	261	(1,786)	613	(1,173)	672	(501)
To support the Council's Capital Programme							
<b>Insurance General Fund</b>	(1,629)	(445)	(2,074)	719	(1,355)	355	(1,000)
To self-fund possible insurance claims							
<b>Building Schools for the Future Capital</b>	(5,651)	(553)	(6,204)	(713)	(6,917)	388	(6,529)
To fund future capital costs							
<b>Enterprise and Employment</b>	(1,247)	(16)	(1,263)	686	(577)	89	(488)
Employment activities for future years							
<b>Health &amp; Community</b>	(2,753)	(700)	(3,453)	1,250	(2,203)	1,634	(569)
To support future Adult Social Care revenue budgets							
<b>Housing &amp; Communities</b>	-	(750)	(750)	750	-	-	-
in Housing and Community Services							
<b>Transformation Fund</b>	(600)	(869)	(1,469)	(955)	(2,424)	(4,008)	(6,432)
To fund costs arising from future efficiency reviews							
<b>Highways Feasibility Costs</b>	(416)	-	(416)	314	(102)	(862)	(964)
To fund initial expenditure on new highways schemes							
<b>Public Health &amp; Health</b>	(1,524)	(1,220)	(2,744)	394	(2,350)	469	(1,881)
To fund future Public Health activities							
<b>Fleet Replacement</b>	(905)	85	(820)	298	(522)	194	(328)
Rolling replacement programme for Council fleet vehicles							
<b>Pension Past Service Deficit</b>	(4,677)	821	(3,856)	3,856	-	-	-
To enable pension deficits to be funded as a lump sum, resulting in finance efficiencies							

			Balance at 31st March 2022	Movement (to)/from Reserve	Balance at 31st March 2023	Movement (to)/from Reserve	Balance at 31st March 2024
			£000	£000	£000	£000	£000
<b>General Fund</b>							
<b>Education, Inclusion &amp; Provision</b>	<b>(639)</b>	(226)	<b>(865)</b>	278	<b>(587)</b>	31	<b>(556)</b>
Education Grant Income held for a specific purpose but with no repayment conditions attached							
<b>Revenue Efficiencies</b>	<b>(4,733)</b>	(2,896)	<b>(7,629)</b>	4,881	<b>(2,748)</b>	2,748	-
To help fund budget gaps over the medium term							
<b>NNDR Pilot Scheme</b>	<b>(5,321)</b>	3,246	<b>(2,075)</b>	2,075	-	-	-
To fund No Detriment policy as part of the Liverpool City Region 100% business rate retention							
<b>Mersey Gateway Reserve</b>	<b>(9,629)</b>	(1,384)	<b>(11,013)</b>	(16)	<b>(11,029)</b>	6,894	<b>(4,135)</b>
To fund any potential surplus Mersey Gateway income to be paid to Department for Transport							
<b>Covid Grant</b>	<b>(1,369)</b>	1,369	-	-	-	-	-
Funding from DLUHC to cover the additional costs and fall in income associated to the Covid-19 pandemic							
<b>Government Grants RIA</b>	<b>(16,149)</b>	<b>11,393</b>	<b>(4,756)</b>	<b>4,756</b>	-	(579)	<b>(579)</b>
Grant income held for a specific purpose but with no repayment conditions attached							
<b>Covid-19 Contingency</b>	<b>(2,000)</b>	2,000	-	-	-	-	-
To fund additional costs in respect of the Covid-19 pandemic							
<b>Employment, Learning &amp; Skills</b>	-	(1,642)	<b>(1,642)</b>	354	<b>(1,288)</b>	532	<b>(756)</b>
To fund Adult Education Schemes and Work Programmes							
<b>Local Authority Domestic Abuse Duty Grant</b>	-	(327)	<b>(327)</b>	(550)	<b>(877)</b>	(309)	<b>(1,186)</b>
Ringfenced grant funding for new Domestic Abuse Duties							
<b>Pay Inflation 2022/23</b>	-	(871)	<b>(871)</b>	871	-	-	-
To fund potential additional costs from the pending 2022/23 pay award							
<b>Other Earmarked Reserves</b>	<b>(5,679)</b>	(2,344)	<b>(8,026)</b>	2,734	<b>(5,291)</b>	2,197	<b>(3,094)</b>
Total of reserves under £750k							
<b>TOTAL ALL RESERVES</b>	<b>(74,067)</b>	<b>4,597</b>	<b>(69,473)</b>	<b>22,822</b>	<b>(46,650)</b>	<b>11,133</b>	<b>(35,517)</b>

In order to streamline the note, any reserves under £0.750m have been summarised as 'Other Earmarked Reserves' in the table above.

There was a significant movement on the Mersey Gateway earmarked reserve during 2023/24, which included the 85% share of the excess revenue payable to the Department for Transport following the five-year review during 2023/24, and a provision of £23.426m for payment due following the next three-year review in 2026/27. Further information can be found in Note 42.

### 37. Unusable Reserves

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
(136,275)	Revaluation Reserve	(152,745)
4,745	Pensions Reserve	4,505
(118,028)	Capital Adjustment Account	(120,210)
(11,090)	Deferred Capital Receipts	(10,551)
(3,023)	Collection Fund Adjustment Account	(2,958)
(4,869)	Financial Instruments Revaluation Reserve	(5,002)
2,926	Accumulated Absences Account	2,814
2,892	Dedicated Schools Grant Adjustment Account	5,349
1,132	Pooled Investment Fund Adjustment Account	1,478
<b>(261,590)</b>	<b>Total Unusable Reserves</b>	<b>(277,320)</b>

## Revaluation Reserve

The revaluation reserve contains the gains and losses 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.
- Used in the provision of services and the gains are consumed through depreciation.
- Disposed of, and the gains are realised.

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

2022/23 £000		£000	2023/24 £000
(135,650)	<b>Balance at 1<sup>st</sup> April</b>		(136,275)
(9,324)	Upward revaluation of assets	(27,554)	
3,528	Downward revaluation of assets and impairment losses not charged to the Surplus/(Deficit) on the Provision of Services	3,885	
(5,796)	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus/(Deficit) on the Provision of Services</b>		(23,669)
4,492	Difference between fair value depreciation and historical cost depreciation	4,439	
-	Accumulated gain on academies transferred	2,688	
679	Accumulated gains on assets sold or scrapped	72	
5,171	Amount written off to the Capital Adjustment Account		7,199
<b>(136,275)</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>(152,745)</b>

## Capital Adjustment Account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption on non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance costs of acquisition, construction or enhancement.

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that are yet to be consumed by the Council.

The account also contains revaluation gains accumulated on property, plant and equipment before 1<sup>st</sup> April 2007, the date the revaluation reserve was created to hold such gains.

<b>2022/23</b> <b>£000</b>		<b>£000</b>	<b>2023/24</b> <b>£000</b>
<b>(111,364)</b>	<b>Balance at 1<sup>st</sup> April</b>		<b>(118,028)</b>
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
26,513	Charges for depreciation and impairment of non-current assets	26,316	
807	Revaluation losses on Property, Plant and Equipment	(255)	
194	Amortisation of intangible assets	238	
7,936	Revenue expenditure funded from capital under statute	9,783	
-	Carrying value of Academies transferred	4,960	
854	Carrying amount of non-current assets sold	6,369	
<b>36,304</b>			<b>47,411</b>
<b>(5,171)</b>	Adjusting amounts written out of the Revaluation Reserve		<b>(7,199)</b>
<b>31,133</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>		<b>40,212</b>
	<b>Capital financing applied in the year:</b>		
<b>(1,470)</b>	Use of the Capital Receipts Reserve to finance new capital expenditure	<b>(3,238)</b>	
<b>(20,420)</b>	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	<b>(11,553)</b>	
<b>(5,332)</b>	Application of grants to capital financing from the Capital Grants Unapplied Account	<b>(8,103)</b>	
<b>(9,904)</b>	Statutory provision for the financing of capital investment charged against the General Fund	<b>(11,410)</b>	
<b>(526)</b>	Use of Capital Receipts to reduce MRP liability	<b>(7,744)</b>	
<b>(145)</b>	Capital expenditure charged against the General Fund	<b>(294)</b>	
<b>(37,797)</b>			<b>(42,342)</b>
-	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement		(52)
<b>(118,028)</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>(120,210)</b>

## Pension Reserve

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

Statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. IFRIC 14 restricts the value of any surplus on the pension fund to the amount that the employer has the right to receive as a refund at the end of the reporting period. Under the terms of the Local Government Pension Scheme, this value is zero. The asset ceiling adjustment shown in the table below removes the amount by which the pension asset attributable to the Council, exceeds the accrued pension liability. The debit balance on the Pension Reserve shows a shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them which relate to the Council's unfunded pension schemes. More details can be found in Note 32.

