Stafford
BOROUGH COUNCIL

Civic Centre, Riverside, Stafford

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Dear Members

Audit and Accounts Committee

A meeting of the Audit and Accounts Committee will be held in the **Craddock Room, Civic Centre, Riverside, Stafford on Tuesday 20 May 2025 at 6.30pm** to deal with the business as set out on the agenda.

Please note that this meeting will be recorded.

Members are reminded that contact officers are shown in each report and members are welcome to raise questions etc in advance of the meeting with the appropriate officer.

I. Curran

Head of Law and Governance

AUDIT AND ACCOUNTS COMMITTEE

20 MAY 2025

Chair - To be determined

AGENDA

1 Minutes of 26 March 2025 as circulated and published on 7 April 2025

2 Apologies

3 Officers' Reports

Membership to be established at the Council (Appointments) Meeting on Monday 19 May 2025

Stafford Borough Council

External audit plan

Year ended 31 March 2024

April 2025

Contents

Your key team members

Andy Reid
Key Audit Partner
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Introduction

Adding value through the audit

All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.

Purpose

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of Stafford Borough Council ('the Council') for the year ended 31 March 2024 for those charged with governance.

The core elements of our work include:

- An audit of the 2023/24 Statement of Accounts for the Council; and
- An assessment of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (our Value for Money work).

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act'), and the National Audit Office Code of Audit Practice. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

Auditor responsibilities

As auditor we are responsible for performing an audit, in accordance with the Local Audit and Accountability Act 2014, the Code of Audit Practice issued by the National Audit Office and ISAs UK. Our primary responsibility is to form and express an independent opinion on the Council's financial statements, stating whether they provide a true and fair view and have been prepared properly in accordance with applicable law and the CIPFA Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code).

We are also required to:

- Report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is consistent with the financial statements;
- Report by exception if the disclosures in the Annual Governance Statement are incomplete or if the Annual Governance Statement is misleading or inconsistent with our knowledge acquired during the audit;
- Report by exception any significant weaknesses identified in arrangements for securing value for money and a summary of associated recommendations;
- Report by exception on the use of our other statutory powers and duties; and
- Certify completion of our audit.

continued…..

Introduction

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act'), and the National Audit Office Code of Audit Practice. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

This planning letter has been prepared for the sole use of those charged with governance and management and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to third parties.

Auditor responsibilities *(….continued)*

We will issue our Audit Findings Report and an Auditors Annual Report to the Audit and Accounts Committee setting out the findings from our work.
Under the Act we have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom. These include:

- Reporting matters in the public interest;
- Making written recommendations to the Council;
- Making am application to the court for a declaration that an item of account is contrary to law;
- Issuing and advisory notice; or
- Making an application for judicial review.

The Act also requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and consider any objection made to the accounts.

On completion of our audit work, we will issue an Audit Findings Report (prior to the approval of the financial statements), detailing our significant findings and other matters arising from the audit on the financial statements, together with an Auditor's Annual Report including our commentary on the value for money arrangements.

If, during the course of the audit, we identify any significant adverse or unexpected findings that we conclude should be communicated, we will do so on a timely basis, either informally or in writing.

The audit does not relieve management or the Audit Committee of your responsibilities, including those in relation to the preparation of the financial statements.

Council responsibilities

The Council has responsibility for:

- Preparing financial statements which give a true and fair view, in accordance with the applicable financial reporting framework and relevant legislation;
- Preparing and publishing, along with the financial statements, an annual governance statement and narrative report;
- Maintaining proper accounting records and preparing working papers to an acceptable professional standard that support its financial statements and related reports disclosures; and
- Ensuring the proper financial stewardship of public funds, complying with relevant legislation and establishing effective arrangements for governance, propriety and regularity.

Audit scope and general approach

This section of our letter sets out the scope and nature of our audit and should be considered in conjunction with the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments Limited (PSAA).

General approach

Our objective when performing an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach, we will:

- Perform risk assessment procedures including updating our understanding of the Council, including its environment, the financial reporting framework and its system of internal control;
- Review the design and implementation of key internal controls;
- Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;
- Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We will undertake a variety of audit procedures designed to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We include an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud and respective responsibilities for prevention and detection of fraud.

Audit scope and general approach

Materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements.

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both. **The basis for our assessment of materiality for the year is set out in Appendix I.**

Any identified errors greater than:

£50k

will be recorded and discussed with you and, if not adjusted, confirmed as immaterial as part of your letter of representation to us.

Accounting systems and internal controls

The purpose of an audit is to express an opinion on the financial statements. We will follow a substantive testing approach to gain audit assurance rather than relying on tests of controls. As part of our work, we consider certain internal controls relevant to the preparation of the financial statements such that we are able to design appropriate audit procedures. However, this work does not cover all internal controls and is not designed for the purpose of expressing an opinion on the effectiveness of internal controls. If, as part of our consideration of internal controls, we identify significant deficiencies in controls, we will report these to you in writing.

Specialised skill or knowledge required to complete the audit procedures

We would normally plan to use audit specialists to assist us throughout the audit process, however, due to not being able to undertake sufficient planning procedures as a direct result of the backstop date, these experts will no longer be used/ required for 2023/24.

The following audit specialists would normally assist us in our audit work in the following areas:

- The audit of the actuarial assumptions used in the calculation of the defined benefit pension liability/asset; and
- We would consult internally with our Technology Risk team for them to support the audit team by assessing the information technology general controls (ITGC) of the following systems.

Audit scope and general approach

Significant changes in the financial reporting framework

There have been no significant changes in the financial reporting framework this year, including the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the 'CIPFA Code). As permitted by the CIPFA Code the council has chosen to defer the implementation of IFRS 16 'Leases' until 2024/25.

Significant changes in the Council's functions or activities

There have been no significant changes to the functions and activities of the Council.

Going concern

Management responsibility

Management is required to make and document an assessment of whether the Council is a going concern when preparing the financial statements. The review period should cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view.

Going concern

Auditor responsibility

Under ISA (UK) 570, we are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and consider whether there are material uncertainties about the Council's ability to continue as a going concern that need to be disclosed in the financial statements.

In assessing going concern, we will consider the guidance published in the CIPFA Code and Practice Note 10 (PN10), which focusses on the anticipated future provision of services in the public sector rather than the future existence of the entity itself.

Audit scope and general approach

Related party transactions

ISA 550 requires that the audit process starts with the audited body providing a list of related parties to the auditor, including any entities under common control.
During our initial audit planning you have informed us of the individuals and entities that you consider to be related parties.
Please advise us of any changes as and when they arise.

Additional procedures for the NAO

The National Audit Office (the ‘NAO’) issues group audit instructions which set out additional audit requirements. We expect the procedures for this year to be similar to previous years.

The NAO audit team for the WGA request us to undertake specific audit procedures in order to provide them with additional assurance over the amounts recorded in WGA schedules. The extent of these procedures will depend on whether the Council has been selected by the NAO as a sampled component for 2023/24.

We will seek to comply with the instructions and to report to the NAO in accordance with their requirements once instructions have been issued.

Significant risks of material misstatement

Identified risk	Planned audit procedures
Impact of the Local Government accounts backlog and statutory backstop arrangements Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" ("The Regulartions", imposes a statutory backstop date of 28 February 2025 for the publication by the Council of its final Statement of Accounts for 2023/24. The Code of Audit Practice specifies that auditors are required to issue their auditor's report before this date, even if planned audit procedures are not fully complete, so that local government bodies can comply with the statutory reporting deadline. For 2023/24, the work required to complete the audit has increased greatly because the statutory backstop date of 13 December 2024 for outstanding periods to 31 March 2023 – all preceding audit periods – resulted in the issue of disclaimed audit opinions by the Council's predecessor auditor for the financial years ended 31 March 2022 and 31 March 2023 on 29 November 2024. This means we have no assurance on the Council's opening balances as at 1 April 2024. Under Local Audit Reset and Recovery Implementation Guidance (LARRIG) guidance issued by the NAO in September 2024, the approach we have taken to the 2023/24 audit for the Council has been to: • Commence the engagement with the intention of meeting all the relevant objectives of the audit, in accordance with ISA (UK) 200. This has meant we have undertaken planning and risk assessment procedures to the extent possible. • Assess whether it is possible to complete all necessary audit procedures to allow for the issue of an unmodified audit opinion on the 2023/24 financial statements given the combination of the lack of assurance on opening balances as at 1 April 2024 and the time constraints created by the imposition of the statutory backstop date of 28 February 2025. **Risk of material misstatement: High**	For 2023/24 a statutory backstop date of 28 February 2025 applied. However, the Council did not publish draft 2023/24 financial statements until 27 February 2025, which meant that the Council was not able to complete the inspection period on the draft 2023/24 financial statements ahead of the 2023/24 statutory backstop date. As such we were unable to issue our 2023/24 audit opinion by the 2023/24 backstop date. Our assessment is that the conditions created by the backstop date mean that we are unable to complete all necessary procedures, including rebuilding the missing assurance over the preceding two years on which disclaimed audit opinions have been issued, to obtain sufficient, appropriate audit evidence in line with the requirements of ISAs (UK) to support an unmodified audit opinion for 2023/24. We have therefore determined that we cannot meet the objectives of the ISAs (UK) and we will be issuing a disclaimer of opinion in our auditor's report for 2023/24. We will issue our 2023/24 audit report as soon as possible following completion of the required inspection period on the draft 2023/24 financial statements to enable the Council to comply with the requirement under the Regulations to publish the 2023/24 financial statements as soon as is reasonably practicable where doing so in advance of the backstop date of 28 February 2025 was not possible.

Significant risks of material misstatement

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- Our risk assessment procedures have identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- Are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

Significant risks at the financial statement level

The table below summarises significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Identified risk	Planned audit procedures
Management override of controls Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Specific areas of potential risk including manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business. **Risk of material misstatement: Very High**	Due to the time constraints arising from conditions created by the statutory backstop date, we do not anticipate being able to undertake the required audit procedures to address the identified risk for 2023/24. We have therefore determined that we cannot meet the objectives of the ISAs (UK) and we will be issuing a disclaimer of opinion in our auditor's report for 2023/24.

Significant risks of material misstatement

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The table below summarises significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures.

Identified risk	Planned audit procedures
Fraud in revenue recognition and expenditure Material misstatement due to fraudulent financial reporting relating to revenue and expenditure recognition is a rebuttable presumed risk in ISA (UK) 240. However, due to the nature of the Council's current control environment and links to Statutory and key recommendations identified as part of the Council's Value for Money commentary, an additional level of risk has been identified regarding specific revenue and expenditure balances within the financial statements. This significant risk will be confined to the following balances; - Fees and Charges - Grants and Contributions - Other expenses **Inherent risk of material misstatement:** • **Revenue and expenditure recognition: Very High**	Due to the time constraints arising from conditions created by the statutory backstop date, we do not anticipate being able to undertake the required audit procedures to address the identified risk for 2023/24. We have therefore determined that we cannot meet the objectives of the ISAs (UK) and we will be issuing a disclaimer of opinion in our auditor's report for 2023/24.

Significant risks of material misstatement

Identified risk	Planned audit procedures
Valuation of other land and buildings and investment property (key accounting estimate) Revaluation of other land and buildings and investment property should be performed with sufficient regularity so that carrying amounts are not materially misstated. The council carries out a revaluation approach each year for Operational Land and Buildings, Investment Properties. Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2024. The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates. These valuations represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement(s) and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of other land and buildings and investment property as a significant risk. We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets where the in-year valuation movements falls outside of our expectations. **Inherent risk of material misstatement:** **Other land and buildings and investment property (valuation): High**	Due to the time constraints arising from conditions created by the statutory backstop date, we do not anticipate being able to undertake the required audit procedures to address the identified risk for 2023/24. We have therefore determined that we cannot meet the objectives of the ISAs (UK) and we will be issuing a disclaimer of opinion in our auditor's report for 2023/24.

Significant risks of material misstatement

Identified risk	Planned audit procedures
Valuation of the defined pension fund net liability/asset (key accounting estimate) An actuarial estimate of the net defined pension liability/asset is calculated on an annual basis under IAS 19 ‘Employee Benefits’, and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code. The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset (where relevant).ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involves, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk. **Inherent risk of material misstatement:** **Defined pension fund net liability/asset (valuation): High**	Due to the time constraints arising from conditions created by the statutory backstop date, we do not anticipate being able to undertake the required audit procedures to address the identified risk for 2023/24. We have therefore determined that we cannot meet the objectives of the ISAs (UK) and we will be issuing a disclaimer of opinion in our auditor’s report for 2023/24.

Value for Money arrangements

Under the Code of Audit Practice, we must satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to here as “Value for Money”, or “VFM”).
NAO Auditor Guidance Note 03 ‘Auditors’ Work on Value for Money Arrangements’ (“AGN 03”) was updated and issued on 18 January 2023 and requires us to provide an annual commentary on arrangements, which will be published as part of the Auditor’s Annual Report. Such commentary will highlight any significant weaknesses in arrangements, along with recommendations for improvements.

When reporting on such arrangements, the Code of Practice requires us to structure our commentary under three specified reporting criteria:

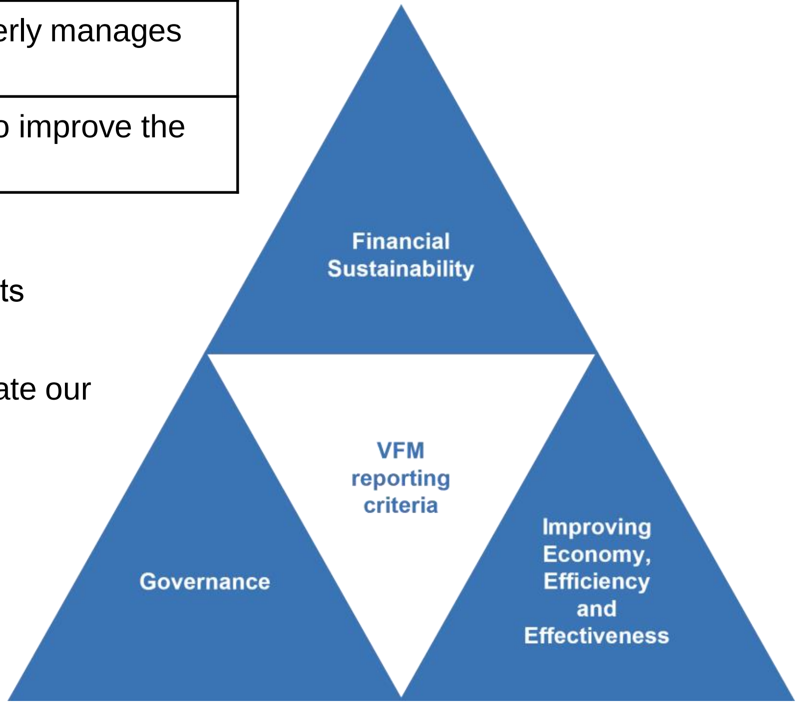
Financial sustainability	How the body plans and manages its resources to ensure it can continue to deliver its services
Governance	How the body ensures that it makes informed decisions and properly manages its risks
Improving economy, efficiency and effectiveness	How the body uses information about its costs and performance to improve the way it manages and delivers its services

As part of the planning process, we are required to perform procedures to identify potential risks of significant weaknesses in the Council’s arrangements to secure VFM through the economic, efficient and effective use of its resources.

We are required to re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements.

Where we identify significant weaknesses in arrangements as part of our work, we are required to make recommendations setting out:

- Our judgement on the nature of the weakness identified;
- The evidence on which our view is based;
- The impact on the local body; and
- The action the body needs to take to address the weakness.



Value for Money arrangements

Risks of significant weakness in VFM arrangements

We have carried out an initial risk assessment to identify any risks of significant weakness in respect of the three specific areas of proper arrangements using the guidance contained in AGN 03. A significant weakness is a risk requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

We will re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements.

When considering the Council's arrangements, we will have regard to the three reporting criteria set out in AGN03, as well as performing additional work in the areas identified below which are the potential areas of significant weaknesses, we have identified at the planning stage.

Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work in accordance with the Code of Audit Practice and may not be all that exist.

Prior Year Recommendations

The Council's predecessor auditor raised 1 statutory recommendation and 4 key recommendations in their 2021/22 and 2022/23 Auditor's Annual Report (AAR), indicating a number of significant weaknesses in areas of the Council's Value for Money arrangements. These have been included on the follow page/s for reference and completeness.

We will consider the extent to which the significant weaknesses identified by the predecessor auditor and reported to the Council in January 2024 were also present for the 2023/24 financial year, whilst recognising an action plan identified and put in place by management to address these issues in future periods. Discussions will be held with management to determine the impact this has had on the Council's Value for Money commentary in the current financial year, and we will report our findings as part of the 2023/24 Auditor's Annual Report (AAR).