<b>2022/23</b>		<b>£000</b>	<b>2023/24</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>
<b>91,207</b>	<b>Balance at 1<sup>st</sup> April</b>		<b>4,745</b>
	Re-measurement of the net defined benefit liability comprising:		
(10,438)	Changes in demographic assumptions	(3,842)	
(302,110)	Changes in financial assumptions	(32,769)	
18,341	Other experience	18,311	
101,397	Asset Ceiling Adjustment	30,780	
86,611	Returns on assets excluding amounts included in net interest	(12,383)	
<b>(106,199)</b>			<b>97</b>
34,359	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		16,098
(14,622)	Employers pensions contributions and direct payments to pensioners payable in the year		(16,435)
<b>4,745</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>4,505</b>

## Deferred Capital Receipts Reserve

Deferred Capital Receipts are amounts derived from the sale of assets, which will be received in instalments over an agreed period of time.

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
(232)	Castlefields Equity Advances	(232)
(6,142)	Sci-Tech Daresbury Lease	(5,872)
(4,716)	Venture Fields Lease	(4,447)
<b>(11,090)</b>		<b>(10,551)</b>

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

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
<b>(11,616)</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>(11,090)</b>
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
526	Transfer to the Capital Receipts Reserve upon receipt of cash	539
<b>(11,090)</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>(10,551)</b>



## Collection Fund Adjustment

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

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
<b>2,984</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>(3,023)</b>
	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income collected in the year in accordance with statutory requirements	
941		1,161
	Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income collected in the year in accordance with statutory requirements	
(6,948)		(1,096)
<b>(3,023)</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>(2,958)</b>

## Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Disposed of and the gains are realised.

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
<b>(5,102)</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>(4,869)</b>
-	Upward revaluation of investments	-
233	Downward revaluation of investments	(133)
-	Change in impairment loss allowances	-
<b>(4,869)</b>		<b>(5,002)</b>
-	Accumulated gains or losses on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	-
-	Accumulated gains or losses on assets sold and maturing assets written out to the General Fund Balances for financial assets designated to Fair Value through Other Comprehensive Income	-
<b>(4,869)</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>(5,002)</b>

### Accumulated Absences Account

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

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
<b>3,017</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>2,926</b>
(3,017)	Settlement or cancellation of accrual made at the end of the preceding year	(2,926)
2,926	Amount accrued at the end of the current year	2,813
<b>(91)</b>	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	<b>(113)</b>
<b>2,926</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>2,813</b>

### Dedicated Schools Grant Adjustment Account

Statutory arrangements require that any school budget deficits must not be charged to the General Fund, and the deficit must be carried forward to be funded from future Dedicated Schools Grant Income. The deficit balance is held in the Dedicated Schools Grant Adjustment Account as shown below:

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
<b>1,856</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>2,892</b>
1,036	Amount by which Dedicated Schools Grant is in deficit at 31st March	2,457
<b>2,892</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>5,349</b>

### Pooled investment funds adjustment account

Accounting regulations state that the fair value of movements in the value of pooled investment funds are shown in the Comprehensive Income and Expenditure Statement under Other Comprehensive Income and Expenditure, but should not impact the Council's General Fund balance. This reserve is a mechanism that is required by the capital finance and accounting regulations to hold the fair value movements in those pooled investment funds specified by the regulations.

<b>2022/23</b> <b>£000</b>		<b>2023/24</b> <b>£000</b>
-	<b>Balance at 1<sup>st</sup> April</b>	<b>1,132</b>
1,132	Fair value movements transferred to/from the General Fund in accordance with the statutory requirements	346
<b>1,132</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>1,478</b>

### 38. Cash Flow Statement – Operating Activities

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

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
(26,513)	Depreciation	(26,316)
(807)	Impairment and downward valuation	255
(194)	Amortisation of intangible assets	(238)
-	- Movement in market value of investment properties	52
(11,866)	(Increase)/decrease in impairment debtors	(12,711)
6,252	(Increase)/decrease in creditors and receipts in advance	(48,641)
23,891	Increase/(decrease) in debtors	19,597
12	Increase/(decrease) in inventories	(70)
(19,737)	Non-cash pension adjustments	337
4,867	Contributions (to)/from provisions	39,285
(854)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(6,369)
-	- Loss on transfer to academies	(4,960)
(1,169)	Other non-cash adjustments	(2,634)
<b>(26,118)</b>	<b>Total non-cash movements</b>	<b>(42,413)</b>

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

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
24,233	Capital grants credited to the surplus or deficit on the provision of services	15,012
3,725	Proceeds from the sale of non-current assets	13,170
<b>27,958</b>	<b>Net cash flows from investing or financing activities</b>	<b>28,182</b>

The cash flows for operating activities include the following items:

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
(1,867)	Interest received	(5,760)
34,207	Interest paid	36,529
<b>32,340</b>		<b>30,769</b>

### 39. Cash Flow Statement – Investing Activities

2022/23 £000		2023/24 £000
19,689	Purchase of property, plant and equipment, investment property and intangible assets	32,221
41,000	Purchase of short-term and long-term investments	17,000
(3,812)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(13,262)
(70,000)	Proceeds from short-term and long-term investments	(60,000)
(15,427)	Other receipts from investing activities	(10,229)
<b>(28,550)</b>	<b>Net Cash flows from Investing Activities</b>	<b>(34,270)</b>

### 40. Cash Flow Statement – Financing Activities

2022/23 £000		2023/24 £000
(20,000)	Cash receipts of short-term and long-term borrowing	(50,000)
50	Agency treatment of Collection Fund balances	(8)
7,282	Cash payments from the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	7,803
5,000	Repayments of short-term and long-term borrowing	30,000
3,994	Net adjustment for agency treatment of government grants	-
<b>(3,674)</b>	<b>Net Cash flows from Financing Activities</b>	<b>(12,205)</b>

#### Reconciliation of Liabilities Arising from Financing Activities

	Note	31/03/2023 £000	Financing Cash Flows £000	Non-Cash Changes £000	31/03/2024 £000
Long-Term Borrowings	26	(172,000)	-	-	(172,000)
Short-Term Borrowing	26	(15,760)	(20,000)	(2,390)	(38,150)
On Balance Sheet PFI Liabilities	31	(353,347)	7,803	136	(345,408)
<b>Net Cash flows from Financing Activities</b>		<b>(541,107)</b>	<b>(12,197)</b>	<b>(2,254)</b>	<b>(555,558)</b>

## **41. Interest in Companies and Other Entities**

The Council is involved with several companies over which it has varying degrees of control and influence. The Council is required to classify the entities according to whether they are subsidiaries, associates, or joint ventures.

### **Subsidiary**

An entity is only a subsidiary if the Council has power over the entity, exposure, or rights, to variable returns from its involvement with the entity and ability to use its power over the entity to affect the amount of the Council's returns.