Value for Money arrangements

Type of Recommendation	Detail
Statutory recommendation 1	The Council needs to improve its financial planning and financial monitoring arrangements by: • Ensuring it has adequate capacity in its finance team and ensure that budget holders receive formal financial monitoring reports during the year and to review year end variances to help inform the budget setting process of the subsequent year • Putting In place a Capital Strategy that complies with the revised Prudential Code • Producing draft financial statements in line with statutory requirements and working with external auditors to deliver audits effectively
Key recommendation 1	The Council should develop a corporate saving and transformation programme to help it reduce spending by looking at different ways of delivering services. It needs to: • Use the corporate business plan to identify its budget priorities and review service budgets • Develop an understanding of the cost of delivering its core statutory services and discretionary spend where it meets clear Council priorities and identify reductions to non-essential spending • Identify ways to deliver for less by using unit cost benchmarking to review the cost effectiveness of existing activities • Identify any discretionary activity that could be reduced or curtailed where it does not contribute to corporate business plan priorities • Consult on service changes and future spending plans with the public and included public engagement annually as part of business planning • Ensure the requisite skills are in place to manage the programme, lead change and explore new ways of working • Develop early ideas for savings with budget holds and present these members to enable early engagement with key stakeholders and to enable members to see options and the impact of savings on residents across the Council

Value for Money arrangements

Type of Recommendation	Detail
Key recommendation 2	The Council needs to urgently address it significant weaknesses in its internal controls relating to ICT by: • Ensuring its systems are fully supported by IT, Cyber and Network Security and making sure all policies are up to date and shared with staff who are appropriately trained and ensuring regular performance monitoring to address any evolving security weaknesses identified • Ensuring the Council has appropriate arrangements in place to meet information governance requirements including third party data transfers, privacy impact assessments and governance frameworks and ensuring staff know how to use these and access appropriate support and training • Working with procurement and commissioning to embed ICT controls and information governance in procurement and commissioning decisions
Key recommendation 3	The Council needs to urgently address it significant weaknesses in its internal controls relating to fraud by: • Ensuring there is central coordination for the National Fraud Initiative (NFI) matches. • Putting in place a dedicated counter fraud officer. • Updating the anti-Fraud and Bribery Framework and the Confidential Reporting Framework. • Ensuring work to detect fraud is extended to cover the finance system and procurement arrangements in the Council.

Value for Money arrangements

Type of Recommendation	Detail
Key recommendation 4	The Council needs to improve its performance management arrangements by: • Establishing a golden thread for the Council, by creating a performance management framework at corporate and service levels linking outcomes to expected annual measures to track success and report these to the public • Developing annual delivery plans aligned with the Corporate Plan and reduce the number of service specific strategies to ensure the golden thread is in place • Agreeing performance outcomes, that can be measured, at least annually as part of the new performance management framework • Improving performance reporting to include targets, RAG rating, and actual measures and benchmarking. Reports should use previous year and ‘nearest neighbours’ data where possible; integrating performance, risk and finance reporting to drive improvement • Ensuring the Cabinet receives quarterly integrated performance, finance and risk reports to enable it to hold officers to account • Using performance and financial data and benchmarking to look at delivery levels of statutory services to ensure the Council is achieving value for money • Extending the new performance management framework and reporting to key contracts such as waste and leisure • Developing a strategic approach to assessing the levels of statutory services needed to save money • Agreeing corporate programme and project management methodology and ensuring its understood and applied across the Council and when commissioning these services • Internally validating contract performance management, including outcomes, together with cost and risk and reporting these regularly to Cabinet • Engaging key stakeholders, where appropriate, to determine local priorities for resources or opportunities for savings • Developing a data quality policy and ensuring the quality of the Council’s core datasets.

Audit team and logistics

Your audit team

Role	Name	Contact details
Key Audit Partner	Andy Reid	Andy.Reid@azets.co.uk
Engagement Manager	Michael Butler	Michael.Butler@azets.co.uk

Timetable

Event	Date
Planning and risk assessment	April/ May 2025
Reporting of plan to Audit & Governance Committee	April/ May 2025
Reporting of Audit Findings (ISA260)	April/ May 2025
Auditor's Annual Report (AAR)	April/ May 2025
Target date of approval of accounts	April/ May 2025
Accounts publication deadline (as specified in the Accounts and Audit Regulations 2015)	April/ May 2025

Our expectations and requirements

For us to be able to deliver the audit in line with the agreed fee and timetable, we require the following:

- Draft financial statements to be produced to a good quality by the deadlines you have agreed with us. These should be complete including all notes, the Narrative Statement and the Annual Governance Statement;
- The provision of good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing;
- Ensuring staff are available and on site (as agreed) during the period of the audit;
- Prompt and sufficient responses to audit queries within two working days (unless otherwise agreed) to minimise delays.

The audit process is underpinned by effective project management to ensure that we co-ordinate and apply our resources efficiently to meet your deadlines. It is therefore essential that the audit team and the Council's finance team work closely together to achieve this timetable.

Independence, objectivity and other services provided

Auditor independence

We confirm that we comply with the Financial Reporting Council's (FRC) Ethical Standard and are able to issue an objective opinion on the financial statements. We have also complied with the NAOs Auditor Guidance Note 01, issued in September 2022, which contains supplementary guidance on ethical requirements for auditors of local public bodies. We have considered our integrity, independence and objectivity in respect of audit services provided and we do not believe that there are any significant threats or matters which should be bought to your attention.

Other services

We have detailed in the table below any other services provided to the Council, the threats to our independence these present and the safeguards we have put in place to mitigate these threats.

Service	Provided to	Fee	Threats identified and Safeguards to mitigate threats to independence
Audit related: Certification of Housing Benefit Assurance Process (HBAP) claim (2023/24)	Council	£28,000 plus additional fee for each extended testing workbook required	**Self-interest:** Given this is likely to be a recurring fee, we consider a threat present. However, the fee is not significant to Azets Audit Services or Cannock Chase District Council. The fee is fixed (apart from an additional £2,000 for each additional 40+ workbook) and not contingent in nature. **Self-review**: Whilst related revenue and expenditure streams are within the financial statements, we do not complete the claim form/s. The focus of our work is solely testing the data in the claim form prepared by the management. **Management:** As above, the claim form is completed by management and any adjustments or amendments identified to the form during the certification work are discussed and agreed by management prior to submission of the certification report. We therefore consider these risks sufficiently mitigated.

Fees

PSAA set a fee scale for each audit that assumes the audited body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. This fee scale is reviewed by PSAA each year and adjusted, if necessary, based on auditors' experience, new requirements, or significant changes to the audited body. The fee may be varied above the fee scale to reflect the circumstances and local risks within the audited body.

Our estimated fee (excluding VAT) is as follows:

Audit fee	2023/24 £
Base fee for the audit of the Council financial statements (as set out in the fee scales issued by PSAA)*	75,535
Fee variation; VFM consideration of additional risks	TBC
Fee variation: additional work arising from prior year and current year disclaimers	TBC
Total audit fee for Stafford Borough Council	**TBC**

- *In line with arrangements under the PSAA contract we only anticipate billing 50% of the published 2023/24 scale fee for work undertaken in relation to the 2023/24 audit

It is our policy to bill for overruns or scope extensions e.g., where we have incurred delays, deliverables have been late or of poor quality, where key personnel have not been available, or we have been asked to do extra work. Any such fee variations are subject to agreement with PSAA.

The approximate total fees charged to the Council for the provision of services in 2023/24 is as follows:

Audit fee	2023/24 £
Audit of the Council (as above)	TBC
Total audit fee	**TBC**
Non-audit services Council	28,000
Total fees (audit and non-audit)	**TBC**

Appendix I: Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these. Under ISA (UK) 260 we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Council and the needs of the users. When planning, we make judgements about the size of misstatements which we consider to be material, and which provide a basis for determining the nature and extent of our audit procedures. Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning.

Our assessment, at the planning stage, of materiality for the year ended 31 March 2024 was calculated as follows:

	Council £'000	Explanation
Overall materiality for the financial statements	1,008	2% of gross revenue expenditure based on 2021/22 financial statements. The financial statements are considered to be materially misstated where total errors exceed this value.
Performance materiality	600	60% of materiality. Audit work will be performed to capture individual errors at this level.
Trivial threshold	50	5% of overall materiality for the Council. Individual errors above this threshold are communicated to those charged with governance.

In addition to the above, we consider any areas for specific lower materiality. We have determined that no specific materiality levels need to be set for this audit.

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Agenda Item 3(b)

Statement of Accounts 2023/24

Committee: Audit and Accounts Committee

Date of Meeting: 20 May 2025

Report of: Deputy Chief Executive (Resources) and S151 Officer

Portfolio: Resources Portfolio

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1 Purpose of Report

1.1 To report on the process for the approval of the statement of accounts for the financial year ended 31 March 2024.

2 Recommendations

2.1 Members note:

(i) The Statement of Accounts 2023-24 (Appendix 1);

(ii) The findings of the External Auditor (Agenda item 3(c)); and

(iii) Note the impact of the audit backlog legislation.

2.2 Members approve the Management Representation letter, as included at Appendix 2 of the External Auditor's Audit Completion Report (to be signed by the Chair on behalf of the Committee).

Reasons for Recommendations

2.3 The Accounts and Audit Regulations 2015 require that the Council's Statement of Accounts be approved by the Audit and Accounts Committee.

3 Key Issues

3.1 As previously reported to the Committee in November 2024, the approach to auditing the Council's statement of accounts has changed due to the backlog of audits which has built up in local government.

3.2 To ensure the timely completion of audits for local authorities the government has instigated reset measures for all audit opinions covering up to and including the financial year 2023/24, followed by a recovery period for future financial years.

3.3 Due to the time required to rebuild assurance levels and return to normal acceptable practices, councils across the country are likely to received modified or disclaimed opinions for a number of years. The government's aspiration is for disclaimed opinions driven by the backstop dates to be limited to the financial years up to and including the 2024/25 financial statements and the associated 27 February 2026 backstop date.

3.4 Auditors will clearly communicate the reasons for their opinion in their auditor's report to the council, referencing the impact of the backstop dates as appropriate. The council should not be unfairly judged for modified or disclaimed audit opinions beyond their control.

4 Relationship to Corporate Priorities

4.1 The Statement of Accounts is an important part of the Council's corporate governance arrangements that cut across all of the Council's priorities.

5 Report Detail

5.1 The approval process for the Statement of Accounts requires the accounts to be certified by the Section 151 Officer (Head of Finance) as providing a true and fair view of the financial position of the Council as at the 31 March year end. The accounts would usually then be audited, and the audited accounts be considered by the Audit and Accounts Committee alongside the 'Audit Findings' report from the Council's External Auditor.

5.2 This approach has changed due to the backlog of audits which has built up in local government. The reasons for this build up are:

- An enhanced regulatory focus on balance sheet items where there is a degree of estimation or uncertainty driven by previous failures in private sector audit. These private sector failures have required local authorities to produce more detailed evidence and working papers to support areas such as property asset and pension fund valuations. There has been no differentiation between commercial assets or assets held for sale where the valuation is material and those which are hard to value and will never be sold such as roads and heritage assets.

- A lack of capacity within the local audit firms to complete the work to deadlines, potentially driven by the low fee rates, capacity pinch points such as the audit of the NHS accounts and challenges in recruiting.

- Similar capacity issues within local authorities who were having to make large cuts to bridge funding reductions. This is particularly pertinent at this council as per the value for money report which detailed the resource constraints in the finance team.

5.3 The government's approach to clearing the backlog of local government external audits, which enables the publication of audited accounts, has changed this approach for the accounts attached to this report.

5.4 In September 2024 government laid statutory instruments to introduce backstop dates and require auditors to provide their opinion in time for local authorities to adhere to the backstop dates. These new measures will clear the backlog but during this recovery period it is likely that many audit opinions will be classed as modified or disclaimed audit opinions due to the time limitations imposed by the introduction of the backstop dates.

5.5 To ensure the timely completion of audits for local authorities the government has instigated reset measures covering all audit opinions covering up to and including the financial year 2023/24, followed by a recovery period for future financial years.

5.6 To support clearing the backlog, the following backstop deadline dates have been set:

Financial Year	**Deadline**
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

5.7 For financial years 2024/25 to 2027/28, the date by which the council should publish 'draft' (unaudited) accounts will change from 31 May to 30 June following the financial year to which they relate.

5.8 Due to the backstop deadlines a significant number of audits may only be concluded by including a modified audit opinion as opposed to the desired unmodified opinion. A modified audit opinion may be classed as adverse or a disclaimer.

5.9 An adverse opinion means the auditor has determined the financial statements to be materially misstated. A disclaimed audit opinion means the auditor is unable to determine whether or not the financial statements are materially misstated.

5.10 An unmodified opinion means the auditor has assured themselves that the council's financial statements are prepared according to accounting standards and are free from material misstatement.

5.11 Auditors will clearly communicate the reasons for their opinion in their auditor’s report to the council, referencing the impact of the backstop dates as appropriate. The council should not be unfairly judged for modified or disclaimed audit opinions beyond their control.

5.12 Due to the time required to rebuild assurance levels and return to normal acceptable practices, councils across the country are likely to received modified or disclaimed opinions for a number of years. The government’s aspiration is for disclaimed opinions driven by the backstop dates to be limited to the financial years up to and including the 2024/25 financial statements and the associated 27 February 2026 backstop date.

5.13 The Council's external auditors have a duty to report to those charged with governance on the financial statements of the Council.

5.14 As part of the formal audit conclusion process, the Responsible Financial Officer is required to submit the attached Management Representation Letter (Appendix 1) to the Appointed Auditor having obtained acknowledgement by the Audit and Accounts Committee.

6 Implications

6.1 Financial

These are detailed in the above report.

6.2 Legal

The Statement of Accounts is a statutory document. The Local Government Act 2003 (section 21) enables the Secretary of State to issue regulation on the preparation and publication of accounts for local authorities, which is fulfilled by the Accounts and Audit Regulations 2015 (as amended). The backstop legislation was passed on 9 September. The Government laid in Parliament two pieces of legislation which would give effect to these proposals: the Accounts and Audit (Amendment) Regulations 2024 and, on behalf of the Comptroller and Auditor General of the National Audit Office, a draft Code of Audit Practice 2024. On 24 September FRC published a guide to the ‘rebuilding assurance’ plan Local Audit Backlog Rebuilding Assurance (frc.org.uk).

6.3 Human Resources

None

6.4 Risk Management

The resource constraints of the finance team are detailed in the risk register with mitigating measures designed to allow the council to meet its statutory obligations on accounts preparation and sign off.

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1: Statement of Accounts 2023-24

8 Previous Consideration

Statement of Accounts 2021/22 and 2022/23 - Audit and Accounts Committee 20 November 2024.

9 Background Papers

None

Contact Officer:	Emma Fullagar
Telephone Number:	01543 464720
Ward Interest:	None
Report Track:	Audit and Accounts Committee: 20 May 2025 (Only)
Key Decision:	N/A

Statement of Accounts

2023 / 2024

SUBJECT TO AUDIT

Stafford
BOROUGH COUNCIL

Stafford Borough Council - Statement of Accounts

CONTENTS

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Narrative Report

The Statement of Accounts for the year ended 31 March 2024 has been prepared in accordance with the requirements of the Accounts and Audit Regulations 2015. The format reflects the requirements of the Code of Practice in Local Authority Accounting in the United Kingdom which is supported by the International Financial Reporting Standards (IFRS). The Statement of Accounts therefore aims to provide information for the 2023/24 financial year so that members of the public (including electors and residents of Stafford Borough), Council Members, partners, stakeholders and other interested parties are able to:

- See the performance of the Council including progress against its strategic objectives;
- Understand the overarching financial position of the Council;
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- Have sight of the progress made in monitoring the key risks faced by the Council.

This **Narrative Report** is structured as follows:

- Overview of the Borough
- Finance and resource allocation
- Performance
- Future Outlook

1.1 Overview of the Borough

Stafford Borough is one of eight District and Borough Councils that make up the County of Staffordshire in the West Midlands. The Borough is a County town and the largest district geographically stretching across 59,187 hectares equating to approximately 230 miles. Predominately rural, its economic scale score of 84.71 ranks it as medium size by British standards.

Stafford Borough is resident to 138,670 people. There are two main town centres, Stafford and Stone, located within the Borough that act as the hubs delivering services to large rural hinterlands, and are important economic centres in their own right. Although relatively affluent, the Borough does experience pockets of deprivation where there are large stocks of social housing, high numbers of people who are out of work and claiming benefits. Although some areas of Stafford Borough demonstrate positive results in terms of key quality of life indicators, there are a number of areas where families and communities face multiple issues such as unemployment or low incomes, low qualifications, poor housing or ill-health (physical and/or mental).

1.2 Political Composition and Leadership

Stafford Borough Council was formed on 1 April 1974, under the Local Government Act 1972, as a merger of the Municipal Borough of Stafford, Stone Urban District, Stafford Rural District and Stone Rural District and comprises of 23 ward areas. The Council is composed of 40 councillors who are elected every four years. The councillors are democratically accountable to residents of their wards.

All councillors meet together as the Council. Meetings of the Council are normally open to the public. Here Councillors decide the Council's overall policies and set the budget each year. The Council appoints the Leader of the Council who appoints the Cabinet. The Council appoints Scrutiny Committees which together with the Council hold the Leader and Cabinet to account.

The Cabinet is responsible for most day-to-day decisions and when major decisions are to be discussed or made; these are published in the forward plan. Decisions are made by the Cabinet in line with the Council’s overall policies and budget. If the Cabinet wishes to make a decision which is outside the budget or policy framework, then this is referred to the Council as a whole to decide.

There are three scrutiny committees in place that support the work of the Cabinet and the Council as a whole. The scrutiny committees have been aligned to the Council's Corporate Business Plan and focus on Economic Growth and Development; Community Wellbeing and Financial Sustainability.

The strategic policies and priorities of the Council are directed by the Cabinet and implemented by the Leadership Team that comprises of a Chief Executive who is supported by eight senior officers, five of which are a shared service with Cannock Chase District Council. The purpose of leadership team is to drive the delivery of excellent community services to achieve Local and National priorities.