As at 31<sup>st</sup> March 2024 the following was a subsidiary of the Council:-

- Mersey Gateway Crossings Board Ltd - The principal activity of the company is to deliver the Mersey Gateway Bridge project, and to administer and oversee the construction and maintenance of the new tolled crossings, including the tolling of the existing Silver Jubilee Bridge. The Council holds 100% of the shares issued by the company. An amount of £500k is held as a long-term debtor on the Council's Balance Sheet; this is the amount which has been passed to Mersey Gateway Crossings Board Ltd as working capital.

In accordance with paragraph 9.1.1.7 of the Code, the subsidiary has not been consolidated into group accounts as they are not considered to be of material value.

Copies of the accounts for Mersey Gateway Crossings Board Ltd are available from Companies House.

### **Joint Ventures**

These are arrangements under which two or more parties have contractually agreed to share control, such that decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control, and joint parties have rights to the net assets of the arrangement.

As at 31<sup>st</sup> March 2024 the Council were party to the following joint venture:-

- Daresbury SIC (Pub Sec) LLP - The principal activity of the company during the year was to assist, promote, encourage, develop and secure the development of the International Science Park at Daresbury, Cheshire. Members of the partnership are Halton Borough Council and United Kingdom Research & Innovation.

In accordance with paragraph 9.1.1.7 of the Code, the Council's equity within the joint venture has not been consolidated into group accounts as it is not considered to be of material value.

### **Associates**

Associates are entities for which the Council is an investor and has significant influence. The Council can have an associate relationship with an entity that is a joint venture under the control of other investors.

As at 31<sup>st</sup> March 2024 the Council had associate relationships with the following:-

- Daresbury SIC LLP- The principal activity of the LLP is the management and development of the Sci-Tech Daresbury Campus in the North West. Designated members of the partnership are Langtree Daresbury Ltd and Daresbury SIC (Pubsec) LLP, in which the Council is an equal partner. Amounts of £5.6m are held as a long-term debtor and £0.3m held as a short-term debtor on the Council's Balance Sheet. This relates to a long-term lease agreement between the Council and the company for a property asset based at the Sci-Tech Daresbury Campus.

In accordance with paragraph 9.1.1.7 of the Code, the Council's equity within the associate relationship has not been consolidated into group accounts as it is not considered to be of material value.



## **42. Transport Act 2000 – Mersey Gateway Crossing**

The Mersey Gateway Bridge, which opened in October 2017, is a second crossing which spans the River Mersey and the Manchester Ship Canal and was built to ease congestion on the previous crossing, the Silver Jubilee Bridge.

The crossing was funded through a mixture of capital payments from Halton Borough Council, and a monthly unitary charge to Merseylink which covers the costs of construction and ongoing maintenance of the bridge for a period of 27 years (see Note 31 for further detail).

Since the opening of the Mersey Gateway, both crossings (Mersey Gateway and Silver Jubilee Bridge) have operated as toll crossings and the unitary charges and other running costs are funded from a mixture of toll income and Government Grant funded from the Department for Transport.

As part of the agreement with Department for Transport all funds relating to the Mersey Gateway must be accounted for separately and any surplus must be held in a separate reserve until all debt relating to the crossing, including unitary charge payments and the repayment of Council Borrowing specifically for the scheme, has been repaid.

During the year, a performance review of the Mersey Gateway project was undertaken by Mersey Gateway Crossing Board (MGCB) and the Department for Transport (DfT). This review covered the period October 2017 to March 2023 and future reviews will be undertaken every 3 years.

As part of the review an exercise was undertaken regarding the excess revenue share procedure. This identified that up to March 2023 the excess income from the project over and above project costs was £52.647m, £7.897m of which has been transferred to the Council, and £44.750 being payable to DfT.

Included within the below table is a figure of £68.176m being the excess share allocated to DfT. This figure has two elements, £44.750m agreed to be paid back to DfT on 1st August 2024 following the five-year review during 2023/24, and £23.426m provision for payment due following the next three-year review in 2026/27.

The income raised from, and charges relating to the crossings are shown in the table below, along with the year-end position on the Mersey Gateway Grant Reserve.

		2021/22			2022/23			2023/24		
		Charge to General Fund £000	Accounting Adjustments £000	Income and Expenditure £000	Charge to General Fund £000	Accounting Adjustments £000	Income and Expenditure £000	Charge to General Fund £000	Accounting Adjustments £000	Income and Expenditure £000
<b>Income</b>	Toll Income	(33,154)		(33,154)	(35,358)		(35,358)	(37,224)		(37,224)
	Penalty Charge Notices	(14,610)		(14,610)	(18,315)		(18,315)	(19,000)		(19,000)
	Registration Fees	(1,775)		(1,775)	(1,724)		(1,724)	(1,153)		(1,153)
	DfT Grant Income	(23,719)		(23,719)	(13,940)		(13,940)	(22,566)		(22,566)
	Other Income	(2)		(2)	(49)		(49)	(657)		(657)
		<b>(73,260)</b>	-	<b>(73,260)</b>	<b>(69,386)</b>	-	<b>(69,386)</b>	<b>(80,600)</b>	-	<b>(80,600)</b>
<b>Expenditure</b>	Unitary Charge Payments	38,442	(33,035)	5,407	39,411	(32,783)	6,628	41,241	(32,891)	8,350
	DMPA Fee	10,537		10,537	11,776	-	11,776	13,378	-	13,378
	MG Environmental Trust	309		309	313	-	313	227	-	227
	Bus Support	53		53	205	-	205	401	-	401
	Depreciation		8,026	8,026		8,028	8,028		8,029	8,029
	Interest Costs	5,173	(5,175)	(2)	5,290	(5,291)	(1)	5,648	(5,648)	-
	Bad Debt Provision	7,249		7,249	9,964	-	9,964	9,526	-	9,526
	DFT Grant Provision	7,848	-	7,848	91	-	91	(39,069)	-	(39,069)
	DFT Grant payable to DFT	-	-	-	-	-	-	44,750	-	44,750
	DFT Grant payable to HBC	-	-	-	-	-	-	7,897	(7,897)	-
	Other Costs	2,265	-	2,265	2,320	-	2,320	3,496	(827)	2,669
		<b>71,876</b>	<b>(30,184)</b>	<b>41,692</b>	<b>69,370</b>	<b>(30,046)</b>	<b>39,324</b>	<b>87,495</b>	<b>(39,234)</b>	<b>48,261</b>
<b>Total</b>	<b>(1,384)</b>	<b>(30,184)</b>	<b>(31,568)</b>	<b>(16)</b>	<b>(30,046)</b>	<b>(30,062)</b>	<b>6,895</b>	<b>(39,234)</b>	<b>(32,339)</b>	

### 43. Prior Period Adjustment

Following a review of the accounting treatment of income and expenditure relating to the Mersey Gateway Bridge it has been decided that there will be some changes to the accounts.

Previously any surplus from the Mersey Gateway has been held as an Earmarked Reserve. As at each review point 85% of any surplus is payable to the Department for Transport, a provision has been set up for funds payable to DFT, thus reducing the Council's Earmarked Reserves.

As the accounting treatment will result in material adjustments to the accounts, a prior period adjustment has been made to the following statements, and the supporting notes.

- Balance Sheet 31<sup>st</sup> March 2022
- Balance Sheet 31<sup>st</sup> March 2023
- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement

	<b>Previously Reported £000</b>	<b>Adjustment £000</b>	<b>Final Accounts £000</b>
<b>Balance Sheet - 31-03-2022</b>			
Provisions >1 year	(4,867)	(62,403)	(67,270)
Usable Reserves	(162,640)	62,403	(100,237)
<b>Balance Sheet - 31-03-2023</b>			
Provisions < 1 year	(2,592)	(46,345)	(48,937)
Provisions > 1 year	(990)	(16,150)	(17,140)
Usable Reserves	(146,021)	62,495	(83,526)

For further details on the supporting notes please see:

- Note 27 – Provisions
- Note 33 – Financial Instruments
- Note 35 – Usable Reserves
- Note 36 – Transfer to/from Earmarked Reserves

	<b>Previously Reported £000</b>	<b>Adjustment £000</b>	<b>Final Accounts £000</b>
<b>CIES 2022/23</b>			
Mersey Gateway Expenditure	39,233	91	39,324
<b>Movement in Reserves Statement</b>			
Total Comprehensive Income and Expenditure	31,459	91	31,550
<b>Cash flow</b>			
Net Deficit on Provision of Services	31,550	91	31,641
Adjustments to Net Deficit or non-cash movements	(26,027)	(91)	(26,118)

For further details on the supporting notes please see:

- Note 1 – Expenditure and Funding Statement
- Note 2 – Expenditure and Income
- Note 38 – Cashflow Operating Activities
- Note 42 – Transport Act 2000

## **Collection Fund**

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

## Collection Fund Statement

2022/23			2023/24		
Council Tax £000	Non Domestic Rates £000	Total £000	Council Tax £000	Non Domestic Rates £000	Total £000
(71,962)		(71,962)	(75,731)		(75,731)
	(50,482)	(50,482)		(59,247)	(59,247)
	196	196		(3,976)	(3,976)
<b>(71,962)</b>	<b>(50,286)</b>	<b>(122,248)</b>	<b>(75,731)</b>	<b>(63,223)</b>	<b>(138,954)</b>
<b>Income</b>					
Council Tax					
Non Domestic Rates					
Transitional Protection Payment					
<b>Expenditure</b>					
<u>Precepts, Demands &amp; Shares</u>					
Central Government					
57,174	49,463	106,637	60,714	57,330	118,044
8,436		8,436	9,076		9,076
2,955	500	3,455	3,170	579	3,749
681		681	689		689
161		161	166		166
<u>Apportionment of Previous Year's Surplus</u>					
Central Government					
1,187	(2,172)	(985)	1,172	1,933	3,105
172		172	173		173
63	(22)	41	61	20	81
14		14	14		14
<u>Charges to Collection Fund</u>					
247	312	559	386	(1)	385
2,010	(841)	1,169	1,822	1,228	3,050
	(4,724)	(4,724)		26	26
	155	155		157	157
	-	-		31	31
-	-	-	(306)		(306)
	599	599		814	814
<b>73,100</b>	<b>43,270</b>	<b>116,370</b>	<b>77,137</b>	<b>62,117</b>	<b>139,254</b>
<b>(2,841)</b>	<b>5,384</b>	<b>2,543</b>	<b>(1,703)</b>	<b>(1,632)</b>	<b>(3,335)</b>
<b>1,138</b>	<b>(7,016)</b>	<b>(5,878)</b>	<b>1,406</b>	<b>(1,106)</b>	<b>300</b>
<b>(1,703)</b>	<b>(1,632)</b>	<b>(3,335)</b>	<b>(297)</b>	<b>(2,738)</b>	<b>(3,035)</b>

Further information on the Collection Fund balance as at 31<sup>st</sup> March 2024 can be found within the Narrative Report (Page 15).

## Collection Fund Balance Sheet

2022/23					Council Tax	2023/24				
Halton BC £000	Cheshire P&CC £000	Cheshire Fire £000	LCR £000	Total £000		Halton BC £000	Cheshire P&CC £000	Cheshire Fire £000	LCR £000	Total £000
12,580	1,881	655	142	15,258	Arrears	14,296	2,137	745	161	17,339
(9,106)	(1,362)	(474)	(102)	(11,044)	Provision for Doubtful Debts	(10,609)	(1,586)	(553)	(119)	(12,867)
(756)	(113)	(39)	(9)	(917)	Overpayments / Prepayments	(809)	(121)	(42)	(9)	(981)
(1,405)	(208)	(73)	(17)	(1,703)	(Surplus)/Deficit	(244)	(37)	(13)	(3)	(297)
(1,313)	(198)	(69)	(14)	(1,594)	Cash	(2,634)	(393)	(137)	(30)	(3,194)
-	-	-	-	-		-	-	-	-	-

2022/23				Non-Domestic Rates	2023/24			
Central Gov £000	Halton BC £000	Cheshire Fire £000	Total £000		Central Gov £000	Halton BC £000	Cheshire Fire £000	Total £000
-	6,610	67	6,677	Arrears	-	8,135	82	8,217
-	(5,579)	(56)	(5,635)	Provision for Doubtful Debts	-	(6,793)	(69)	(6,862)
-	(1,977)	(20)	(1,997)	Appeals Provision	-	(2,003)	(20)	(2,023)
-	(452)	(5)	(457)	Overpayments / Prepayments	-	(480)	(5)	(485)
-	(1,616)	(16)	(1,632)	(Surplus)/Deficit	-	(2,711)	(27)	(2,738)
-	3,014	30	3,044	Cash	-	3,852	39	3,891
-	-	-	-		-	-	-	-

## Notes to the Collection Fund

### 1. Introduction of the Council Tax

The property-based council tax was introduced on the 1<sup>st</sup> April 1993, replacing the personal liability Community Charge. The Council determined its Band D equivalent tax base for 2022/23 at 36,241 (2022/23 – 35,831)

### 2. The Council Tax Base Determination

Band	Properties	Ratio	Band D Equivalents
Disabled	68	5/9	38
A	17,860	6/9	11,907
B	9,921	7/9	7,716
C	7,192	8/9	6,393
D	4,655	9/9	4,655
E	3,552	11/9	4,341
F	1,164	13/9	1,681
G	327	15/9	545
H	29	18/9	58
<b>Total</b>	<b>44,768</b>		<b>37,334</b>
Reductions relating to Non-Collection and changes in assumptions			<b>(1,093)</b>
Tax Base set for 2023/24			<b>36,241</b>

The parishes' individual tax bases are shown below:

	2022/23	2023/24
Hale	664	668
Daresbury	186	186
Moore	333	336
Preston Brook	368	370
Halebank	526	528
Sandymoor	1,417	1,473



### 3. Precepting Authorities

Halton Borough Council has three precepting authorities; Cheshire Police & Crime Commissioner, Cheshire Fire Authority, and Liverpool City Region Combined Authority. The Band D charge and total precept are shown in the table below:

	<b>2022/23</b>	<b>2023/24</b>
	£	£
<b>Cheshire Police and Crime Commissioner</b>		
- Band D Charge	235.44	250.44
- Precept	8,436,051	9,076,196
<b>Cheshire Fire Authority</b>		
- Band D Charge	82.48	87.48
- Precept	2,955,341	3,170,363
<b>Liverpool City Region</b>		
- Band D Charge	19.00	19.00
- Precept	680,789	688,579

### 4. Non-Domestic Rates

The non-domestic rate replaced locally fixed rates from 1<sup>st</sup> April 1990. The rateable value at 31<sup>st</sup> March and the business rate multiplier, which is fixed by the Government, are shown in the table below:

	<b>2022/23</b>	<b>2023/24</b>
	£	£
Rateable value at 31st March	144,172,158	149,733,919
Non Domestic rating multiplier	51.2	51.2
Small Business Non Domestic rating multiplier	49.9	49.9

# 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, the Operational Director – Finance has that responsibility;

To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

To approve the Statement of Accounts.

## The Operational Director – Finance Responsibilities

The Operational Director – Finance is responsible for the preparation of the Council's statement of accounts which, in terms of CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code of Practice"), is required to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year (ended 31<sup>st</sup> March 2024).

In preparing this Statement of Accounts, the Operational Director – Finance has:

Selected suitable accounting policies and then applied them consistently;

Adopted the principal of "True and Fair" regarding the Council's financial position;

Made judgements and estimates that were reasonable and prudent;

Complied with the Code of Practice.

The Operational Director – Finance has also:

Kept proper accounting records which were kept up to date;

Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that this Statement of Accounts presents a true and fair view of the financial position and income and expenditure of Halton Borough Council for the year ended 31<sup>st</sup> March 2024.