The Council employs approximately 202 staff who collectively have a diverse range of skills and specialisms.

1.3 Purpose

The Council provides both statutory and non-statutory services to a population in excess of 138,670 people. These services range from:

- Growing a healthy economy: Supporting the development of key infrastructure and projects and encouraging good design of settlements and individual buildings
- Providing an attractive and clean borough: Keeping our environments clean and protected through waste collection, recycling and keeping streets free of litter, including removal of abandoned vehicles and fly tipped waste and carrying out conservation and wildlife management at protected sites
- As responsible authority for crime and disorder: Working in partnership to keep the Borough safe, free from crime and anti-social behaviour, inspecting food and drink premises to make sure they are safe and hygienic and monitoring CCTV
- Supporting and promoting community wellbeing to all our residents: Working in partnership to promote healthy lifestyles through leisure provision and by providing and maintaining our green open spaces
- Growing our visitor economy by supporting arts and culture, events and festivals, and tourism
- Providing support to our most vulnerable residents who are experiencing issues of social deprivation such as homelessness, mental health and rural isolation
- Collecting council tax and business rates and helping people access financial support through housing benefit and council tax discounts
- Supporting residents to improve the homes and areas they live in by dealing efficiently with planning applications and providing building control
- Compiling and maintaining the electoral register and administering elections

These services are supported by a number of internal services such as communications; corporate business; customer services; human resources; Information technology, finance and legal services. The Council operates within a 'two-tier' local government structure so services such as education, social care, children's services, highways, libraries and trading standards are delivered by Staffordshire County Council. There are also 32 Parish Councils across the district which also deliver services to the community.

1.4 Corporate Business Plan

The Corporate Business Plan for 2021-24 sets out how we will continue to deliver and sustain economic growth, respect our environment, support our communities and ensure that the borough is a great place in which to live, work and visit.

Our Vision

A prosperous and attractive borough with resilient communities

Corporate Business Objectives:

- To deliver innovative, sustainable economic and housing growth to provide income and jobs.
- To improve the quality of life of local people by providing a safe, clean, attractive place to live and work and encouraging people to be engaged in developing resilient communities that promote health and wellbeing.
- To tackle Climate Change by implementing our Climate Change and Green Recovery objectives
- To be a well-run, financially sustainable and ambitious organisation, responsive to the needs of our customers and communities and focussed on delivering our objectives.

There are four delivery plans in place that detail how the council will achieve outcomes against each of the business objectives. Performance against each of the delivery plans is monitored by the respective scrutiny committees.

There are a number of existing partnerships in place that support the delivery of priorities for the Council such as the Chamber of Commerce, Staffordshire Police, Integrated Care Partnership and Public Health. The Council will continue to capitalise on these and forge new partnerships wherever possible.

The funding to local authorities through the Revenue Support Grant and other budgets has been substantially reduced in recent years. At present, the Council is largely dependent on the monies it raises from council tax, its share of business rates and income generated from a limited number of services. The Council will work to protect front-line services by reducing the cost of the services provided by cutting waste and looking for different ways to provide them.

We will continue to explore other avenues for income generation such as commercial opportunities and maximising our assets including the Civic Centre, in order to reduce the dependency on New Homes Bonus and to offset the likely impact of the reset of business rates growth achieved to date. In addition, we need to be as efficient and effective as possible and this will mean that as an authority we will need to look at our own ways of working.

The Council identified a number of key strategic risks for the authority that could impact on the achievement of its corporate priorities, these included:

- The funding available to the Council from central Government resulting from changes to Business Rates, New Homes Bonus etc. will not be known until the autumn at the earliest. This together with increases in inflation and interest rates makes accurate budget planning difficult, resulting in a risk of over commitment of financial resources or inappropriate use of reserves.
- Economy of the Borough impacted limiting the ability to deliver the Economic Growth Strategy for the Borough
- Council's key contractors remain sustainable and continue to provide value for money
- Reduced Organisational resilience may lead to reduced resources to support Council's service delivery and transformation

In particular the key financial risk relates to the proposed change in local government funding from 2025/26. The Council have set a balanced budget for 2024/25, based upon the current funding regime. However the introduction of Fair Funding, that reflects a change in the methodology for determining the Council's relative needs and relative resources, and the introduction of 75% Business Rates Retention combined with a Reset of Business Rates Baselines, creates a great degree of uncertainty for the Council's funding in 2025/26 and beyond.

Nevertheless the resource opportunities provided by economic and housing growth - a key objective of the Council's Corporate Plan - remains a key part of the Council's Medium Term Budget Strategy.

2. Financial Strategy and resource allocation

2.1 Overview of Portfolio Spending

The following pages provide a brief overview of the financial position of the Council for 2023/24, in terms of the Council's management accounting framework, rather than the statutory IFRS framework.

2.2 Revenue spending

The General Fund records all the day-to-day spending on Council services. The net cost of services contained within the General Fund are met from Council Tax and Central Government funds, including income derived from Business Rates payers

Stafford Preliminary Outturn 2023/2024

		Revised Budget £'000	Actual £'000	Variance to Revised £'000
	Portfolios			
1	Community	1,172	1,114	58
2	Environment	3,542	3,391	151
3	Leisure	2,024	1,992	32
4	Planning & Regen	2,086	2,624	(538)
5	Resources	7,665	8,164	(499)
6	Total Portfolios	16,489	17,285	(796)
7	Investment Income	(2,600)	(4,009)	1,409
8	Technical Items	3,172	5,643	(2,471)
9	Net Expenditure	17,061	18,919	(1,858)
10	Use of Government Grants	(745)	(1,516)	771
11	**Net Revenue Budget**	**16,316**	**17,403**	**(1,087)**
	Financed by:			
	Business Rates			
12	Core funding	(2,930)	(2,930)	-
13	Growth	(2,222)	(3,074)	852
14	Pooling	(1,104)	(1,397)	294
15	Revenue support grant	(113)	(113)	-
16	Fund guarantee grant	(1,587)	(1,587)	-
17	Core spending power grant	(114)	(114)	-
18	Rural services delivery grant	(29)	(29)	-
19	Collection fund surplus	-	(262)	262
20	Council Tax	(8,235)	(8,235)	-
21	Total Financing	**(16,334)**	**(17,741)**	**1,408**
22	**Trf (to)/from working balances**	**(18)**	**(338)**	**321**
23	**Net Revenue Budget**	**16,316**	**17,403**	**(1,087)**

The table above shows that net expenditure including Investment Income, Technical financing adjustments and use of government grants was £17.403 million, £1.087 million (6.66%) more than the budget.

The actual expenditure on portfolio budgets was £0.796 million (4.8%) higher than anticipated with Investment Income being £1.409 million higher than expected due to the increased interest rates and reduced interest due on balances held. There was also £0.771 million of additional government grants, the majority of which is a one off receipt.

2.4 Collection Fund

The overall amount of Council Tax required by the precepting authorities to be collected through the Council's Collection Fund was £99.099 million, with the Borough Council's element being £8.234 million and £1.333 million required by Parish Councils in the Borough.

The net position on the Collection Fund for the year was a surplus of £0.966 million. The overall position after taking account the balance brought forward in relation to previous years' surpluses, leaves a net surplus on the fund of £0.592 million at 31 March 2024.

The detailed Collection Fund accounts show the overall position for the year in relation not only to Council Tax but also to the collection of National Non Domestic Rates.

2.5 Working balances

The final outturn shows a contribution to working balances to the General Fund of £0.338 million with a resultant £2.906 million balance as at the 31 March 2024. As the Council policy is to retain a working balance of £1.0 million the £1.906 million transfer will be used to support service delivery and council priorities. Work is being undertaken with members as part of budget setting to identify specific programmes that they would like to see some of these monies allocated to.

2.6 Pensions

Councils are required to account for pension costs to show any deficit, or surplus, on the Pension Fund in the balance sheet. The fund is administered by Staffordshire County Council and the actuarial valuation at 31 March 2024 showed the Council's share of the fund to be a deficit of £21.358 million (an increase of £19.962 million). The fund deficit has no impact on the level of Council Tax. The remaining deficit on the scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.

Although the Council has outsourced its Leisure services it remains liable for the pension deficit in respect of the transferred employees as it is operating on a pass through pension agreement. As such the pension figures include the Freedom leisure contributions. In accordance with the pass through arrangement the contributions from Freedom are more than expected to cover the liability arising.

2.7 Capital Expenditure

The Council approves the Capital Programme for the financial year as part of the budget process. The capital programme, the amount that can be spent, is effectively constrained by the amount of capital resources available to the Council however subject to a valid business case the Council can increase such resources by prudential borrowing.

Many of the schemes within the Capital Programme take some time to develop and implement, the detailed programme can experience many changes. Considerable variation can therefore arise over the 18 month period from the time the Capital Programme for the financial year is initially considered, right through to the end of March of the relevant year.

The Council spent £9.774 million on capital projects in 2023/24 which was £10.885 million less than the budget of £20.659 million. The main reason for the difference in 2023/24 is scheme slippage where the scheme will proceed later than planned and the expenditure will occur in a future year. This mainly related to Future High street spend £9.8 million and Stone Leisure Phase 2 £0.308 million.

Capital Outturn Position			
	Budget	Actual	Variance from Budget
	£'000	£'000	£'000
Community	1,765	1,361	404
Environment	200	190	10
Leisure	1,882	1,544	338
Planning and Regeneration	16,690	6,674	10,016
Resources	122	5	117
Total	**20,659**	**9,774**	**10,885**

The major items of capital spend in the year were:

- £5,715,070 on Future High Streets;
- £1,498,230 on Stone Leisure phase 2;
- £1,292,900 on the provision of grants for disabled adaptions in homes;
- £889,580 on UK Shared Prosperity Fund;
- £68,810 on Rural Prosperity Fund

The capital programme of £9.774 million was financed as below:

	£'000
Capital receipts	737
Capital grants and contributions	8,524
Direct revenue contributions	513
Total	9,774

2.8 Treasury Management

During most of 2023/24 investment decisions were driven by cash flow considerations and funds placed in Money Market Funds for easy access. However opportunities were also taken to place funds in higher interest bearing investments when cash flow requirements would allow.

3. The Council’s Performance 2023-2024

Notable achievements for the council in 2023-24 are as follows:

- the progress made with the transformation of Stafford Town Centre, in particular:
  - the completion and opening of the refurbished market square;
  - the purchase of the Guildhall shopping centre site and the planned purchase of the former Co-op store for redevelopment;
  - the securing of funding for the Station Gateway project
- Significant reduction in the planning backlog and total number of applications on-hand.
- the completion of work on the new play facilities, multi-use games area wheeled sports facility, woodland play area and toilets at Westbridge Park;
- The new Disabled Facilities Grant Shared Service with South Staffordshire has assisted a record number of people in the year and timescales for those new into the service are significantly reduced.
- The new supported accommodation provided by Turning Point is now open and is having a positive impact on the quality of people’s lives.
- The launch of the new customer portal with user friendly forms, which will act as the basis for future transformation of our customer service.

23/24 saw the start of the wider sharing of services with Cannock Chase District Council and the creation of the new joint Leadership Team,

4 Future Outlook and issues facing the Council

4.1 Planned future developments

The Council is at the heart of future development with its area either as a direct provider or acting as a facilitator with its private and public sector partners. The borough has seen unprecedented growth and figures show around £2 billion has been invested in, or planned for, the area. More than three thousand jobs have been created and hundreds of new homes have been built each year.

4.2 Future investments

This level of growth is set to continue with work already underway for the district identified by lead partner:

Council

- £14.3m of Future High Streets Fund investment supported by further investment from the Borough and County Councils creating a total pot of over £21 million.

4.3 Financially sustainable

The Council approved its three year budget to 2026/27 however like all other authorities a great deal of uncertainty exists. The Council continues to progress the areas within its direct control with a balanced budget set for 2024/25. Reserves do exist to mitigate some of the estimated impacts but these can only be used on a one off basis. The existing settlement only relates to 2024/25 and details of the regime for 2025/26 are still awaited. The risks in relation to such funding are detailed below.

- Central government funding - The government has made considerable cuts in public spending. Austerity measures will inevitably lead to the Council being under continuing pressure to deliver efficiencies going forward.

- Business Rates Retention Scheme - Income being shared between central government, the Council, Staffordshire County Council, Staffordshire Commissioner Fire and Rescue Service and the Stoke on Trent and Staffordshire Business Rates Pool. The Business rates regime carries the following financial risks for the Council:

  - Failure to collect business rates income in accordance with the "Start-Up" funding assessment;
  - Failure to collect business rates billed;
  - Reduced business rates collectable as a result of appeals.
  - Delays in new developments

  Nevertheless the Council has seen its income from business rates, reflecting the new developments, within its area, increase year on year.

  This in itself creates a material future risk to the council. Although the Tax base for the Council will continue to grow the introduction of a revised regime is now planned for 2025/26.

  The biggest risk however is in relation to the planned Reset of growth achieved to date. Three potential options exist in relation to the basis of the reset, notably No Reset (All growth retained); Full Reset (No growth retained) or Partial Reset (Proportion of growth retained) with the growth not retained being redistributed across the local government sector.

  As part of its financial planning the Council also identifies its key financial risks in relation to its own income and expenditure to ensure they are taken into account when considering the budget. Some of the key issues facing the Council in the future are:

- Income levels - a number of main income streams are subject to demand, in particular parking, bereavement services and planning. The Council has limited means to address issues of demand however income is an area that receives particular budget monitoring attention with new or diverse forms of income being explored

- Interest rates - the volatility in interest rates has impacted on investment returns. Any overall decrease in rates will reduce income.

- Pension's costs - the Council continues to face the pressure of the rising costs of pension's provision.

4.4 Auditors Annual Report on the Council

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), the new external auditors Azets are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This report is currently being undertaken. It will take into account the previous auditors work, and be reported to audit committee when completed.

In the previous financial year the councils old auditors, Grant Thornton, made a number of statutory recommendations driven by a number of issues that the council was facing and have been documented, primary amongst them being resource availability and capacity. Significant progress has been made on these as can be seen in reports made to council on the Value for Money (VFM) tracking quarterly reports.

Auditors are required to report their commentary on the Council's arrangements under specified criteria. This piece of work is currently being undertaken by the external auditors. Once this work has been completed it will be reported to audit committee.

5 Explanation of Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below:

5.1 Statements to the Accounts

Statement of Responsibilities for the Statement of Accounts sets out the respective responsibilities of the Council and the Deputy Chief Executive Resources (S151)

Auditors report gives the auditor's opinion of the financial statements and of the council's arrangements for securing economy, efficiency and effectiveness in the use of resources,

5.2 Core Financial Statements

Comprehensive Income and Expenditure Statement - This shows the cost of providing services in the year in accordance with International Financial Reporting Standards, rather than the amount funded from Council Tax and other government grants. The amount funded from Council Tax and grants differ from this by a series of adjustments made in accordance with regulations. These adjustments are made in the Movement in Reserves Statement.

Movement in Reserves Statement - This statement provides a summary of the changes that have taken place in the Council's reserves over the financial year by analysing the increase or decrease. Reserves are divided into 'Usable' that can be invested in capital projects or service improvements, and 'Unusable' which must be set aside for specific purposes and cannot be used to fund expenditure.

Balance Sheet - shows the value of the Council's assets and liabilities at the Balance Sheet date. These are matched by reserves which are split into two categories, Usable and Unusable reserves. Unusable reserves are not available to support services and are in the main used to hold unrealised gains and losses, where the actual gain or loss will only become available once another event has occurred. For example, the Revaluation Reserve for Non-Current assets will only become available if the asset is sold and the full value of the asset realised.

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

5.3 Supplementary Statements

Collection Fund - is an agents' statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Business Rates (Non-Domestic Rates (NDR)) and its distribution to precepting bodies.

5.4 Notes to the Accounts

Expenditure and Funding Analysis - This is an additional note which was required with effect from the 2016/17 accounts and shows the expenditure and income which is reported to management as part of the final accounts outturn and scrutiny reports. It then seeks to demonstrate the adjustments which are made to comply with International Financial Standards to arrive at the figures reported within the Comprehensive Income and Expenditure Statement (these are analysed in more detail in note 7 to the accounts).

Glossary - This provides an explanation of the technical terms contained within the statement of accounts.

5.5 Main Changes to the Core Statements and Significant Transactions in 2023/24

There were no major changes to the statements for 2023/24.

Comprehensive Income and Expenditure Account (page 15)

- The net cost of services shows an increase of £1.887 million. This principally relates to changes in capital transactions, increased staffing costs and specific grant schemes spend. Further details are included within note 5 to the accounts.

Balance Sheet (page 18)

- Property, plant and equipment have increased by £8.287 million, reflecting asset valuations and depreciation and additions.
- Short term investments have increased by £10.164 million reflecting year end holdings.
- Cash and cash equivalents have decreased by £27.427 million which reflects the year end holdings of money market and call account funds.
- Unusable reserves have changed significantly primarily due to the change in the pension reserve, decreasing by £10.200 million.

Cash Flow Statement (page 19)

There is an overall decrease of £27.427 million in cash and cash equivalents at the end of the reporting period, primarily due to movement in short term investments and cash and cash equivalents.