Signed by:

Director of Financial Services

Date: 20<sup>th</sup> November 2024

# Statement of Accounting Policies

## 1. General

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

Halton Borough Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which is required to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice of Local Authority Accounting in the United Kingdom 2023/24 supported by International Financing Reporting Standards (IFRS).

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

## 2. Changes to the 2023/24 Accounting Policies

The Council's accounting policies are subject to regular review arising from changes in the way costs are accounted for and changes in the requirements of the Code of Practice. There have been no changes in the Council's accounting policies during 2023/24.

## 3. 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.

### 3(a) Revenue Recognition

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.

### 3(b) Employee Costs

The full cost of employees is charged to the period which the employees worked. Accruals are made for pay awards awaiting settlement and for the cost of holiday entitlements and time off in lieu earned by employees but not taken before the year-end. To ensure that the actual costs to the Council falls in the year in which they are paid, a transfer is made to the Accumulated Absences Account.

### 3(c) 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 in exchange for those benefits. They are charged on an accrual basis at the earlier of when the Council can no longer withdraw the offer of those benefits, or when the Council recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year,

not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners, and any such amounts payable but unpaid at the year-end.

### **3(d) Interest**

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.

### **3(e) Supplies and Services**

Supplies and services are accounted for in the period that they are consumed or received. Accruals are made for all material sums unpaid at year end for goods and services received or works completed. Where there is a gap between the date supplies are received and consumption, they are carried as inventories on the Balance Sheet.

### **3(f) 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 highly liquid investments that mature within 3 months or less from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change of value.

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

### **3(g) Debtors and Creditors**

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.

Known uncollectable debt is written off with a charge being made to the Bad Debt Provision.

## **4. Contingent Assets**

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

Contingent assets are not recognised on the Balance Sheet but by way of notes to the accounts where it is probable that there will be an inflow of economic benefit or service potential.

## **5. 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 Non-occurrence of uncertain future events not wholly within the control of the Council.

Contingent liabilities are not recognised on the Balance Sheet but disclosed by way of notes to the accounts.

## **6. The Collection Fund**

The Council is required by statute to maintain a separate fund (i.e. The Collection Fund) for the collection and distribution of amounts due in respect of council tax and national non-domestic rates.

### **6(a) Council Tax Income**

In its capacity as a billing authority the Council acts as an agent. It collects council tax income on behalf of the major preceptors (The Police and Crime Commissioner for Cheshire, Cheshire Fire & Rescue Service, and Liverpool City Region Combined Authority) and itself.

### **6(b) National Non-Domestic Rates (NNDR)**

As part of the Business Rate Retention Pilot Scheme, the Council acts as an agent and collects national non-domestic rates on behalf Cheshire Fire & Rescue Service and itself.

### **6(c) Accounting for Council Tax and Non-Domestic Rates**

While the council tax and non-domestic rates income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund. The amount credited to the General Fund under statute is the Council's demand for the year plus the Council's agreed share of the surplus (or less its share of the deficit) on the Collection Fund.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and non-domestic rates relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income & Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

## **7. Events after the Reporting Period**

Events after the Balance Sheet date are those events, both favourable and adverse, that occur between the end of the reporting period and the date when the Statement of Accounts are authorised for issue. Two types of events can be identified:

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

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

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

## **8. Financial Instruments**

The Council invests and borrows money as part of its day to day business and Treasury Management Strategy. It is required to present on the Balance Sheet at fair value its outstanding financial obligations and assets in relation to these transactions. Assets exclude short term investments i.e. invested for periods of less than 3 months at inception and not due for repayment at the Balance Sheet date. These investments are treated as cash equivalents due to their liquid nature.

The Council uses Link Asset Services to provide independent valuations of the position at the period end.

Link Asset Services use the Net Present Value valuation technique to value borrowings. The discount rate used within the calculation is the Public Works Loans Board new borrowing rate.

### **8(a) Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. Financial liabilities due to be settled within 12 months of the Balance Sheet date, along with accrued interest on all financial liabilities, are recorded as a current liability.

### **8(b) Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and

- fair value through other comprehensive income (FVOCI)

### **Financial Assets Measured at Amortised Cost**

Financial assets 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 are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime expected credit loss basis. Only lifetime expected credit losses are recognised for trade receivables (debtors) held by the Council.

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

### **Financial Assets Measured at Fair Value through Profit or Loss**

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

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

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.

- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

## **9. Fair Value**

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

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest or best use.

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

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

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

## **10. Government Grants, Other Contributions and Donated Assets**

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

- The Council will comply with the conditions attached to the payments, and



- The grants or contributions will be received.

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

Monies advanced as grants or contributions for which conditions have not been satisfied are carried on the Balance Sheet as Receipts in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

#### **11. Interest in Companies and Other Entities**

The Council has an interest in subsidiaries, joint ventures and associated entities that would require it to prepare group accounts. As the transactions relating to group entities are not material, no group financial statements are being produced for the 2023/24 accounts.

The definition of materiality as per the Code of Practice on Local Authority Accounting is:

The relevance of information contained in the financial statements is affected by its nature and materiality. Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor. Therefore, materiality provides a threshold or cut-off point rather than a primary qualitative characteristic which information must have if it is to be useful. An authority need not comply with the Code, as to both disclosure and accounting principles, if the information is not material to the true and fair view of the financial statements and to the understanding of users.

In assessing the materiality of group entities an assessment has been undertaken of the following quantitative and qualitative factors:

##### Quantitative Factor

- The activities of group entities are not significant to the representation of the operational activities of the authority as a whole.
- Gross Value of the investments in gross entities are not significant in terms of the Balance Sheet of HBC.

- Gross Value of the borrowings or other liabilities of group entities are not significant to the Balance Sheet of HBC.
- An adjustment to usable reserves that would arise on consolidation would not be significant.

#### Qualitative Factor

- The authority does not depend significantly on group entities for continued provision of statutory services.
- There is no concern to which the Council has passed on control of its assets to other parties.
- There is no concern about the extent to which the Council is exposed to commercial risk.
- Not consolidating group entities does not mask significant trends.
- Grouping the accounts would not provide any more useful disclosures.

### **12. Intangible Assets**

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

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined with reference to an active market. In practice, no intangible asset held by the Council meets these criteria, and they are therefore carried at amortised cost. The depreciable amount of any intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement.

### **13. Inventories and Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

### **14. Leases**

#### **14(a) Finance Leases**

Leases are classified as Finance Leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee.

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

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

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

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### **14(b) Operating Leases**

Operating leases are all leases which are not categorised as finance leases. Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement 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 if this does not match the pattern of payments.

The accounting treatment for leases will change in 2024/25 due to the introduction of IFRS 16. More information can be found in Policy 27 - Accounting Standards that have been Issued but not yet Adopted.

### **15. Non-Current Assets, Property, Plant and Equipment**

#### **15(a) Recognition**

Non-current assets are assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Expenditure on the acquisition, creation or enhancement of a non-current asset is capitalised on an accruals basis. Expenditure is only capitalised when it adds to or extends, and not merely maintains the value of an existing asset.

### **15(b) Measurement**

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

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

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

- Infrastructure, assets under construction and community assets are measured on the basis of depreciated historic cost.
- Surplus assets, investment properties and assets held for sale are based on their fair value, estimated at highest and best use from a market participant's perspective.
- School buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value.
- All other assets are measured at current value which is determined as the amount that would be paid for the asset in its existing use ("existing use value" – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. For non-property assets (e.g. vehicles, plant and equipment) that have short useful lives or low values (or both) depreciated historical cost basis is used as a proxy for current value.

Assets are subject to an annual impairment check. A proportion of the assets will be subject to revaluation each year to allow for the workload of revaluation to be more evenly spread and the Balance Sheet to be more accurate. Each asset will be revalued on a 3-year cycle.

All assets are subject to an annual review to ensure valuations have not materially changed in the years they are not valued and that the carrying value is not significantly different to their fair value.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

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

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

The Council operates a de-minimis level of £35,000 at acquisition, in respect of land and property, and a qualified valuer certifies the valuation. In respect of vehicles, plant and equipment, these are carried at depreciated historic cost subject to an initial recognition de-minimis of £5,000.