CERTIFICATION OF ACCOUNTS
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Deputy Chief Executive - Resources with S151 responsibilities;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Deputy Chief Executive - Resources with S151 Responsibilities

The Deputy Chief Executive - Resources (S151) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("The Code of Practice").

In preparing this Statement of Accounts, the Deputy Chief Executive - Resources (S151) has:

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

The Deputy Chief Executive - Resoures (S151) has also:

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

Certification by Deputy Chief Executive - Resources (S151)

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

C Forrester Date 27/02/2025

C Forrester CPFA - Deputy Chief Executive - Resources (S151)

* original signed certificate held in Finance

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COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

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

2022/23 (restated)*				2023/2024		
Gross Expend £000	**Gross Income £000**	**Net Expend £000**		**Gross Expend £000**	**Gross Income £000**	**Net Expend £000**
4,221	(1,055)	3,166	Community Portfolio	4,018	(1,813)	2,205
11,604	(7,907)	3,697	Environment Portfolio	11,255	(8,258)	2,997
3,160	(210)	2,950	Leisure Portfolio	3,514	(413)	3,101
3,372	(1,461)	1,911	Planning and Regeneration Portfolio	6,459	(1,622)	4,837
27,560	(20,363)	7,197	Resources Portfolio	28,927	(21,120)	7,807
49,917	(30,996)	18,921		54,173	(33,226)	20,947
87	(470)	(383)	Hosted	83	(605)	(522)
50,004	(31,466)	18,538	**Cost of Services**	54,256	(33,831)	20,425
		1,347	Other operating expenditure (Note 13)			1,333
		1,210	Financing and investment income and expenditure (Note 14)			(3,459)
		(27,688)	Taxation and non-specific grant income (Note 15)			(24,372)
		(6,593)	**(Surplus) / Deficit on Provision of Services**			**(6,073)**
		(3,279)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets (Note 28)			(4,509)
		(36,964)	Remeasurement of the net defined benefit liability / asset (Note 28)			21,271
		(40,243)	**Other Comprehensive Income and Expenditure**			**16,762**
		(46,836)	**Total Comprehensive Income and Expenditure**			**10,689**

* The comparator figures for 2022/23 have been restated to reflect the latest reporting segments to ensure a like for like comparison.

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 or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

The balance at 31 March for Usable Reserves represents the amount available for use in the delivery of services.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2023	**(2,569)**	**(32,266)**	**(1,443)**	**(15,859)**	**(52,137)**	**(51,718)**	**(103,855)**
Movement in reserves during 2023/24							
(Surplus)/deficit on the provision of services	(6,073)				**(6,073)**		(6,073)
Other Comprehensive Income and Expenditure					-	16,762	16,762
Total Comprehensive Income and Expenditure	**(6,073)**	**-**	**-**	**-**	**(6,073)**	**16,762**	**10,689**
Adjustments between accounting basis & funding basis under regulations (Note 11)	1,298	-	388	4,876	**6,562**	(6,562)	-
Net (Increase)/Decrease before Transfer to Earmarked Reserves	**(4,775)**	**-**	**388**	**4,876**	**489**	**10,200**	**10,689**
Transfers to/from Earmarked Reserves (Note 12)	4,437	(4,437)			-		-
(Increase)/Decrease in 2023/24	**(338)**	**(4,437)**	**388**	**4,876**	**489**	**10,200**	**10,689**
Balance at 31 March 2024	**(2,907)**	**(36,703)**	**(1,055)**	**(10,983)**	**(51,648)**	**(41,518)**	**(93,166)**

The Total General Fund balance at 31 March 2024 is £39.610 million, comprising working balance of £2.907 million and earmarked reserves of £36.703 million.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2022	**(1,831)**	**(34,375)**	**(1,507)**	**(7,709)**	**(45,422)**	**(11,597)**	**(57,019)**
Movement in reserves during 2022/23							
(Surplus)/deficit on the provision of services	(6,593)				**(6,593)**		(6,593)
Other Comprehensive Income and Expenditure					-	(40,243)	(40,243)
Total Comprehensive Income and Expenditure	**(6,593)**	**-**	**-**	**-**	**(6,593)**	**(40,243)**	**(46,836)**
Adjustments between accounting basis & funding basis under regulations (Note 11)	7,964		64	(8,150)	**(122)**	122	-
Net (Increase)/Decrease before Transfer to Earmarked Reserves	**1,371**	**-**	**64**	**(8,150)**	**(6,715)**	**(40,121)**	**(46,836)**
Transfers to/from Earmarked Reserves (Note 12)	(2,109)	2,109			-		-
(Increase)/Decrease in 2022/23	**(738)**	**2,109**	**64**	**(8,150)**	**(6,715)**	**(40,121)**	**(46,836)**
Balance at 31 March 2023	**(2,569)**	**(32,266)**	**(1,443)**	**(15,859)**	**(52,137)**	**(51,718)**	**(103,855)**

The Total General Fund balance at 31 March 2023 is £34.835 million, comprising working balance of £2.569 million and earmarked reserves of £32.266 million.

BALANCE SHEET

The Balance Sheet shows the value as at 31 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. Reserves are reported in two categories:

The first category of reserves are Usable Reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2023 £000		Notes	31 March 2024 £000
54,210	Property, Plant & Equipment	16	62,497
686	Heritage Assets	17	686
2,527	Investment Properties	18	2,527
161	Intangible Assets	19	142
102	Long Term Debtors	20	102
57,686	**Long Term Assets**		**65,954**
8,030	Short Term Investments	20	18,194
31	Inventories	21	35
4,544	Short Term Debtors	22	8,453
68,274	Cash and Cash Equivalents	23	40,847
80,879	**Current Assets**		**67,529**
(22,268)	Short Term Creditors	25	(11,684)
(2,495)	Grants Receipts in Advance-Revenue	37	(2,455)
-	Short Term Provisions	26	(138)
(24,763)	**Current Liabilities**		**(14,277)**
(10)	Long Term Creditors	20	(6)
(3,374)	Provisions	26	(2,363)
	Other Long Term Liabilities		
(1,396)	Pensions	43	(18,485)
(1,478)	Finance Leases	40	(1,401)
(3,689)	Grants Receipts in Advance-Capital	37	(3,785)
(9,947)	**Long Term Liabilities**		**(26,040)**
103,855	**Net Assets**		**93,166**
(52,137)	Usable Reserves	27	(51,648)
(51,718)	Unusable Reserves	28	(41,518)
(103,855)	**Total Reserves**		**(93,166)**

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CASH FLOW STATEMENT

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

2022/23 £000		2023/24 £000
(6,593)	**Net (surplus) or deficit on the provision of services**	**(6,073)**
2,320	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 29)	**7,520**
10,283	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 29)	**4,442**
6,010	**Net cash flows from Operating Activities**	**5,889**
(35,331)	Investing Activities (Note 30)	**11,932**
(5,284)	Financing Activities (Note 31)	**9,606**
(34,605)	**Net (increase) / decrease in cash and cash equivalents**	**27,427**
33,669	**Cash and cash equivalents at the beginning of the reporting period**	**68,274**
68,274	**Cash and cash equivalents at the end of the reporting period (Note 23)**	**40,847**

NOTES TO THE ACCOUNTS

1. Accounting Policies

(i) General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year end of 31 March 2024. The Council is required to prepare an Annual Statement of Accounts by the Accounts and Audit Regulations 2015, which is required to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

In compiling the disclosure notes, the Council has given due regard to materiality and therefore detailed disclosures are not given for items below £50,000 unless there is a statutory override. The general principle used for rounding is to the nearest £000's.

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

The accounts have been prepared on a going concern basis.

(ii) 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. The Council operates a de minimus for accruals of £2,000. In particular:

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

(iii) Cash and Cash Equivalents

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

In the 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.

(iv) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

(v) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding property, plant and equipment 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 is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis 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 Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

(vi) Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. leased cars) for current employees are recognised as an expense for services in the year in which employees render the service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, for example, time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant Portfolio in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises the 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 of 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.

Post Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Staffordshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

The Local Government Scheme is accounted for as a defined benefit scheme:

- The liabilities of the Staffordshire County Council (SCC) pension fund attributable to the Council are included on 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.

- Liabilities are discounted to their value at current prices, using an appropriate discount rate determined by the actuary.

- The assets of the SCC pension fund attributable to the Council are included in the Balance Sheet at their fair value:

    - quoted securities - current bid price

    - unquoted securities - professional estimate

    - unitised securities - current bid price

    - property - market value

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

    - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked

    - past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement within the Resources line as part of Non-distributed costs.

    - 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 contribution and benefit payments.

    - the return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and expenditure.

    - actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and 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 Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff 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.

(vii) Events After the Balance Sheet Date

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

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events

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

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

(viii) Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on the business model for holding the assets and based on the make up of the cashflows. There are three main classes of financial asset measured at:

- amortised cost

- fair value through profit or loss (FVPL)

- fair value through other comprehensive income (FVOCI)

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

Financial Assets measured at amortised cost

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 value 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).

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

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the Council. The Council has also extended lifetime losses to lease receivables.

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 or remains low, losses are assessed on the basis of 12 month expected credit losses.

(ix) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council where 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 embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be transferred to the transferor.

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

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

(x) Heritage Assets

Tangible and Intangible Heritage Assets

The Council's heritage assets comprise the Civic Regalia, art collection held at the Civic Centre and collections held across the heritage sites. The collections are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Council's history and local area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However some of the measurement rules are relaxed in relation to heritage assets as detailed below.

Civic Regalia

These items are reported in the Balance Sheet at insurance valuation. These insurance valuations are reviewed every five years.

Art Collection at Civic Offices

These items are reported in the Balance Sheet based on the latest valuation available which for this item is an insurance valuation.

Heritage Sites Collections

These items are reported in the Balance Sheet based on the latest valuation available which for this item is a formal valuation.

Heritage Assets - General
The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment (see note xvii in this summary of significant accounting policies). The Council may occasionally dispose of heritage assets if unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see note xvii in this summary of significant accounting policies).

(xi) 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.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research and development expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for sale proceeds greater than £10,000) the Capital Receipts Reserve.

(xii) Interests in Companies and Other Entities

The Council has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts.

(xiii) Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost or 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 value of works and services received under the contract during the financial year.

(xiv) Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms-length. They are not depreciated but are revalued annually at fair value. Gains and losses on revaluation and disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

(xv) Leases

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

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

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases are 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 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 are 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, 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.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant and equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property - applied to write down the lease debtor (together with any premiums received), and

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of Property, Plant and Equipment is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

(xvi) Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance. This means that the majority of the recharges are excluded as the budgets are produced and reported on within service segments at a controllable level, with only a small number of recharges included within the reported performance.

(xvii) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rentals 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.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The de minimus value for items to be treated as capital expenditure is £20,000.

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 Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

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

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

- infrastructure, community assets - depreciated historical cost (DHC)

- assets under construction - cost

- surplus assets - the current value measurement basis is fair value, estimated at highest and best use from a market participant's perspective

- all other assets - current value, determined as the amount that would be paid for the asset in its existing use (EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

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

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from 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 Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

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

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

- where there is a balance of revaluation gains 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.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:-

- dwellings and other buildings - straight-line allocation over the life of the property as estimated by the valuer
- vehicles, plant and equipment - straight-line allocation on historic cost over 7 to 15 years or over the period of the lease
- infrastructure - straight-line allocation on historic cost over 25 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a de minimus threshold in relation to componentisation of £1 million or 10% of the total asset value.

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

Disposals and Non-Current Assets Held for Sale

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

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure 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). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of property, plant & equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

(xviii) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

(xix) Reserves

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

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

(xx) Revenue Expenditure Funded from Capital under Statute

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

(xxi) VAT

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

(xxii) Tax Income (Council Tax, Non-Domestic Rates (NDR) and Rates)

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

Accounting for Council Tax and NDR

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

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR 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 Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

(xxiii) Fair Value Measurement

The Council measures some of its non-financials assets such as surplus assets and investment properties and it's financial instruments for certificates of deposit 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 and best use.

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

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

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council 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.

2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the UK (the Code) requires an authority to disclose information relating At the balance sheet date the following new standards and amendments to existing standards have been published but not yet

- CIPFA LASAAC has deffered the implementation of IFRS 16 leases in the public sector until the 2024/25 financial year, with the effective date of 1st April 2024. This will require lessees to recognise assets subject to leases as right of use assets on their balance sheet, along with corresponding lease liabilities (there are exceptions for low value and short term leases).

The Council is aware that a impact assessment is recommended, despite the standard being deferred. The impact to the Council's net asset position in the Balance Sheet is expected to be nil as an increase in lease assets will be offset by a corresponding increase in the payment liability.

The following Standards have also been issued/amended but are not yet adopted, these are not considered to have a material impact on the Council's accounts:

- IAS 1 Presentation of Financial Statements will be revised to further clarify the classification of liabilities as current or non-current and improve the information provided where the Council has a non-current liability with a covenant. These changes are not expected to affect the amounts held in the Council's financial statements.

- Lease liability in sale and leaseback arrangements (Amendments to IFRS16) issued in September 2022 - These amendments to IFRS 16 add additional measurement requirements for sale and leaseback transactions.

- IAS 12 (amendment issued in May 2023) This relates to international tax reform

- IAS7 and IFRS7 (amendments issued in May 2023) - Requires additional disclosures in relation to supplier finance arrangements.

3. Critical Judgements in Applying Accounting Policies

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

- **Future levels of government funding**
  There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined, through it's Medium Term Financial Planning, that the impact of this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

4. Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Valuation of land and buildings and investment properties	The use of estimates - The accounts include estimates with regard to valutions of land and buildings of £54.561m and for investment properties of £2.527m. Professional valuers are engaged to provide expert advice in line with RICS guidance in relation to these valuations. Estimates and assumptions are provide from a number of sources including, for example, relevant market evidence where it is available, rebuild costs, and the expected life of the asset.	A +/- 10% change against the assets which have been subject to valuation will result in a £5.456m increase of decrease in the value shown in the balance sheet for land and buildings and £0.253m for investment property
Pensions Liability	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. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. The actuary has provided sensitivity information about the effects of changes in assumptions. The financial impact of these changes are detailed in note 43 to the accounts.
Sundry debt arrears	At 31 March 2024 the Council's balance of sundry debts was £3.071m. A review of significant balances suggested that an impairment of doubtful debts of 51.09% was appropriate (£1.569m) However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £30,710 to set aside as an allowance.
Council tax arrears	At 31 March 2024 the Council's share of the council tax debtors included in the Councils accounts was £956,488. A review of significant balances suggested that an impairment of doubtful debts of 70.92% (£678,383) was appropriate However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £9,565 to set aside as an allowance.
Business rates arrears	At 31 March 2024 the Council's share of the business rates debtors included in the Council's accounts was £1,528,603. A review of significant balances suggested that an impairment of doubtful debts of 40.46% (£618,508) was appropriate However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £15,286 to set aside as an allowance.
Business rates appeals	At 31 March 2024 the Council's share of the business rates appeals included in the Council's accounts was £2,363,000.	If there was an increase of 1% in the appeals percentages (based on each individual category of property) this would require approx an additional £68,000 to be set aside.

5. Material Items of Income and Expense

There are no material items of income and expense that are no disclosed elsewhere in the accounts.

6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.
It also shows how this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2022/23 Restated *						2023/24				
Net Expend Chargeable to the General Fund	**Ear-marked Reserves**	**Adjust's between the Funding and Accounting Basis**	**Internal Recharge**	**Net Expend in the CIES**		**Net Expend Chargeable to the General Fund**	**Ear-marked Reserves**	**Adjust's between the Funding and Accounting Basis**	**Internal Recharge**	**Net Expend in the CIES**
£000	**£000**	**£000**	**£000**	**£000**		**£000**	**£000**	**£000**	**£000**	**£000**
1,097	554	1,525	(10)	3,166	Community	1,115	(204)	1,314	(20)	2,205
2,847	167	651	32	3,697	Environment	3,391	77	(681)	210	2,997
1,986	46	1,227	(309)	2,950	Leisure	1,992	(104)	1,568	(355)	3,101
1,606	338	12	(45)	1,911	Planning & Regeneration	2,624	143	2,296	(226)	4,837
7,354	(234)	(255)	332	7,197	Resources	8,163	227	(974)	391	7,807
14,890	871	3,160	-	18,921		17,285	139	3,523	-	20,947
	(385)	2		(383)	Hosted	-	(515)	(7)	-	(522)
14,890	486	3,162	-	18,538	**Net Cost of Services**	17,285	(376)	3,516	-	20,425
(15,628)	1,623	(11,126)		(25,131)	Other Income and Expenditure	(17,623)	(4,061)	(4,814)	-	(26,498)
(738)	**2,109**	**(7,964)**	**-**	**(6,593)**	**(Surplus)/Deficit on Provision of Services**	**(338)**	**(4,437)**	**(1,298)**	**-**	**(6,073)**
(1,831)	(34,375)				Opening General Fund Balance	(2,569)	(32,266)			
(738)	2,109				Less/Plus Surplus or Deficit on General Fund Balance in year	(338)	(4,437)			
(2,569)	**(32,266)**				**Closing General Fund Balance at 31 March**	**(2,907)**	**(36,703)**			

* The 2022/23 comparator figures have been revised to reflect a change in segmental reporting and ensure a like for like comparison.

7. Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2023/24

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Statutory Adjustments £000	Total Statutory Adjustments £000	Other Non-Statutory Adjustments £000	Total Adjustments £000
Community	1,396	(75)	(7)	1,314	-	1,314
Environment	332	(348)	9	(7)	(674)	(681)
Leisure	1,814	(246)	-	1,568	-	1,568
Planning	2,455	(177)	18	2,296	-	2,296
Resources	(377)	(427)	14	(790)	(184)	(974)
	5,620	(1,273)	34	4,381	(858)	3,523
Hosted	-	(5)	(2)	(7)	-	(7)
Net Cost of Services	**5,620**	**(1,278)**	**32**	**4,374**	**(858)**	**3,516**
Other income and expenditure from the Expenditure and Funding Analysis	(4,305)	(31)	(1,336)	(5,672)	858	(4,814)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**1,315**	**(1,309)**	**(1,304)**	**(1,298)**	**-**	**(1,298)**

Adjustments between Funding and Accounting Basis 2022/23 Restated

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Statutory Adjustments £000	Total Statutory Adjustments £000	Other Non-Statutory Adjustments £000	Total Adjustments £000
Community	1,501	23	1	1,525	-	1,525
Environment	543	125	(3)	665	(14)	651
Leisure	1,109	113	5	1,227	-	1,227
Planning	538	75	1	614	(602)	12
Resources	353	(70)	(27)	256	(511)	(255)
	4,044	266	(23)	4,287	(1,127)	3,160
Hosted		1	1	2		2
Net Cost of Services	**4,044**	**267**	**(22)**	**4,289**	**(1,127)**	**3,162**
Other income and expenditure from the Expenditure and Funding Analysis	(10,403)	981	(2,831)	(12,253)	1,127	(11,126)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**(6,359)**	**1,248**	**(2,853)**	**(7,964)**	**-**	**(7,964)**

Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

- Financing and investment income and expenditure - the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

- Taxation and non-specific grant income and expenditure - capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied through the year. The Taxation and Non specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

For the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and Income:

- Services - This represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

- Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CIES.

Other Statutory Adjustments

Difference between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- Financing and investment income and expenditure - the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

- Taxation and non-specific grant income and expenditure - represents the difference between what is chargeable under statutory regulations for council tax and NNDR 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.

Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- Financing and investment income and expenditure - the other non-statutory adjustments column recognises adjustments to Portfolios e.g. for interest income and expenditure.

- Taxation and non-specific grant income and expenditure - the other non-statutory adjustments column recognises adjustments to Portfolios e.g. for unringfenced government grants.

- The Council's reportable segments are based on the portfolio's of the Council as structured by members and service departments.

8. Segmental Income

Income received from external customers (excluding grants) on a segmental basis is analysed below:

2022/23 Income from Services Restated £000		2023/24 Income from Services £000
644	Community	893
7,873	Environment	8,323
210	Leisure	214
1,387	Planning & Regeneration	922
2,753	Resources	3,118
12,867	Sub Total	13,470
469	Hosted	605
13,336	**Total income analysed on a segmental basis**	**14,075**

9. Expenditure and Income Analysed by Nature

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

2022/23 £000		2023/24 £000
	Expenditure	
11,889	Employee benefits expenses	12,094
34,655	Other services expenses	36,943
4,357	Depreciation, amortisation, impairment	5,724
2,045	Interest payments	447
1,333	Precepts and levies	1,391
13	Gain on the disposal of assets	(58)
54,292	**Total Expenditure**	**56,541**
	Income	
13,336	Fees, charges and other service income	14,075
1,583	Interest and investment income	4,009
15,043	Income from council tax and non-domestic rates	17,807
30,923	Government grants and contributions	26,723
60,885	**Total Income**	**62,614**
(6,593)	**Surplus or Deficit on the Provision of Services**	**(6,073)**

10. Revenue from Contracts with Service Recipients

The Council exposure to this area is only in relation to a limited number of areas. These are:

a) Planning fees
b) Land charges fees

These amounts occur due to timings from receipt of monies to processing of application. There are no contract assets or liabilities held for either 2022/23 or 2023/24.

Amounts included in the Comprehensive income and Expenditure Statement for contracts with service recipients:

2022/23 £000		2023/24 £000
141	Revenue from contracts with service recipients	241
141	**Total Included in Comprehensive Income and Expenditure Statement**	**241**

Amounts included in the Balance Sheet for contracts with service recipients:

2022/23 £000		2023/24 £000
141	Receivables, which are included within debtors (note 22)	241
141	**Total Included in Net Assets**	**241**

The value of revenue that is expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the year is:

31 March 2023 £000		31 March 2024 £000
141	Not later than one year	241
	Later than one year	-
141	**Amounts of transaction price, partially or fully unsatisfied**	**241**

11. Adjustments Between Accounting Basis And Funding Basis Under Regulations

This note details the adjustments that are made to the Comprehensive Income and Expenditure recognised by the Council in 2023/24 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.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

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

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2023/24	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
o Pension costs (transferred to (or from) the Pensions Reserve)	1,309			(1,309)
o Council Tax and NDR (transfer to or from Collection Fund)	1,336			(1,336)
o Holiday pay (transferred to the Accumulated Absences Reserve)	(33)			33
o Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account.	(1,921)		(1,144)	3,065
o Gain / loss non current deferred receipts				-
Total Adjustments to the Revenue Resources	**691**	**-**	**(1,144)**	**453**
Adjustments between Revenue and Capital Resources				
o Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	355	(355)		-
o Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(6)	6		-
o Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	191			(191)
o Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	67			(67)
Total Adjustments between Revenue and Capital Resources	**607**	**(349)**	**-**	**(258)**
Adjustments to Capital Resources				
o Use of Capital Receipts Reserve to finance capital expenditure		737		(737)
o Application of capital grants to finance capital expenditure			6,020	(6,020)
o Cash payments in relation to deferred capital receipts				-
Total Adjustments to Capital Resources	**-**	**737**	**6,020**	**(6,757)**
Total Adjustments	**1,298**	**388**	**4,876**	**(6,562)**

2022/23	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
	Usable Reserves			
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
o Pension costs (transferred to (or from) the Pensions Reserve)	(1,249)			1,249
o Council Tax and NDR (transfer to or from Collection Fund)	2,831			(2,831)
Holiday pay (transferred to the Accumulated Absences Reserve)	22			(22)
o Reversal of entries included in the Surplus or Deficit on the Provision of o Services in relation to capital expenditure (these items are charged to o the Capital Adjustment Account.	5,862		(8,111)	2,249
Gain / loss non current deferred receipts				-
Total Adjustments to the Revenue Resources	**7,466**	**-**	**(8,111)**	**645**
o				
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	25	(25)		-
o Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-			-
o Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	300			(300)
o Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	173			(173)
o **Total Adjustments between Revenue and Capital Resources**	**498**	**(25)**	**-**	**(473)**
Adjustments to Capital Resources				
Use of Capital Receipts Reserve to finance capital expenditure		89		(89)
Application of capital grants to finance capital expenditure			(39)	39
o Cash payments in relation to deferred capital receipts				-
o **Total Adjustments to Capital Resources**	**-**	**89**	**(39)**	**(50)**
o				
Total Adjustments	**7,964**	**64**	**(8,150)**	**122**
Total Adjustments	**7,964**	**64**	**(8,150)**	**122**

12 Transfers to/from Earmarked Reserves

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

	Balance at 31 March 2022 £000	Transfers Out 2022/23 £000	Transfers in 2022/23 £000	Balance at 31 March 2023 £000	Transfers Out 2023/24 £000	Transfers in 2023/24 £000	Balance at 31 March 2024 £000
General Fund:							
Revenue							
General	(12,900)	935	(1,632)	(13,597)	1,167	(2,122)	(14,552)
Section 106	(2,736)	139	(470)	(3,067)	149	(606)	(3,524)
Grants	(3,654)	1,545	(571)	(2,680)	797	(729)	(2,612)
Insurance Reserve	(595)	18	(43)	(620)	2	(43)	(661)
Business Rates Reserve	(3,643)	3,643	(851)	(851)	1,647	-	796
New homes bonus				-			-
Subtotal	(23,528)	6,280	(3,567)	(20,815)	3,762	(3,500)	(20,553)
Capital							
VAT shelter	(177)	-	-	(177)	14	-	(163)
RCCO	(917)	49	(90)	(958)	46	(3,590)	(4,502)
Capital reserves	(9,753)	182	(745)	(10,316)	7	(1,176)	(11,485)
Subtotal	(10,847)	231	(835)	(11,451)	67	(4,766)	(16,150)
TOTAL	**(34,375)**	**6,511**	**(4,402)**	**(32,266)**	**3,829**	**(8,266)**	**(36,703)**

The earmarked reserves balance from 2022/23 to 2023/24 has increased by £4.437 million.

The disclosure of earmarked reserves clearly highlights that a substantial proportion of reserves are earmarked to fund the Council's Capital programme.

In accordance with best practice, the grants reserve relates to external funding received for which no condition exists for repayment but has not yet been spent.

The Council's self insurance reserve meets insurance liabilities in respect of its obligations as an employer, liability to the public and for Council property. The level of the fund is reviewed once every 3 years by external advisors.

The Business Rates Reserve balance is not available for general use. This represents the Council's share of any surplus on the Collection Fund. This reserve has been set aside to absorb the timing difference in accounting for collection fund balances.

The VAT shelter reserve relates to income received as part of the housing stock transfer agreement. The receipts currently are earmarked to support capital spend, these receipts have now ceased.

13. Other Operating Expenditure

2022/23 £000		2023/24 £000
1,334	Parish council precepts	1,391
38	(Gains)/Losses on the disposal of non-current assets	297
(25)	Other income-fixed assets	(355)
1,347	**TOTAL**	**1,333**

14. Financing and Investment Income and Expenditure

2022/23 £000		2023/24 £000
1,064	Interest payable and similar charges	479
(3,276)	Net interest on the net defined benefit liability / (asset)	(5,500)
4,257	Remeasurements of the net defined benefit liability/(asset)	5,469
107	Income and Expenditure in relation to investment properties and changes in their fair value	-
(1,583)	Interest receivable and similar income	(4,287)
602	(Gain) / loss on trading accounts	667
39	Expected credit loss allowance	(287)
1,210	**TOTAL**	**(3,459)**

15. Taxation and Non Specific Grant Incomes

2022/23 £000		2023/24 £000
(9,387)	Council tax income	(9,519)
(5,656)	Non domestic rates	(8,288)
(2,387)	Non-ringfenced government grants	(2,473)
(10,258)	Capital grants and contributions	(4,092)
(27,688)	**TOTAL**	**(24,372)**

16. Property, Plant and Equipment

Movements in 2023/24 **Cost or Valuation**	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Leased Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
o At 1 April 2023	50,758	4,701	1,963	800	800	489	675	60,186
o Additions	1,708	207					4,043	5,958
o Revaluation increases/ (decreases) recognised in the								-
Revaluation Reserve	2,133							2,133
o Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	723							723
o Derecognition - disposals	(328)							(328)
o Derecognition - other								-
o Assets reclassified (to)/from Held For Sale								-
o Other movements in cost or								-
valuation	97						(97)	-
at 31 March 2024	**55,091**	**4,908**	**1,963**	**800**	**800**	**489**	**4,621**	**68,672**
Accumulated Depreciation and Impairment								
o At 1 April 2023	(895)	(3,092)	(1,637)	(352)	-	-	-	(5,976)
o Depreciation charge	(2,198)	(425)	(107)	(32)				(2,762)
o Depreciation written out to the	2,376							2,376
Revaluation Reserve								-
o Depreciation written out to the	150							150
surplus/Deficit on the Provision								-
of Services								-
o Derecognition - disposals	37							37
o Derecognition - other								-
o Other movements in depreciation and impairment								-
at 31 March 2023	**(530)**	**(3,517)**	**(1,744)**	**(384)**	**-**	**-**	**-**	**(6,175)**
Net Book Value								
at 31 March 2024	**54,561**	**1,391**	**219**	**416**	**800**	**489**	**4,621**	**62,497**
at 31 March 2023	**49,863**	**1,609**	**326**	**448**	**800**	**489**	**675**	**54,210**

Movements in 2022/23 **Cost or Valuation**	**Other Land & Buildings** **£000**	**Vehicles, Plant, Furniture & Equipment** **£000**	**Leased Plant & Equipment** **£000**	**Infrastructure Assets** **£000**	**Community Assets** **£000**	**Surplus Assets** **£000**	**Assets Under Construction** **£000**	**Total Property, Plant & Equipment** **£000**
o At 1 April 2022	49,265	4,544	1,963	834	793	509	146	58,054
o Additions	109	157			7		529	802
o Revaluation increases/ (decreases) recognised in the Revaluation Reserve	1,550					(22)		1,528
o Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(148)					6		(142)
o Derecognition - disposals	(18)					(4)		(22)
o Derecognition - other				(34)				(34)
o Assets reclassified (to)/from Held For Sale								-
o Other movements in cost or valuation								-
at 31 March 2023	**50,758**	**4,701**	**1,963**	**800**	**800**	**489**	**675**	**60,186**
Accumulated Depreciation and Impairment								
o At 1 April 2022	(611)	(2,829)	(1,446)	(337)	-	-	-	(5,223)
o Depreciation charge	(2,036)	(263)	(191)	(33)				(2,523)
o Depreciation written out to the Revaluation Reserve	1,750							1,750 -
o Depreciation written out to the surplus/Deficit on the Provision of Services	2							2 - -
o Derecognition - disposals								-
o Derecognition - other				18				18
o Other movements in depreciation and impairment								-
at 31 March 2023	**(895)**	**(3,092)**	**(1,637)**	**(352)**	**-**	**-**	**-**	**(5,976)**
Net Book Value								
at 31 March 2023	**49,863**	**1,609**	**326**	**448**	**800**	**489**	**675**	**54,210**
at 31 March 2022	**48,654**	**1,715**	**517**	**497**	**793**	**509**	**146**	**52,831**

Depreciation

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

- Other Land and Buildings - 1 - 74 years
- Vehicles, Plant, Furniture & Equipment - straight line on historic cost over 7 - 15 years or period of the lease
- Infrastructure - straight line on historic cost over 25 years

Capital Commitments

There are no capital commitments as at 31st March 2024.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Land and Buildings are subject to detailed valuations every 5 years. The valuations are carried out by the external valuer, Lambert Smith Hampton (Director TD Sandford BSc 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 Institution of Chartered Surveyors.

The significant assumptions applied in estimating the fair values are:

- In respect of the Civic Centre the valuation is based on the assumption that the freehold title is vested with the Council, in spite of the fact they occupy the premises on a leasehold basis and pay a full market rent for the property.
- The apportionment between land and buildings has been undertaken in accordance with RICS Valuation Standards by deducting the value of the land for existing use from the valuation with the residual sum being the depreciable amount attributable to the building.
- In the appraisal of useful life regard is given to the Council's continuing use of the asset being equal to the physical and economic life of the building assuming a programme of reasonable maintenance.
- The Depreciated Replacement Cost (DRC) method has been applied to a significant number of the properties valued as these assets are rarely, if ever, sold and therefore can be classified as specialised properties where there is limited, if any, evidence of market transactions.

	Other Land and Buildings £000	**Vehicles, Plant, Furniture & Equipment £000**	**Leased Plant & Equipment £000**	**Infrastructure Assets £000**	**Community Assets £000**	**Surplus Assets £000**	**Assets Under Construction £000**	**Total Property, Plant & Equipment £000**
Carried at historical cost	-	1,391	219	416	800	-	4,621	7,447
valued at fair value as at:								
31 March 2020	384	-	-	-	-	-	-	384
31 March 2021	1,041							1,041
31 March 2022	1,880							1,880
31 March 2023	2,240							2,240
31 March 2024	49,016					489		49,505
Total Cost or Valuation	**54,561**	**1,391**	**219**	**416**	**800**	**489**	**4,621**	**62,497**

17. Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets held by the Council

	Civic Regalia £000	**Art collection at Civic Offices £000**	**Collections at Heritage Sites £000**	**Total Assets £000**
Cost or Valuation				
1 April 2023	343	70	273	686
31 March 2024	**343**	**70**	**273**	**686**

	Civic Regalia £000	**Art collection at Civic Offices £000**	**Collections at Heritage Sites £000**	**Total Assets £000**

Cost or Valuation				
1 April 2022	343	70	273	686
31 March 2023	**343**	**70**	**273**	**686**

18. Investment Properties

The Council holds four assets as investment properties let on long leases and therefore there are restrictions on disposal.

The first relates to land at Chell Road, Stafford. The asset is held solely for capital appreciation and there are no rentals or operating expenses receivable in relation to this asset. The asset value as at 31 March 2024 is £1.6 million. The land is leased to J Sainsburys plc on a long lease (125 years).

The second relates to shops at 47/49 Greengate Street, Stafford. The Council's interest has been valued at £0.002m as at 31 March 2024

The third relates to land at Broad Street, Stafford which is leased to J Sainsbury Limited for a period of 99 years. The asset value as at 31 March 2024 is £0.345 million.

The fourth relates to land at Stafford Street, Stone which is leased to LMV Overseas Investments Limited for a period of 250 years. The Council's interest has been valued at £0.580 million.

Fair Value Measurement of Investment Property

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

The fair value of the properties is based on Level 2 inputs in the fair value hierarchy. These have been based on the market approach using current market conditions and recent sales prices (where available to the market) and other relevant information for similar assets in the local authority area.

There have been no transfers between the levels of the fair value hierarchy and valuation techniques from those used in 2022/23.

The fair value of the Council's investment properties is measured annually at each reporting date. All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

19. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets currently relate only to purchased licences as the council does not currently have any internally generated intangible assets.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The carrying amount of intangible assets is amortised on a straight-line basis.

Due to the low value of the Council's intangible asset amortisation a detailed disclosure of where the charge is made in the Comprehensive Income and Expenditure account is not required.

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

2022/23 Total £000		2023/24 Total £000
	Balance at start of year:	
235	Gross carrying amounts	235
(54)	Accumulated amortisation	(74)
181	**Net carrying amount at start of year**	**161**
	Additions:	
-	Purchases	-
(20)	Amortisation for the period	(19)
161	**Net carrying amount at end of year**	**142**
	Comprising:	
235	Gross carrying amounts	235
(74)	Accumulated amortisation	(93)
161		**142**

The table below shows the amortisation profile of the intangible assets, where the carrying value of individual assets are above £100,000 they are detailed separately.

Carrying Amount 31 March 2023 £000	Remaining Amortisation Period	Carrying Amount 31 March 2024 £000
	1 Year	2
4	2 Years	
	3 Years	
	4 Years	
	8 Years	140
157	9 Years	
	10 Years	
161		**142**

The Council purchased the Civica finance system which went live in 2021/22. This asset has a carrying value of £140,000. This has a remaining life of 8 years at 31 March 2024.

The Council revalues intangible assets where there is an active market, however it is currently considered that there is no active market for the software held and they have consequently not been revalued.

20. Financial Instruments

Categories of Financial Instruments

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

	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	Non-current				Current				Total	Total
Financial Assets	Investments		Debtors		Investments		Debtors			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Amortised cost:										
Short Term Investments	-	-	-	-	8,030	18,194	-		**8,030**	**18,194**
Cash & Cash Equivalents	-	-	-	-	68,274	40,847	-		**68,274**	**40,847**
Long Term Debtors	-	-	102	102	-	-	-		**102**	**102**
Trade Debtors	-	-	-	-	-	-	910	2,581	**910**	**2,581**
Available for Sale	-	-	-	-	-	-	-		**-**	**-**
Total financial assets	**-**	**-**	**102**	**102**	**76,304**	**59,041**	**910**	**2,581**	**77,316**	**61,724**
Non-financial assets							3,634	5,872	**3,634**	**5,872**
Total	**-**	**-**	**102**	**102**	**76,304**	**59,041**	**4,544**	**8,453**	**80,950**	**67,596**

	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	Non-current				Current				Total	Total
Financial Liabilities	Borrowings		Creditors		Borrowings		Creditors			
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Amortised cost										
Trade Creditors	-		-		-		5,617	3,337	**5,617**	**3,337**
Finance Lease	-		1,478	1,401	-		103	77	**1,581**	**1,478**
Long Term Creditors	-		10	6	-		-		**10**	**6**
Total financial liabilities	**-**	**-**	**1,488**	**1,407**	**-**	**-**	**5,720**	**3,414**	**7,208**	**4,821**
Non-financial liabilities					-		16,548	8,270	16,548	8,270
Total	**-**	**-**	**1,488**	**1,407**	**-**	**-**	**22,268**	**11,684**	**23,756**	**13,091**

Reclassifications

There were no reclassifications during 2023/24

Financial Instruments Gains and Losses

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

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**
Interest Revenue:				
Financial assets measured at amortised cost	(1,583)		(3,951)	
Total interest revenue	**(1,583)**	**-**	**(3,951)**	**-**
(Surplus) / deficit arising on revaluation of financial assets in Other comprehensive Income				
Net (gain)/loss for the year	**(1,583)**	**-**	**(3,951)**	**-**

There has been no change in the valuation technique used during the year for the financial instruments

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

All of the Council's financial assets and liabilities have been classified as and are held in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Mark to Model Valuation for Financial Instruments

All the financial assets are classed at amortised cost and held with Money Market Funds and Notice Accounts. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, the Council has used a financial model valuation provided by Link Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future at todays terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. The Council's accounting policy is to use new borrowing rates to discount the future cash flows.

The fair values calculated are as follows:

31 March 2023 Carrying Amount £000	31 March 2023 Fair Value £000	Financial Liabilities	31 March 2024 Carrying Amount £000	31 March 2024 Fair Value £000
5,617	5,617	Trade Creditors	3,337	3,337
103	103	Short Term Creditor - Finance Lease	77	77
10	10	Long Term Creditors	6	6
1,478	1,478	Other Long Term Liabilities - Finance Leases	1,401	1,401
7,208	**7,208**	**Total Financial Liabilities**	**4,821**	**4,821**

There is no difference in the fair value of liabilities as the instruments held at 31 March 2024 are valued at cost as this is a fair approximation of their value.

31 March 2023 Carrying Amount £000	31 March 2023 Fair Value £000	Financial Assets	31 March 2024 Carrying Amount £000	31 March 2024 Fair Value £000
8,030	8,030	Fixed Term Deposits	18,194	18,194
68,274	68,274	Cash & Cash Equivalents	40,847	40,847
102	102	Long Term Debtors	102	102
910	910	Trade Debtors	2,581	2,581
77,316	**77,316**	**Total Financial Assets**	**61,724**	**61,724**

There is no difference in the fair value of financial assets as the instruments are held at amortised cost as this is a fair approximation of their value.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

21. Inventories

The Council only carries stock as consumable stores and the balance carried is not material, therefore detailed disclosure notes of movements are not shown. At 31 March 2024 the balance of stocks held was £35,000, an increase of £4,000 from the previous financial year.

22. Debtors

Short Term Debtors

31 March 2023 £000		31 March 2024 £000
961	Central Government	1,540
910	Trade Debtors	2,581
405	Pre Payments	420
557	Local taxation - Council Tax	2,453
1,111	Local taxation - NNDR	910
600	Other Receivables	549
4,544		**8,453**

The balances detailed above are net of impairment allowances. The amount of impairment allowance per category is set out below:

31 March 2023 £000		31 March 2024 £000
(115)	Trade receivables	(85)
(558)	Local taxation - Council Tax	(678)
(950)	Local taxation - NNDR	(619)
(2,374)	Other receivable amounts	(2,117)
(3,997)		**(3,499)**

The balances below set out the debtors for Local Taxation gross of any impairment allowance.

Debtors for Local Taxation - Council Tax

31 March 2023 £000		31 March 2024 £000
313	Less than three months	250
91	Three to six months	167
42	Six months to one year	122
492	More than one year	417
938		**956**

Debtors for Local Taxation - NNDR

31 March 2023 £000		31 March 2024 £000
644	Less than three months	690
206	Three to six months	116
253	Six months to one year	278
506	More than one year	444
1,609		**1,528**

23. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2023 £000		31 March 2024 £000
	Current Assets	
10	Cash held by the Council	8
66,230	Cash & Cash Equivalents held by the Council	42,674
2,034	Bank current accounts	(1,835)
68,274	**Total Cash and Cash Equivalents**	**40,847**

24. Assets Held For Sale

There were no assets held for sale as at 31 March 2024 (or 31 March 2023).

25. Short Term Creditors

31 March 2023 £000		31 March 2024 £000
13,576	Central Government	5,168
190	Local taxation - Council Tax	181
1,594	Local taxation - NNDR	1,519
5,617	Trade Payables	3,337
1,291	Other Payables	1,479
22,268		**11,684**

26. Provisions

Current Liabilities

The Council held short term employee related provisions as at 31st March 2024 amounting to £138,000 (nil as at 31st March 2023)

Long Term Liabilities

	Business Rates Appeals £000
Balance at 1 April 2023	3,374
Additional provisions made	570
Amounts used	(1,581)
Balance at 31 March 2024	**2,363**

The balance at 31 March 2024 reflects the Council's use of the provision for business rates appeals. The business rates provision was an estimate as detailed in note 4 to the accounts. It was included within long term liabilities as there was uncertainty on timing and amount.

27. Usable Reserves

31 March 2023 £000		31 March 2024 £000
(2,569)	General Fund Balance	(2,907)
(32,266)	Earmarked General Fund Reserves	(36,703)
(1,443)	Capital Receipts Reserve	(1,055)
(15,859)	Capital Grants Unapplied	(10,983)
(52,137)	**Total Usable Reserves**	**(51,648)**

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 11 and 12.

28. Unusable Reserves

31 March 2023 £000		31 March 2024 £000
(24,309)	Revaluation Reserve	(27,280)
(29,493)	Capital Adjustment Account	(34,981)
1,396	Pensions Reserve	21,358
(102)	Deferred Capital Receipts Reserve	(102)
675	Collection Fund Adjustment Account	(661)
115	Accumulated Absences Account	148
(51,718)	**Total Unusable Reserves**	**(41,518)**

Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 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			**2023/24 £000**
	(22,380)	**Balance at 1 April**		**(24,309)**
(4,115)		Upward revaluation of assets	(6,996)	
836		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	2,487	
	(3,279)	(Surplus) or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(4,509)
1,328		Difference between fair value depreciation and historical cost depreciation	1,470	
22		Accumulated gains on assets sold or scrapped	68	
	1,350	Amount written off to the Capital Adjustment Account		1,538
	(24,309)	**Balance at 31 March**		**(27,280)**

Capital Adjustment Account

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

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

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

Note 11 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2022/23 £000			2023/24 £000
	(29,870)	**Balance at 1 April**		**(29,493)**
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
2,523		Charges for depreciation	2,762	
140		Revaluation losses on Property, Plant and Equipment	(873)	
20		Amortisation of intangible assets	19	
1,567		Revenue Expenditure Funded from Capital Under Statute	3,815	
38		Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	291	
107		Fair Value of Investment Property	-	
	4,395			6,014
	(1,350)	Adjusting amounts written out of the Revaluation Reserve		(1,538)
	(26,825)	Net written out amount of the cost of non-current assets consumed in the year		(25,017)
		Capital financing applied in the year:		
(89)		Use of the Capital Receipts Reserve to finance new capital expenditure	(737)	
(2,146)		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,949)	
40		Application of grants to capital financing from the Capital Grants Unapplied Account	(6,020)	
(300)		Statutory provision for the financing of capital investment charged against the General Fund	(191)	
(173)		Capital expenditure charged against the General Fund	(67)	
	(2,668)			(9,964)
	(29,493)	**Balance at 31 March**		**(34,981)**

Pensions Reserve

The Pensions Reserve absorbs the timing difference arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require 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. The debit balance on the Pensions Reserve therefore shows a substantial shortfall benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2022/23 £000		2023/24 £000
37,111	**Balance at 1 April**	**1,396**
(36,964)	Remeasurements of the net defined benefit liability/(asset)	(11,475)
4,589	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	1,823
(3,340)	Employers pensions contributions and direct payments to pensioners payable in the year	(3,132)
-	Asset Ceiling Adjustment	32,746
1,396	**Balance at 31 March**	**21,358**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the 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.

2022/23 £000		2023/24 £000
(102)	**Balance at 1 April**	**(102)**
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
-	Transfer to the Capital Receipts Reserve upon receipt of cash	-
(102)	**Balance at 31 March**	**(102)**

Collection Fund Adjustment Account

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

2022/23 £000		2023/24 £000
3,507	**Balance at 1 April**	**675**
(40)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	311
(2,792)	Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	(1,647)
675	**Balance at 31 March**	**(661)**

Accumulated Absences Account

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

2022/23	2022/23 £000		2023/24	2023/24 £000
	137	**Balance at 1 April**		**115**
(137)		Settlement or cancellation of accrual made at the end of the preceding year	(115)	
115		Amounts accrued at the end of the current year	148	
	(22)	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		33
	115	**Balance at 31 March**		**148**

29. Cash flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2022/23 £000		2023/24 £000
(1,827)	Interest received	(4,123)
579	Interest paid	479

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

2022/23 £000		2023/24 £000
(2,523)	Depreciation	(2,762)
(140)	Impairments and downward valuations	873
(20)	Amortisation	(19)
(68)	(Increase)/decrease in impairment for bad debts	498
9,182	(Increase)/ decrease in Creditors	2,083
(1,035)	Increase/(decrease) in Debtors	2,030
(2)	Increase/(decrease) in Inventories	4
(3,012)	Movement in pension liability	4,182
(16)	Carrying amount of non-current assets sold or derecognised	(291)
(46)	Other non-cash items charged to the net surplus or deficit on the provision of services	922
2,320		**7,520**

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

2022/23 £000		2023/24 £000
25	Proceeds from the sales of Plant, Property and Equipment, investment property and intangible assets	349
10,258	Any other item for which the cash effects are investing or financing cash flows	4,093
10,283		**4,442**

30. Cash flow Statement - Investing Activities

The cash flows for investing activities include the following items:

2022/23 £000		2023/24 £000
129	Purchase of property, plant and equipment, investment property and intangible assets	6,519
60,500	Purchase of short-term and long-term investments	61,000
	Other payments for investing activities	
(25)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(349)
(85,500)	Proceeds from short-term and long-term investments	(51,000)
(10,435)	Capital grants & receipts	(4,238)
(35,331)	**Net cash flows from investing activities**	**11,932**

31. Cash flow Statement - Financing Activities

The cash flows for financing activities include the following items:

2022/23 £000		2023/24 £000
212	Cash payments for the reduction of the outstanding liabilities relating to finance leases	107
(5,496)	Billing Authorities - Council Tax & NNDR adjustments	9,499
(5,284)	**Net cash flows from financing activities**	**9,606**

Reconciliation of Liabilities Arising from Financing Activities

			Non-cash changes		
	1 April 2023 £000	**Financing cash flows £000**	**Acquisition £000**	**Other non cash changes £000**	**31 March 2024 £000**
Lease liabilities	1,591	(107)			1,484
Total liabilities from financing activities	**1,591**	**(107)**	**-**	**-**	**1,484**

			Non-cash changes		
	1 April 2022 £000	**Financing cash flows £000**	**Acquisition £000**	**Other non cash changes £000**	**31 March 2023 £000**
Lease liabilities	1,803	(212)		-	1,591
Total liabilities from financing activities	**1,803**	**(212)**	**-**	**-**	**1,591**

32. Acquired and Discontinued Operations

There are no significant operations which were acquired or discontinued during the year.

33. Agency Services

The Council undertook distribution of Ukraine payments on behalf of Staffordshire County Council during both 2022/23 and 2023/24.

34. Members Allowances

Members allowances paid during 2023/24 totalled £307,362.91 (2022/23 totalled £292,516.20). Further details are available on the Council's website.

35. Officers Remuneration

The remuneration paid to the Council's senior employees is as follows:

Senior Officers emoluments 2023/24 - salary is between £50,000 and £150,000 per year

Post Title	Salary, Fees and Allowances £	Benefits in Kind £	Pension Contribution £	Total £
Chief Executive	145,432		31,995	177,427
Head of Transformation and Development	88,298		19,484	107,782
Head of Operations	84,835		18,751	103,586
Head of Law and Governance	88,294		19,425	107,719
Head of Economic Development and Planning	84,835		18,755	103,590
Deputy Chief Executive (Place)	92,380		20,324	112,704
	584,074	**-**	**128,734**	**712,808**

Further notes with regard to the above statement include:

There was a senior officer restructuring exercise which came into effect from 1st April 2023 and this is reflected in the table above.

The Council operates a number of shared services with Cannock Chase District Council which operate on the basis of a lead authority. The posts set out below are responsible for the provision of services to the recipient authority:-

Post	Lead Authority	Recipient Authority
Joint Chief Executive	Stafford Borough Council	Cannock Chase District Council
Deputy Chief Executive - Place	Stafford Borough Council	Cannock Chase District Council
Head of Operations	Stafford Borough Council	Cannock Chase District Council
Head of Economic Development & Planning	Stafford Borough Council	Cannock Chase District Council
Head of Law & Governance	Stafford Borough Council	Cannock Chase District Council
Head of Transformation & Assurance	Stafford Borough Council	Cannock Chase District Council

In addition the Council also receives services from Cannock Chase District Council for provision of services to the recipient authority:-

Post	Lead Authority	Recipient Authority
S151 Officer & Deputy Chief Executive (Resources)	Cannock Chase District Council	Stafford Borough Council
Head of Wellbeing	Cannock Chase District Council	Stafford Borough Council
Head of Housing, HRA & Corporate Assets	Cannock Chase District Council	Stafford Borough Council
Head of Regulatory Services	Cannock Chase District Council	Stafford Borough Council

Senior Officers emoluments 2022/23 - salary is between £50,000 and £150,000 per year

Post Title	Salary, Fees and Allowances £	Benefits in Kind £	Pension Contribution £	Total £
Chief Executive	145,518	-	24,447	169,965
Head of Development	52,104		9,344	61,448
Interim Head of Development	71,542	-	11,302	82,844
Head of Operations	56,340	965	8,238	65,543
Head of Human Resources and Property Services	64,181	1,448	10,753	76,382
Head of Law and Administration	88,173		14,813	102,986
Head of Technology	30,049	3,861	5,048	38,958
	507,907	**6,274**	**83,945**	**598,126**

The number of other employees within the Council receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) are:

2022/23 Number of employees	Hosted Service Remuneration band	2023/24 Number of employees
4	£50,000 - £54,999	2
1	£55,000 - £59,999	4
-	£60,000- £64,999	3
-	£65,000 - £69,999	1

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies/departures are set out in the table below:

Exit package cost band (including special payments) Council	Number of compulsory redundancies 2022/23	Number of compulsory redundancies 2023/24	Number of other departures agreed 2022/23	Number of other departures agreed 2023/24	Total number of exit packages by cost band 2022/23	Total number of exit packages by cost band 2023/24	Total cost of exit packages in each band 2022/23 £000	Total cost of exit packages in each band 2023/24 £000
£0 - £20,000	-	-	-	1	-	1	**-**	**1**
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**1**	**-**	**1**	**-**	**1**

36. External Audit Costs

The auditors for 2023/2024 financial year were appointed by the PSAA (Public Sector Audit Appointments).
The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by the Council's external auditors:

2022/23 £		2023/24 £	
76,788	Services carried out by the appointed auditor	149,423	(i)
17,500	Certification of grant claims and returns	42,500	(ii)
94,288	**Total**	**191,923**	

(i) This includes a scale fee for 23/24 of £151,069, and refund in relation to 22/23 of £1,646.