### **15(c) Impairment**

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

Where impairment losses are identified, the carrying amount of the asset is written down first against the accumulated gains in the revaluation reserve.

Where there is no longer a balance in the revaluation reserve to consume the loss, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

When an impairment loss is reversed, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss and adjusted for depreciation that would have been charged if the loss had never been recognised.

### **15(d) Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered through the sale of a transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value at highest and best use, less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

To be classified as held for sale an asset must meet all of the following criteria:

- The asset (or disposal group) must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets (or disposal groups).
- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset (or disposal group) and an active programme to locate a buyer and complete the plan must have been initiated.

- The asset (or disposal group) must be actively marketed for a sale at a price that is reasonable in relation to its current value.
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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 carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Receipts from the disposal of property, plant and equipment assets greater than £10,000 are credited to the useable capital receipts reserve on an accruals basis. Lower amounts are treated as de-minimis and credited to the revenue account.

### 15(e) Depreciation

Depreciation is provided for on all property, plant and equipment assets with a finite useful life. The provision for depreciation is calculated by allocating the cost less any estimated residual value of the asset over its useful life. The useful lives of assets are estimated on a realistic basis and reviewed regularly, and where necessary revised.

The estimated useful lives of assets by class are as follows:

Buildings and Other Operational Properties	Up to 60 years
Existing Highway Infrastructure and Community Assets	15 Years
New Highway Infrastructure	25 Years
Mersey Gateway Crossing - In line with the policy on Componentisation (Para 16g), significant components are:	
• Structures (Main Crossing, Earthworks, Bridge Approaches)	120 Years
• Highways (incl. Street Lighting)	25 Years
• Other (Tolling, Landscaping, Signage)	30 Years
• General (Financing and Development Costs)	Split pro-rata across above elements
Vehicles, Plant and Equipment	3-10 Years
Intangible Assets	5-10 Years
Finance Leases – vehicles, plant and equipment	3-10 Years equal to length

All assets are depreciated on a straight line basis, with depreciation commencing the year after acquisition. In exceptional circumstances, for example, if a particularly expensive asset is acquired with a short life expectancy, then a charge may be levied in the year of acquisition to ensure the charge to the service is more in line with the consumption of the asset.

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

An exception to depreciation is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction); these are not depreciated.

### **15(f) Investment Property**

Investment property is property (land or a building – or part of a building – or both) held solely to earn rentals or for capital appreciation or both, rather than for:

- (a) Use in the production or supply of goods or services or for administrative purposes; or
- (b) Sale in the ordinary course of operations.

Investment properties are initially measured at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

### **15(g) Componentisation**

The objective of component accounting is to follow proper accounting practice by ensuring that items of Property, Plant and Equipment are accurately and fairly included in the Balance Sheet and the Comprehensive Income and Expenditure Statement. Consumption of economic benefits should be properly reflected over the assets individual useful lives, through depreciation charges.

The overall value of an asset must be fairly apportioned over significant components, which need to be accounted for separately, with their useful lives and the method of depreciation being determined on a reasonable and consistent basis.

Having identified individual material assets or groups of similar assets with similar characteristics, each component part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the asset shall be depreciated separately.

Once individual material assets and asset groups have been identified, items of Property, Plant and Equipment will be categorised as follows based on their significance, useful life and depreciation method:

<b>Component</b>	<b>Detail</b>
Superstructure and substructure	Frame, upper floors, roof, stairs, external walls, external windows and doors, internal walls and partitions, internal doors
Internal Finishes and Fittings	Wall, floor, ceiling finishes, fittings and furnishings
Services	Sanitary appliances, services equipment, disposal installations, water installations, heat source, space heating and air conditioning, ventilating systems, electrical installations, fuel installations, fire and lightning protection, communication and security installations, builders' work in connection and management and commissioning of services
Land	Land upon which the property is constructed

The basis upon which the calculation of the value of components will be made is replacement cost. The actual split will be determined following individual valuation of the property.

Land is a separate component in its own right, but is not considered for depreciation purposes. Generally, land is considered to have an infinite life.

When an asset is enhanced or replaced, the cost of the replacement component is compared with the cost of the total asset. If the cost of the enhancement or replacement is above 15% or £35,000 of the overall cost of the asset, a proportion of the relevant component's carrying value is derecognised and replaced by the cost of the new replacement asset.

When an asset is acquired or revalued, the cost of its component parts will be broken down into Superstructure and Substructure, Internal Finishes and Fittings and Services. Land will be identified as a separate component in its own right.

#### **15(h) Charges to Revenue for Non-Current Assets**

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service



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

The Council does not raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, the Council is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund balance from the Capital Adjustment Account in the Movement in Reserves Statement known as the Minimum Revenue Provision (MRP).

### **15(i) Schools (Land & Buildings)**

Section 20 of the Schools Standards and Framework Act 1998 established the following categories of maintained schools in England and Wales:

- Community Schools
- Foundation Schools
- Voluntary Schools comprising Voluntary Aided and Voluntary Controlled
- Community Special Schools, and
- Foundation Special Schools

In order to recognise a non-current school's asset on the Council's Balance Sheet, the Council has followed the recognition criteria of the Code and determined the extent to which the Council has control of the service potential associated with the school's assets.

The Council has concluded that a) Community Schools and d) Community Special Schools will form part of the Council's non-current assets.

For all other schools the Council is merely using the non-current asset under licence. A licence passes no interest in the non-current asset to the Council and is always revocable, therefore these schools will not form part of the Council's non-current assets.

### **15(j) Accounting for Schools Transferring to Academy Status**

The accounting standards on group accounts and consolidation mean all types of school are now considered to be entities controlled by the Council. When a school transfers to academy status this control is transferred to a third party. As a result, the school as an entity needs to be derecognised in the Council's accounts by writing off the net assets of the school to the Comprehensive Income and Expenditure Statement.

### **15(k) Highway Network Infrastructure Assets**

Highways network 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 network 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<sup>st</sup> April 1994, 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.

Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network are shown below:

- Newly constructed carriageways, footways, cycle tracks – 25 years
- Repairs and maintenance of all highways assets – 15 years
- Mersey Gateway Bridge
  - o Structures (main crossing, earthworks, bridge approaches) – 120 years
  - o Highways (including street lighting) – 25 years
  - o Other (tolling, landscaping, signage) – 30 years
  - o General (financing and development costs) – split pro rata across elements above
- Street lighting and street furniture – 15 years

### **Disposals and derecognition**

When a component of the network is disposed of or decommissioned, if material, 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 (i.e. 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.

From 2020/21 in accordance with the temporary relief by the update to the code on infrastructure assets, the accounts do not show the gross cost and accumulated depreciation for infrastructure assets, and shows the net position in a separate table to other Property, Plant and Equipment.

## **16. Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply and service. The total absorption costing principal is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

## **17. Pension Costs**

### **General**

The cost of providing pensions for employees is charged in accordance with the requirements of IAS19 Retirement Benefits subject to the interpretation set out in the Code governing the pension schemes. The Council pays an employer's contribution to the Cheshire Pension Fund; Teachers' Pension Agency and the National Health Service Pension Scheme.

### **Pensions Reserve**

Where there is a difference between the amount charged to the Comprehensive Income and Expenditure Statement in the year and the amount payable to the pension funds, that sum is taken to the Pension Reserve. This additional debit or credit to the services is shown as a reconciling item in the Movement in Reserves Statement within the Adjustments between Accounting Basis and Funding Basis under regulations note.