(ii) This relates to grant fees in respect of the 22/23 certification of grant fees.

37. Grant Income & Precepts on the Collection Fund

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

2022/23 £000		2023/24 £000
	Credited to Taxation and Non Specific Grant Income	
8,054	Collection Fund Income (council tax- council)	8,186
1,333	Collection Fund Income (council tax - parishes)	1,333
5,656	NNDR	8,288
1,702	New Homes Bonus Grant	598
-	Revenue Support Grant	113
195	Services Grant	114
-	Funding Guarantee Grant	1,587
398	Lower Tier Grant	-
8,100	Future High Street Fund	650
1,522	Disabled Facilities Grant	1,655
364	UK Shared Prosperity Fund	626
188	Section 106 capital grants	-
-	Rough Sleepers Accomodation	56
-	Rural Prosperity Grant	122
	Stone Leisure	881
176	Other grants	163
27,688	**Total**	**24,372**
	Credited to Services	
16,668	Housing Benefit Subsidy	17,424
235	Housing Benefit Administration Grant	221
170	Cost of Collection Allowance	170
111	DCLG Local Council Tax Scheme Grant	-
93	Discretionary Housing Payments	94
412	Homelessness Grants	641
223	UK Shared Prosperity Fund	509
-	Swimming Pool Support Grants	197
-	Health Inequalities Grant	194
-	Hardship Grant	173
188	Council Tax rebate new burdens	-
-	Planning Skills Delivery Grant	100
-	Station Gateway Grant	91
-	Elections Grants	68
-	Asylum Grant	50
178	Other grants	226
18,278	**Total**	**20,158**

Other grants shown in the tables above includes all grants received less than £50,000.

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

(i) Current Liabilities

31 March 2023 £000	Revenue Grants Receipts in Advance	31 March 2024 £000
2,495	Other	2,454
2,495	**Total**	**2,454**

(ii) Long Term Liabilities

31 March 2023 £000	Capital Grants Receipts in Advance	31 March 2024 £000
3,689	Section 106 Developers capital contributions	3,785
3,689	**Total**	**3,785**

The Council does not hold a donated assets account.

38. Related Parties

The Council is required to disclose material transactions with related parties, that is 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.

Central Government
Central government has significant influence over the general operations of the Council as it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 37 Grant Income and Precepts on the Collection Fund.

Members
Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2023/24 is shown in Note 34. Details of Members' interest are recorded in the Register of Members' Interest maintained by the Council. During 2023/24 there were no significant works and services commissioned from companies in which members had an interest.

Officers
During 2023/24 there were no significant works or services commissioned from companies in which senior officers had an interest.

Other Public Bodies (subject to common control by central government)
There are no transactions with other public bodies in 2023/24 that are required to be disclosed.

Entities Controlled or Significantly Influenced by the Council
As part of the shared services with Cannock Chase District Council, Stafford Borough Council paid £2.834 million for Cannock Chase District Council hosted services and received £1.413 million for services hosted at Stafford.

39. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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 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.

2022/23 £000		2023/24 £000
4,077	**Opening Capital Financing Requirement**	**3,777**
	Capital Investment	
802	Property, Plant and Equipment	5,958
1,567	Revenue Expenditure Funded from Capital under Statute	3,815
	Sources of finance	
(89)	Capital receipts	(737)
(2,107)	Government grants and other contributions	(8,969)
	Sums set aside from revenue:	
(173)	Direct revenue contributions	(67)
(300)	Minimum Revenue Provision (MRP)	(191)
3,777	**Closing Capital Financing Requirement**	**3,586**

2022/23 £000		2023/24 £000
	Explanation of movements in year	
(300)	Increase/(Decrease) in underlying need to borrowing (unsupported by government financial assistance)	(191)
-	Assets acquired under finance leases	
(300)	**Increase/(decrease) in Capital Financing Requirement**	**(191)**

40. Leases

Council as Lessee

Finance Leases
The Council has acquired its administrative building under a finance lease. It has also acquired a number of assets under finance assets for vehicles.

The administrative building assets is carried as Property, Plant and Equipment in the Balance Sheet, and the vehicles as Leased Plant and Equipment at the following net amounts:

31 March 2023 £000		31 March 2024 £000
2,057	Other Land and Buildings	2,653
326	Leased Plant & Equipment	220
2,383		**2,873**

The Council is committed to making minimum payments under the leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while liability remains outstanding. The minimum lease payments are made up of the following amounts:

31 March 2023 £000		31 March 2024 £000
	Finance lease liabilities (net present value of minimum lease payments):	
103	current	77
1,478	non-current	1,401
4,152	Finance costs payable in future years	4,042
5,733	**Minimum lease payments**	**5,520**

The minimum lease payments will be payable over the following periods:

31 March 2023 Minimum Lease Payments £000	31 March 2023 Finance Lease Liabilities £000		31 March 2024 Minimum Lease Payments £000	31 March 2024 Finance Lease Liabilities £000
212	103	Not later than one year	183	77
628	212	Later than one year and not later than five years	548	138
4,893	1,266	Later than five years	4,789	1,263
5,733	**1,581**		**5,520**	**1,478**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2023/24 £368,919 contingent rents were payable by the Council (2022/23 £368,919).

The Council has sub-let some of the office accommodation held under this finance lease. At 31 March 2024 the minimum payments expected to be received under non-cancellable sub-leases were £931,750. (£1,085,600 at 31 March 2023).

Operating Leases
The Council does not have any assets held under operating leases.

Council as Lessor:

Finance Leases
The Council has a number of assets that are leased to third parties on long leases, The Council does not receive any rentals and the land values are carried as Investment Assets in the Balance Sheet.(see note 18).

Operating Leases
The Council leases out property and equipment under operating leases for the following purposes:

- for economic development purposes to provide suitable affordable accommodation for local businesses and the voluntary sector

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

31 March 2023 £000		31 March 2024 £000
109	Not later than one year	129
371	Later than one year and not later than five years	381
33	Later than five years	17
513		**527**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There were no contingent rents receivable for either 2023/24 or 2022/23.

41. Impairment Losses

During 2023/24 the Council has recognised no impairment losses other than movements in valuation as part of the planned valuation programme and capital expenditure incurred.

42. Termination Benefits

The number of agreed departures/ exit packages and total cost per band are set out in Note 35.

43. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment 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 future entitlement.

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

The Staffordshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Staffordshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

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

During 2017/18 the Council outsourced its Leisure service to a new provider, Freedom Leisure. As part of this the pension contributions were based on a pass through arrangement through Stafford Borough Council, As the pension contributions are fixed the ultimate liability remains with the Council and therefore the figures set out below include the transferred employees.

Transactions Relating to Post-employment Benefits

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

2022/23 £000		2023/24 £000
	Comprehensive Income and Expenditure Statement	
	Service Cost	
3,608	Current service cost	1,854
-	Past service cost (including curtailments)	
3,608	**Total Service Cost**	1,854
	Financing and Investment Income and Expenditure	
(3,276)	Interest income on scheme assets	(5,500)
4,257	Interest cost on defined benefit obligation	5,469
981	**Total Net Interest**	(31)
4,589	**Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services**	**1,823**
	Remeasurements of the Net Defined Liability Comprising:	
5,509	Return on plan assets excluding amounts included in net interest	(9,063)
(2,903)	Actuarial (gains) / losses arising from changes in demographic assumptions	(685)
(50,982)	Actuarial (gains) / losses arising on changes in financial assumptions	(5,034)
-	Effect of asset celing	32,746
11,412	Other	3,307
(36,964)	**Total remeasurements recognised in other comprehensive income**	**21,271**
(32,375)	**Total Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**23,094**
	Movement in Reserves Statement	
(4,589)	Reversal of net charges made to the (surplus) or deficit on the provision of Services	(1,823)
3,340	**Employers Contributions Payable to the Scheme**	3,132

Freedom Leisure contributions to the scheme during the year were approximately £180,000

Pensions 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:

31 March 2023 £000		31 March 2024 £000
(115,304)	Fair value of employer assets	(130,858)
113,971	Present value of funded liabilities	114,229
-	Effect of asset ceiling	32,746
2,729	Present value of unfunded liabilities	2,368
1,396	**Net Liability arising from the Defined Benefit Obligation**	**18,485**

Reconciliation of the Movements in the Fair Value of Scheme Assets

2022/23 £000		2023/24 £000
122,742	**Opening fair value of scheme assets**	**115,304**
3,276	Interest income	5,500
	Remeasurement gain/(loss)	
(5,509)	Return on plan assets excluding the amounts included in net interest	9,063
(2,567)	Other	-
1,577	Contributions from employer	6,005
511	Contributions from employees into the scheme	545
(4,726)	Benefits paid	(5,559)
115,304	**Closing Fair Value of Scheme Assets**	**130,858**

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

2022/23 £000		2023/24 £000
158,090	**Opening fair value of scheme liabilities**	**116,700**
3,608	Current service cost	1,854
4,257	Interest cost	5,469
511	Contributions from scheme participants	545
	Remeasurement (gains)/losses:	
(2,903)	Actuarial (gains)/losses arising from changes in demographic assumptions	(685)
(50,982)	Actuarial (gains)/losses arising from changes in financial assumptions	(5,034)
8,845	Other	3,307
-	Past service cost	
(4,726)	Benefits paid	(5,559)
116,700	**Closing Fair Value of Scheme Liabilities**	**116,597**

Local Government Pension Scheme Assets comprised:

	Period Ended 31 March 2023				Period Ended 31 March 2024			
	Quoted Prices in Active Markets £000	Quoted Prices not in Active Markets £000	Total £000	Percentage Total of Asset £000	Quoted Prices in Active Markets £000	Quoted Prices not in Active Markets £000	Total £000	Percentage Total of Asset £000
Equity Securities								
Consumer	3,882		3,882	3%	3,544		3,544	3%
Manufacturing	3,168		3,168	3%	1,766		1,766	1%
Energy and utilities	870		870	1%	806		806	1%
Financial Institutions	4,132		4,132	4%	4,808		4,808	4%
Health and Care	4,363		4,363	4%	3,623		3,623	3%
Information Technology	5,018		5,018	4%	5,787		5,787	5%
Other	-		-	0%	-		-	0%
Debt Securities								
Investment grade	6,774		6,774	6%	9,741		9,741	7%
Private Equity								
All		5,713	5,713	5%		6,887	6,887	5%
Real Estate								
UK Property		9,234	9,234	8%		9,659	9,659	7%
Investment Funds and Unit Trusts								
Equities	54,774		54,774	47%	59,298		59,298	45%
Bonds	7,216		7,216	6%	10,269		10,269	8%
Hedge Funds		42	42	0%			-	0%
Infrastructure		307	307	0%		5,687	5,687	4%
Other		5,292	5,292	5%		6,855	6,855	5%
Cash and Cash Equivalents								
All	4,519		4,519	4%	2,128		2,128	2%
Total Assets	**94,716**	**20,588**	**115,304**	**100**	**101,770**	**29,088**	**130,858**	**100**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Local Government Pension Scheme liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council operated Fund are based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

2022/23		2023/24
	Mortality assumptions	
	Longevity at 65 for current pensioners:	
21.4	Men	21.4
24.1	Women	23.8
	Longevity at 65 for future pensioners:	
21.7	Men	21.7
25.9	Women	25.6
	Rate of Inflation	
3.50%	**Rate of increase in salaries**	3.30%
3.00%	**Rate of increase in pensions**	2.80%
4.75%	**Rate for discounting scheme liabilities**	4.80%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2022/23.

Change in Assumption at 31 March 2024	Approximate % Increase to Employee Liability %	Approximate Monetary Value £000
0.1% decrease in real discount rate	2%	1,959
1 year increase in member life expectancy	4%	4,664
0.1% increase in the salary increase rate	0%	96
0.1% increase in the pension increase rate	2%	1,897

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding strategy to recoup the past deficit over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed in 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 the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 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 to certain public servants.

The Council anticipates to pay £1,821,000 expected contributions to the scheme in 2024/25. This includes contributions made by Freedom Leisure outlined above.

The weighted average duration of the defined benefit obligation for the funding scheme members for 2023/24 is 16 years. (2022/23 16 years).

44. Contingent Liabilities

Municipal Mutual Insurance
Under the Municipal Mutual Insurance Limited Scheme of Arrangement, the Council has a potential claw-back should there be a deficit in the winding up of the company. An initial payment was made in 2013/14 for £65,000 based on a 15% levy notice, in 2015/16 a further creditor provision of £45,947 has been made to increase to a 25% levy. As there is no certainty on the remaining liability this has been left as a contingent liability. It is the view of the Board at 31 March 2024 that a solvent run off of the Company's business cannot be guaranteed.

45. Contingent Assets

There are no contingent assets at 31 March 2024.

46. Nature and Extent of Risks Arising 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 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.

Overall procedures for managing risks

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks.

Risk management is carried out by a central treasury section, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.)

Credit Risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The Annual Investment Strategy for 2023/24 was approved by Full Council on 21st February 2023 and is available on the Council's website.

Credit Risk Management Practices

The Council`s credit risk management practices are set out in the Annual Investment Strategy. The key elements are:

- It requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standards & Poors Credit Rating Services.
- sets out maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

This Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three ratings agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays.

- credit watches and credit outlooks from credit rating agencies;
- sovereign ratings to select counterparties from only the most creditworthy countries
- Credit Default Swaps spreads to give early warning of likely changes in credit ratings

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 internal ratings in accordance with parameters set by the Council.

Due to the nature of the financial assets held by the Council it is considered that the credit risk is low. Set out below is the key overview of financial assets held, an assessment of their credit risk and methodology for calculation of credit loss:

Long Term Debtors
These relate to loans which are a charge on property therefore no credit losses are calculated or defaults and write offs have taken place.

Investments
This category includes Money Market Funds, Fixed Term deposits and Cash held at bank. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. To date there has been no default or write off in relation to this category of financial asset.

Short Term Debtors
The short term debtors are split into two elements being non financial assets and financial assets. The non financial assets relate to transactions with the Government, Local authorities and statutory debt. For transactions with government and local authorities no loss allowance is calculated on these elements. For statutory debt loss allowance is calculated based on historic experience which has remained unchanged.

The financial assets primarily relate to sundry debtors and capital payments due. The criteria in relation to these assets are set out below:

- The Council's definition of default is that the counterparty has failed to make the payment and all enforcement action has been unsuccessful
- Debts are written off by the Council where the debt is greater than 6 years old, or where all enforcement has been unsuccessful. Debts below £2,500 are authorised by the Head of Finance and above that value by Council.
- In determining the expected credit losses this is based on experience of default and uncollectability over the last five years based on a lifetime expected credit loss model. There has been no material impact of adopting a forward looking model or changes in the estimation technique.

Amounts Arising from Expected Credit Losses

The Council has assessed its investments and concluded that the expected credit loss is not material therefore no allowances have been made.

A summary of the credit quality of the Council's investments at 31 March 2024 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and uncollectability.

	Lowest Long Term Rating	Principal Balance at 31 March 2024 £000	Historical Experience of Default £000	Estimated maximum exposure to default and uncollect-ability at 31 March 2024 £000
Deposits with Banks and Financial Institutions				
Aberdeen Standard MMF *	AAA	9,000		
Federated Investors (UK) MMF *	AAA	9,000		
Deutsche MMF*	AAA	8,850		
Morgan Stanley MMF*	AAA	9,000		
Handelsbanken Plc Call Ac	AA-	3,260	0.000%	0.002
Bank of Scotland	A+	3,380	0.000%	0.004
National Bank of Kuwait (International) PLC	A	4,000	0.008%	0.315
Al Rayan Bank PLC	A+	6,000	0.006%	0.363
National Westminster Bank Plc (RFB)	A	2,000	0.006%	0.121
Santander UK Plc 180 Notice Ac	A	6,000	0.022%	1.308
Total		**60,490**		**2.113**

* Money Market Fund

The historic rates of default are from the following agencies as set out below: -

Agency	Years
Fitch	1990 - 2023
Moody's	1983 - 2023

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

In relation to Expected Credit Losses for debtors, the Council does not generally allow extended credit for customers, but some of the current balance is past its due date for payment.

Trade debtors are based on lifetime expected credit losses. The trade debtors expected credit losses have been calculated based on debt type and recovery stage of debt. The expected credit loss is approximately £85,000. (2022/23 £116,000)

Collateral and Other Credit Enhancements

During the period the Council held no collateral as security.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no risk that it will be unable to raise finance to meet its commitments under financial instruments.

All sums owing £60.5m are due to be paid in less than one year.