### **Classification of Schemes**

#### **Defined Benefit Schemes**

Accounting policies set out as below apply in respect of pension costs arising from the Local Government Pension Scheme and unfunded discretionary benefits paid:

- (i) The liabilities of the Cheshire Pension Fund and unfunded liabilities of the Teachers' Pension Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- (ii) Liabilities are discounted to their value at current prices, using the relevant discount rate.
- (iii) The assets of Cheshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - a. Quoted securities – current bid price
  - b. Unquoted securities – professional estimate
  - c. Unitised securities – current bid price

- d. Property – market value
- (iv) The change in the net pensions liabilities is analysed into the following components:
- a. Service cost comprising:
    - i. Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement of the services for which the employees worked
    - ii. Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of services earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement
    - iii. Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of the contribution and benefit payments.
  - b. Re-measurements comprising:
    - i. The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
    - ii. Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
  - c. Contribution paid to Pension Funds – cash paid as employer’s contributions to the pension fund in settlement of liabilities: not accounted for as an expense.
- (v) In relation to retirement benefits, statutory provision requires the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensions in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pension 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 pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Defined Contribution Schemes**

The arrangements for the Teachers’ Pension Scheme and the NHS Pension Scheme mean that liabilities for these benefits cannot ordinarily be specified by the Council. The scheme is

therefore accounted for as if it were a defined contribution scheme and no liability for future payments or benefits is recognised on the Balance Sheet. The relevant service line in the Comprehensive Income and Expenditure Statement is charged with the Council's contributions payable to Teachers' Pensions and NHS Pension Scheme in the year.

### **Discretionary Benefits**

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

### **18. Pooled Budgets**

Under Section 75 of the Health Act, the Council is able to establish joint working arrangements with NHS bodies and other Councils to pool funds from both organisations to create a single pot. Where pooled budgets are established, the Council's accounts reflect only the Council's share of the overall pot and exclude the share attributable to partner organisations.

### **19. Prior Period Adjustments**

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

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

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

### **20. Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. Provisions are created by a charge to a service and as such appear in the Comprehensive Income and Expenditure Statement in the Cost of Services in the year the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking account of risks and uncertainties. Where it becomes apparent that a lower settlement is anticipated than first thought, the provision is reversed and credited back to the relevant service.

When payments are eventually made, they are charged to the provision carried on the Balance Sheet.

## **21. Repurchase of Borrowing**

Gains or losses arising on the repurchase or early settlement are charged in the Comprehensive Income and Expenditure Statement in the period during which the repurchase is made. If the repurchase was coupled with refinancing or restructuring, gains or losses are charged over the life of the replacement loan.

## **22. Reserves**

The Council sets aside specific amounts as reserves for future policy purposes to cover contingencies. Reserves are created by apportioning amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from the reserve is incurred, it is charged to the apportionment service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

The reserve is then appropriated back in the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

The Council maintains two kinds of reserve, Usable and Unusable Reserves.

Usable reserves comprise:

- Capital Receipts Reserve
- General Fund Balance
- Schools Balances
- Earmarked Reserves
- Capital Grants Unapplied
- Earmarked Schools Budget Reserve

Unusable reserves comprise:

- Revaluation Reserve
- Capital Adjustment Account
- Financial Instruments Revaluation Reserve
- Pensions Reserve
- Collection Fund Adjustment Account
- Deferred Capital Receipts Reserve
- Accumulated Absences Account
- Dedicated Schools Grant Adjustment Account
- Pooled Investment Fund Adjustment Account

Usable reserves are available to fund expenditure, either revenue or capital, incurred by the Council. Unusable reserves are not available to fund expenditure since they do not represent new resources available to the Council.

## **23. Revenue Expenditure Funded from Capital under Statute**

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the creation on a non-current asset on the Balance Sheet. Such expenditure

is charged to the appropriate service account within the Comprehensive Income and Expenditure Statement in accordance with the provisions of the Code.

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

#### **24. Senior Officers**

The Council is required to disclose senior officers who are paid a salary of more than £150,000 by name and job title. The requirement also extends to those officers whose salary is more than £50,000 and have a statutory role defined by legislation or are responsible for directing and controlling the day-to-day operations of the Council; disclosure is restricted to job title.

#### **25. Service Concessions**

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are re-valued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- Life cycle replacement costs – where material, a proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

## **26. Heritage Assets**

Where applicable, heritage assets are measured at insurance valuation on the Balance Sheet.

Unlike other non-current assets depreciation is not required on heritage assets which have infinite useful lives. Similarly, impairment reviews are only required in limited circumstances, for example if a heritage asset has suffered breakage or physical deterioration.

## **27. Accounting Standards that have been Issued but not yet Adopted**

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), the Council is required to disclose information setting out the impact of an accounting change required by new accounting standards which have been issued at the balance sheet date but which will not apply to local authorities' accounts until subsequent financial years.

The standards introduced by the 2024/25 Code where disclosures are required in the 2023/24 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- (i) IFRS 16 Leases issued in January 2016 (but only for those local authorities that have not decided to voluntarily implement IFRS 16 in the 2023/24 year).
- (ii) Classification of Liabilities as Current or Non-Current (Amendments to IAS 1).
- (iii) Lease Liability in Sale and Leaseback (Amendments to IFRS 16).
- (iv) Non-Current Liabilities with Covenants (Amendments to IFRS 16).
- (v) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)
- (vi) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

With the exception of IFRS 16 Leases, these amendments are not expected to have a material impact on the Council's Statement of Accounts.

### **27(a) IFRS 16 Leases**

IFRS 16 removes the traditional distinction between finance leases and operating leases for lessors. Under finance lease arrangements, assets are recognised on the Balance Sheet, alongside the corresponding lease liability. In contrast, operating lease payments have previously been treated as an in-year expense, with no asset or liability accounted for on the Balance Sheet. Under IFRS 16, all leases where the Council is the lessor above a de-minimis amount will require an asset and corresponding liability to be recognised on the Balance Sheet. It is not anticipated that this will materially impact on the Council's financial statements.

Under the existing accounting standard, IAS 17, finance lease liabilities are not remeasured when indexation is applied to the value of payments. Under IFRS 16, where indexation impacts on future payments, the lease liability will need to be remeasured, along with the value of the corresponding right-of-use asset. The full impact of the adoption of IFRS 16 on the Council's PFI liabilities cannot be determined at 31<sup>st</sup> March 2024, but it is not anticipated that there will be any impact on the Council's General Fund from this change.



## **28. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in above, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. These judgements are not considered material for 2023/24.

## **29. Assumptions Made about the Future and other Major Sources of Estimation Uncertainty**

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

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

### **29(a) Property, Plant and Equipment**

The carrying amount in the Balance Sheet at the 31<sup>st</sup> March 2024 is £874.4m, of which £424.6m relates to the Unitary Charge element of the Mersey Gateway Crossing.

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its spending on repairs and maintenance, bringing into doubt the useful lives of those assets. Ongoing maintenance for the Mersey Gateway Crossing is covered by unitary payments and therefore has no impact on the Council's on-going repairs and maintenance spending.

If the useful life of Buildings included in Property, Plant and Equipment is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings could increase between 10%-15% equating to an additional £0.637m to £0.956m for every year that useful lives had been reduced.

### **29(b) Pensions Liability / Asset**

The carrying amount in the Balance Sheet at the 31<sup>st</sup> March 2024 is a liability of £4.506m.

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Hymans Robertson LLP is engaged on behalf of the Council by Cheshire West and Chester Council to provide expert advice about the assumptions to be applied.

An estimate of the impact of any changes to the principal assumptions provided by the actuary are shown in the Note 32.

### **30 Going Concern**

The statement of accounts has been prepared on an assumption that the Council will continue in operational existence for the foreseeable future. This a requirement of the Code, which reflects the fact that since the management of a statutory local authority does not have the power to cease operations and wind up the entity, a statutory local authority will always be a going concern as defined by IAS1 (Presentation of Financial Statements).

## **Glossary of Terms**

For the purposes of the Code of Practice the following definitions have been adopted:

### **Accruals**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **Accounting Policies**

Those principals, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- (a) Recognising;
- (b) Selecting and measuring bases for; and
- (c) Presenting.

Assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the Income and Expenditure account or Balance Sheet it is to be presented.

### **Acquired Operations**

Operations comprise services and divisions of service as defined in SeRCOP. Acquired operations are those operations of the Council that are acquired in the period.

### **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 have changed.

### **Capital Expenditure**

Expenditure on the acquisition of a non-current asset or expenditure which adds to and not merely maintains the value of an existing non-current asset.

## **Class of Non-Current Assets**

The classes of non-current assets required to be included in the accounting statements are:

Property, Plant and Equipment:

- Other land and buildings
- Vehicles, plant, furniture and equipment
- Infrastructure assets
- Community assets
- Assets under construction
- Surplus assets

Other classes of assets:

- Investment properties
- Assets held for sale
- Heritage assets

## **Community Assets**

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

## **Consistency**

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

## **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 Asset**

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

## **Contribution**

A contribution may be received from a partner to help perform a particular function (i.e. PCT and third sector in health/education, S106 developers etc...)

## **Contingent Liability**

A contingent liability is either:

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

## **Corporate and Democratic Core**

The corporate and democratic core comprises all activities which Local Authorities engage in specifically because they are elected multi-purpose Authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no basis for apportioning these costs over or across services.

## **Current Service Cost (Pensions)**

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

## **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 closing a factory or discontinuing a segment of a business; 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.

## **Deferred Charges**

Expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets. Examples of deferred charges are expenditure on items such as improvement grants and the expenses of private acts.

## **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 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**

The measure of cost or revalued amount of the benefits of the non-current asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of a non-current asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods or services produced by the asset.

### **Discontinued Operations**

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. An operation should be classified as discontinued if all of the following conditions are met:

- (a) The termination of the operation is completed either in the period before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- (b) The activities related to the operation have ceased permanently;
- (c) The termination of the operation has a material effect on the nature and focus of the Local Authority's operations and represents a material reduction in its provision of services resulting either from its withdrawal from a particular activity (whether a service or division of service, or its provision in a specific geographical area) or from a material reduction in net expenditure in the Local Authority's continuing operations;
- (d) The assets, liabilities, income and expenditure of operations and activities are clearly distinguishable physically, operationally and for financial reporting purposes.

Operations not satisfying all the conditions are classified as continuing.

### **Discretionary Benefits**

Retirement benefits which the employer has no legal, contractual or constructive obligation to award which are awarded under the Council's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996, the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998, or the Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.

## **Estimation Techniques**

The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains losses and changes to reserves.

Estimation techniques implement the measurement aspects of accounting policies. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique. Estimation techniques include, for example:

- (a) Methods of depreciation, such as straight-line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of a tangible non-current asset consumed in a period.
- (b) Different methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as a whole rather than individual balances.

## **Events after the Balance Sheet Date**

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

## **Exceptional Items**

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

## **Exit Packages**

Exit packages are defined as amounts payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits. Exit packages also include enhancement of retirement benefits, when an employee retires early without actuarial reduction of pension.

## **Expected Rate of Return on Pensions Assets**

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

## **Extraordinary Items**

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

## **Fair Value**

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

## **Finance Lease**

A finance lease is one where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. A lease would be classified as a finance lease if:

- The lease transfers ownership of the asset to the lessee by the end of the lease term.
- The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value so as to make it reasonably certain the option will be exercised.
- The lease term is for the major part of the economic life of the asset.
- The present value of minimum lease payments amounts to at least substantially all of the fair value of the leased asset.
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.

Notwithstanding the fact that the lease meets the definitions above, the presumption that an asset should be classified as a finance lease may in exceptional circumstances be rebutted if it can be clearly demonstrated that the lease in question does not transfer substantially all the risks and rewards of ownership (other than legal title) to the lessee.

## **Going Concern**

The concept that the Council will remain in operational existence for the foreseeable future, in particular that the Income and Expenditure Account and Balance Sheet assume no intention to curtail significantly the scale of the operations.

## **Government Grants**

Assistance by Government and Inter-Government Agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to a Council in return for past or future compliance with certain conditions relating to the activities of the Council.

## **Heritage Assets**

Heritage Assets are assets that have historical, artistic, scientific, technological, geophysical or environmental qualities. Examples of heritage assets held by the Council include civic regalia, paintings and artefacts.

## **Impairment**

A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet.



### **Infrastructure Assets**

Non-current assets that are inalienable, expenditure on which is recoverable only by continued use if the asset created. Examples of infrastructure assets are highways and footpaths.

### **Interest Cost (Pensions)**

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

### **Inventories**

The amount of unused or unconsumed stocks held in expectation of future use, comprising the following categories:

- (a) goods or other assets purchased for re-sale;
- (b) consumable stores;
- (c) raw materials and components purchased for incorporation into products for sale;
- (d) products and services in intermediate stages of completion;
- (e) long-term contract balances; and
- (f) finished goods.

### **Investments (Non-Pensions Fund)**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified only where an intention to hold the investment for the long-term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments, other than those in relation to the pensions fund, that do not meet the above criteria should be classified as current assets.

### **Investments (Pensions Fund)**

The investments of the Pensions Fund will be accounted for in the statements of that Fund. However, councils are also required to disclose, as part of the transitional disclosures relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

### **Investment Properties**

Interest in land and/or buildings:

- (a) In respect of which construction work and development have been completed; and
- (b) Which is held for its investment potential, and rental income being negotiated at arm's length.

### **Liquid Resources**

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

### **Long-Term Contracts**

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

### **Net Book Value**

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

### **Net Current Replacement Cost**

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

### **Net Debt**

The Council's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than debt.

### **Net Realisable Value**

The open market value of the asset in its existing use (or open market value in case of non-operational assets), less the expenses to be incurred in realising the asset.

### **Operating Lease**

A lease other than a finance lease.

### **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 improvements to, retirement benefits.

### **Prior Period Adjustments**

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

## **Projected Unit Method**

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefit 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.

## **Related Parties**

Two or more parties are related parties when at any time during the financial period:

- (a) A party has direct or indirect control of the other party; or
- (b) The parties are subject to common control from the same source; or
- (c) One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- (d) The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Examples of related parties of a Council include:

- (a) Central government;
- (b) Local authorities and other bodies precepting or levying demands on the council tax;
- (c) Its subsidiary and associated companies;
- (d) Its joint ventures and joint ventures partners;
- (e) Its members
- (f) Its chief officers; and
- (g) Its pension fund.

Examples of related parties of a pension fund include its:

- (a) Administering authority and its related parties
- (b) Scheduled bodies and their related parties; and
- (c) Trustees and advisors

This list is not intended to be comprehensive.

For individuals identified as related parties, the following are also presumed to be related parties:

- (a) Members of the close family, or the same household; and

- (b) Partnerships, companies, trusts or other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

- (a) The purchase, sale, lease rental or hire of assets between related parties;
- (b) The provision by a pension fund to a related party of assets of loans, irrespective of any direct economic benefit to the pension fund;
- (c) The provision of a guarantee to a third party in relation to a liability or obligation of a related party;
- (d) The provision of services to a related party, including the provision of pension fund administration services;
- (e) Transactions with individuals who are related parties of the Council or a pension fund, except those applicable to other members of the community or the pension fund, such as council tax, rents and repayments of benefits.

This list is not intended to be comprehensive.

The materiality of related party transactions should be judged not only in terms of their significance to the Council, but also in relation to its related party.

### **Remuneration**

All sums paid to or receivable by an employee and sums due by way of expenses allowances and the money value of any other benefits received other than in cash. Pension contributions payable by the employee are excluded.

### **Residual Value**

The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of acquisition (or revaluation) of the asset and do not take account of expected future prices.

### **Retirement Benefits**

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

### **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.

## **Settlement**

An irrevocable action that relieves the employee (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) A lump-sum cash payment 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.

## **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.

## **Total Cost**

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.

## **Useful Life**

The period over which the Council will derive benefits from the use of a non-current 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.