Refinancing and Maturity Risk

The Council maintains a debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing the financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury section address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and

- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity of financial liabilities is as follows:

31 March 2023 £000		31 March 2024 £000
105	Less than one year	79
79	Between one and two years	81
140	Between two and five years	61
1,271	More than five years	1,263
1,595		**1,484**

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

Market Risk

Interest Rate Risk

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

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates - the fair value of the borrowings will fall (no impact on revenue balances)
- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances)

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus and Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services 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 planned treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The finance department monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

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

	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	803
Impact on Surplus or Deficit on the Provision of Services	**803**

The fair values for fixed assets have been calculated at carrying value as the instruments are held for less than 1 year and the difference in rates is not material.

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

Price Risk

The Council has not invested in any equity shares and therefore has no exposure to price risk.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

47. Heritage Assets Five Year Summary of Transactions

There have been no acquisitions or disposals of the Council's heritage assets in the five year period ended 31 March 2024.

48. Heritage Assets: Further Information on the Collections Held

Civic Regalia

The Council's Civic Regalia includes items such as civic chains and items in connection with civic duties. There is also a collection of silverware and other items given to the Council on various occasions. Items are held and governed under Council regulations and procedures governing all Council assets.

Art Collection at Civic Offices

The Collection contains paintings and Coats of Arms and China held at the Civic Offices. It also includes 5,000 photographic slides, posters and 18th and 19th Century Wallpaper. In addition the Council owns a painting by Matthew Craddock which was donated by Sir Hugh Fraser of Bradshaw.

First Edition of the Compleat Angler by Izaak Walton at Mayors Chambers
Izaak Walton's book, The Compleat Angler, was first published on 9 May 1653 and is arguably the most important book in Old English style, having gone through over 600 editions since the author's death. Besides angling advice, the book expounds a philosophy for life which has value and relevance today.

Art Collection at Heritage Sites

- **Statue of Izaak Walton**
  The statue of Izaak Walton was presented to the people of Stafford by the Staffordshire Newspaper to commemorate the Second Millennium. The statue depicts Izaak Walton in an angling repose on the banks of the River Sow.

- **Collection at the Ancient High House Museum**
  The Ancient High House Museum opened in 1987 following extensive restoration work. The museum currently houses the museum of the Staffordshire Yeomanry and exhibitions are staged throughout the year reflecting Stafford's history.

  The Collection covers items reflecting the social context of the building including furniture, decorative art, tools and utensils from the late Tudor period up until the Edwardian/Georgian age. The Collection also included an intricately carved 16th Century coat of arms which was presented to the Corporation of Stafford by Mayor William Feake in 1677, and a picture of Thomas Sidney, one of only three Staffordians to become Mayor of London.

- **Collection at Izaak Walton Cottage**
  The Izaak Walton Cottage Museum opened in its current form in 1990 and houses exhibits dedicated to social history interpreting the life and times of Izaak Walton on the ground floor and angling artefacts and Izaak's written works on the first floor. There are approximately 350 objects and 200 photographs in the Collection.

49. Trust Funds

The Council acts as custodian trustee for two charities. As a custodian trustee, the Council holds the property but takes no decisions on its use. The funds do not represent the assets of the Council and therefore they have not been included in the Balance Sheet.

2023/24	**Income** £000	**Expenditure** £000	**Assets** £000	**Liabilities** £000
Sidney's	-	-	6.187	-
Izaak Walton	-	-	0.102	-
Total	**-**	**-**	**6.289**	**-**

2022/23	**Income** £000	**Expenditure** £000	**Assets** £000	**Liabilities** £000
Sidney's	0.211		6.187	-
Izaak Walton			0.102	-
Total	**0.211**	**-**	**6.289**	**-**

50. Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by Deputy Chief Executive (Resources) on 27 February 2025. 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 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. This statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non Domestic Rates.

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and National Non Domestic Rates. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund (surpluses) / deficits for Council Tax declared by the billing authority on 15 January each year, are apportioned to the relevant precepting authorities in the subsequent financial year. The major precepting authorities are Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire, Staffordshire Commissioner Fire & Rescue Service, (formerly Stoke-on-Trent and Staffordshire Fire and Rescue Authority).

In 2013/2014 the local government finance regime was revised with the introduction of the Business Rates Retention (50%) Scheme. Business Rates now forms part of the funding of local authorities whereby the income is shared between the Government/County Council/Fire Authority and the District Council. Stafford Borough are set a predetermined overall level of Business Rates income and retain 40% of that figure; any growth above that level is then subject to a 50% levy that is paid to the Staffordshire and Stoke-on-Trent Business Rates Pool.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure Account is included in the Council's accounts. The Collection Fund Balance Sheet is incorporated into the Council's Consolidated Balance Sheet.

2022/23			2023/24	
Total		**Business Rates**	**Council Tax**	**Total**
£000		**£000**	**£000**	**£000**
	Income			
95,065	Council Tax Receivable	-	99,099	99,099
42,641	Business Rates Receivable	47,327	-	47,327
-	Transitional Protection Received from Government	2,806	-	2,806
-	Contributions to previous estimated deficit (NNDR1)	1,975	-	1,975
137,706	**Total Income**	**52,108**	**99,099**	**151,207**
	Expenditure			
	Precepts and Demands			
71,829	Staffordshire County Council	4,559	71,890	76,449
25,261	Stafford Borough Council	20,261	8,234	28,495
1,276	Parishes	-	1,333	1,333
4,327	Staffordshire Commissioner Fire & Rescue Service	507	4,117	4,624
12,053	Office of the Police and Crime Commissioner Staffordshire	-	12,732	12,732
21,552	Payments to Central Government	25,327	-	25,327
136,298		**50,654**	**98,306**	**148,960**
	Charges to Collection Fund			
980	Write offs of uncollectable amounts			-
676	Increase/(decrease) in bad debts provision	(303)	1,525	1,222
(153)	Reduction in provision for appeals	(2,527)	-	(2,527)
806	Transitional Protection Payments to Pool	-	-	-
170	Costs of Collection	170	-	170
-	S13A(1)(c) Discretionary Reliefs Funded by General Fund	-	(222)	(222)
(8,422)	Distribution of estimated Collection Fund Surplus	-	2,638	2,638
130,355	**Total Expenditure**	**47,994**	**102,247**	**150,241**
(7,351)	**(Surplus)/Deficit for Year**	**(4,114)**	**3,148**	**(966)**
	Movement of Collection Fund Balances			
7,725	**Balance brought Forward**	**2,128**	**(1,754)**	**374**
(7,351)	Add (Surplus)/Deficit for the Year	**(4,114)**	**3,148**	**(966)**
374	**Balance Carried Forward**	**(1,986)**	**1,394**	**(592)**

NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

1. Council Tax Base and Council Tax Levels

Council Tax income is derived from charges made to taxpayers according to the value of residential properties. Charges are levied in accordance with the valuation band assigned to a property.

The calculation of the Council Tax chargeable in any year is obtained by dividing the total of the precepts and the demands made on the fund by the Council's Tax Base, which represents the total equivalent number of Band D properties as adjusted for discounts and an estimated collection rate of 97.4%. The following shows how the tax base for the year was calculated and the amount of tax chargeable for the year.

Council Tax Base 2023/24

Band		Number of Properties (adj for discounts)	Ratio	Band D Equivalent
A	Disabled	36.00	5/9	20.00
A		10,375.85	6/9	6,917.20
B		12,393.75	7/9	9,639.60
C		12,759.00	8/9	11,341.30
D		9,077.50	1	9,077.50
E		6,437.50	11/9	7,868.10
F		3,499.50	13/9	5,054.80
G		1,559.25	15/9	2,598.80
H		81.75	2	163.50
		56,220.10		52,680.80
	Other Adjustments and Discounts			(3,817.25)
				48,863.55

The actual Council Tax base for 2023/24 was 49,257.48, an increase of 393.93 (0.8%)

2. Council Tax Chargeable for a Band D Property

2022/23 Council Tax £		2023/24 Precept £000	2023/24 Council Tax £
1,401.30	Staffordshire County Council	71,890	1,471.23
165.38	Stafford Borough Council	8,234	168.52
26.31	Parish Council (Average)	1,333	27.28
248.57	Office of the Police and Crime Commissioner - Staffordshire	12,732	260.57
80.35	Staffordshire Commissioner Fire & Rescue Service	4,117	84.25
1,921.91	**Total**	**98,306**	**2,011.85**

Individual amounts chargeable are derived from the above according to property banding and individual Parish Demands.

3. Non-Domestic Rates (NDR)

The Council is responsible for the collection of Non-Domestic Rates from businesses in its area.

The rates payable, subject to reliefs and reductions, are calculated on the basis of Rateable Value of individual properties (provided by the Valuation Office Agency) multiplied by a specified rate as determined by Central Government. The specified rate for 2023/24 was 51.2p (2022/23 51.2p).

The total non-domestic rateable value at 31 March 2024 was £134.866 million (£122.060 million at 31 March 2023). This takes into account the new ratings list effective from 1st April 2023.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the VOA and hence business rates outstanding as at 31 March 2024. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares.

4. The Fund Balance

The movement in the Council Tax Collection Fund balance is summarised as follows:

Fund Balance at 31 March 2023 £000		Surplus in year (Net Position) £000	Fund Balance at 31 March 2024 £000
(176)	Stafford Borough Council	310	134
(1,276)	Staffordshire County Council	2,297	1,021
(227)	Office of the Police and Crime Commissioner - Staffordshire	408	181
(75)	Staffordshire Commissioner Fire & Rescue Service	133	58
(1,754)		**3,148**	**1,394**

The movement in the Business Rates Collection Fund Balance is summarised as follows:

Fund Balance at 31 March 2023 £000		Surplus in year (Net Position) £000	Fund Balance at 31 March 2024 £000
851	Stafford Borough Council	(1,646)	(795)
192	Staffordshire County Council	(370)	(178)
1,064	Central Government	(2,057)	(993)
21	Staffordshire Commissioner Fire & Rescue Service	(41)	(20)
2,128		**(4,114)**	**(1,986)**

The surplus for the year includes a contribution towards the estimated deficit of £1.975m million as at the 15 January 2023 position.

5. Precepts and Demands on the Collection Fund

The following authorities have made a Precept / Demand on the Collection Fund:

2022/23		2023/24		
Precept/ Demand plus Share of Surplus £000	Council Tax	Precept/ Demand for Year £000	Plus Share of Surplus £000	Total Paid in Year £000
7,968	Stafford Borough Council	8,234	262	8,496
1,276	Parishes	1,333	-	1,333
67,567	Staffordshire County Council	71,890	1,924	73,814
11,985	Office of the Police and Crime Commissioner - Staffordshire	12,732	342	13,074
				-
3,874	Staffordshire Commissioner Fire & Rescue Service	4,117	110	4,227
92,670		**98,306**	**2,638**	**100,944**

The following authorities have made a demand on the Collection Fund for Business Rates (the Demand is determined in accordance with regulations) and reflects the estimate outturn reported to Government and other precepting bodies in the NNDR1 return and the designated percentage share:

2022/23 Precept/ Demand for Year £000	Business Rates	2023/24 Precept/ Demand for Year £000
17,241	Stafford Borough Council (40%)	19,471
3,879	Staffordshire County Council (9%)	4,381
21,552	Central Government (50%)	24,339
431	Staffordshire Commissioner Fire & Rescue Service (1%)	487
43,103		**48,678**

The precept/demand for the year includes the recovery of the deficit recorded in NNDR1 of £1.975 million in accordance with statutory requirements.

The amount in relation to Stafford Borough Council forms part of the General Fund accounts and is subject to the Tariffs and Levy arrangements of the Business Rates funding regime.

6. Provision for Appeals

As at 31 March 2024 the estimated value of appeals provision against Rateable Value amounts to £5.907 million. The provision is split into two periods covering 1 April 2010 to 31 March 2023 £4.482 million, the vast majority relating to the 2017 List, and a period covering 1 April 2023 onwards £1.425 million for the 2023 List.

GLOSSARY OF FINANCIAL TERMS

For the purpose of the Statement of Accounts and the interpretation of CIPFA’s Code of Practice, where appropriate, the following definitions have been adopted.

Accounting Concepts

The fundamental accounting principles that are applied to ensure that the Statement of Accounts 'present fairly' the financial performance and position of the local authority.

Accounting Policies

Accounting policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy, for example, will specify the estimation basis for accruals where there is uncertainty over the amount.

Accruals

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

Agent

This is where the Council when providing a service is acting as an intermediary which is not part of the councils core business.

Balance Sheet

This shows a summary of the overall financial position of the Council at the end of the financial year.

Business Rates

The level of business rates income eligible for pooling under the business rates retention funding regime.

Capital Adjustment Account

This reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

Capital Charges

Charges to service revenue accounts to reflect the cost of property, plant and equipment used in the provision of services.

Capital Expenditure

Expenditure on the acquisition of fixed assets or expenditure, which adds to and does not merely maintain existing assets.

Capital Receipts Reserve

Income received from the sale of capital assets a specified proportion of which may be used to finance new capital expenditure. The balance is set aside in the form of a provision to meet credit liabilities.

Carrying Amount

This is the amount at which an asset is recognised on the balance sheet after deducting any accumulated depreciation and impairment.

Cash Equivalents

Short term highly liquid investments that are convertible into cash within 24 hours and are subject to insignificant risk of changes in value.

CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is one of the leading accountancy bodies in the United Kingdom and specialises in public services.

Code of Practice

This is the Statement of Recommended Practice which was the framework for published accounts to 31 March 2024.

Collection Fund

A fund accounting for Council Tax and Non-Domestic Rates received by the Council and the payments which are made from the fund including precepts to other authorities, the Council's own demand and payments to the NNDR pool.

Collection Fund Adjustment Account

This account represents the Council's share of deficit on the Collection Fund and absorbs timing differences in distribution of surplus / deficits between statutory requirements and full accruals accounting.

Community Assets

Assets which 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 is the same.

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 have been incurred by a series of independent, single purpose, nominated bodies managing the same services.

Current Service Cost

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

Curtailment

For a defined benefit pension 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:

- termination of employees' services earlier than expected
- 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.

Creditors

Amounts owed by the Council for goods and services, where payments have not been made at the end of the financial year.

Debtors

Amounts owed to the Council for goods and services, where the income has not been received at the end of the financial year.

Deferred Credits

These consist of deferred capital receipts, which are amounts derived from the sales of assets which will be received in instalments over agreed periods of time.

Defined Benefit Pension 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.

Depreciable Replacement Cost (DRC)

This is a method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence.

Depreciation

The measure of the cost or revalued amount of the benefits of the property, plant & equipment that have been consumed during the period. Consumption includes wearing out, using up or other reduction in the useful life whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and 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:

- the termination of the operation is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- the activities related to the operation have ceased permanently;
- 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 local services resulting either from its withdrawal from a particular activity (whether a service or division of service or its provision in a specific geographical are) or from a material reduction in net expenditure in the local authority's continuing operations;
- the assets, liabilities, income and expenditure of operations and activities are clearly distinguishable physically, operationally and for financial reporting purposes. Operations not satisfying these conditions are classified as continuing.
- activities are discontinued where they cease completely and are not simply transferred to another part of the public sector.

Emoluments

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

Expected Rate of Return on Pension Assets

For a funded defined benefit pension 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.

Fair Value

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

Fees and Charges

Income arising from the provision of services.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of property, plant or equipment to the lessee from the lessor. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term includes trade receivables and payables, borrowings, financial guarantees, bank deposits, investments, swaps, forwards and options, debt instruments with embedded swaps or embedded options.

Financial Reporting Standards (FRSs)

Statements prepared by the Accounting Standards Committee. Many of the Financial Reporting Standards (FRSs) and the earlier Statements of Standard Accounting Practice (SSAPs) apply to local authorities and any departure from these must be disclosed in the published accounts.

Financial Year

Period of time to which a Statement of Accounts relates. The financial year of the Council runs from 1st April to 31st March.

GAAP

GAAP (Generally Accepted Accounting Principles), is the standard framework of guidelines for financial accounting. It includes standards, conventions and rules accountants follow in recording and summarising transactions, and in the preparation of financial statements.

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfer of assets to a local authority in return for past or future compliance with certain conditions relating to the activities of the local authority.

Heritage Assets

These are assets held by the Council principally for their contribution to knowledge and culture, it does not relate to assets used in the delivery of services.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Income and Expenditure Account

The Income and Expenditure account combines the income and expenditure relating to all the Council's functions including the General Fund and the Collection Fund. It is structured on the basis of the private sector and thereby excludes calculations done due to statutory and non statutory practices e.g. gains and losses on the sale of fixed assets and statutory provision for the repayment of debt.

Infrastructure Assets

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure are highways and footpaths.

Intangible Assets

Intangible assets are those assets whereby access to the future economic benefits that it represents is controlled by the reporting entity, either through custody or legal protection. Examples include development expenditure and goodwill.

Interest Cost

For a defined benefit pension scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investments

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 which do not meet the above criteria should be qualified as current assets.

Leasing

Method of financing the provision of various capital assets, usually in the form of an operating lease, which do not provide for the title to the asset to pass to the Council.

Liquid Resources

Current investments that are readily disposable by the Council without disrupting its business and are readily convertible to cash.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to the Council's revenue accounts each year and set aside as a provision to meet the Council's credit liabilities.

National Non-Domestic Rate (NNDR)

Amounts payable to local authorities from non-domestic properties. The rate poundage is set nationally and amounts collected by local authorities are subject to arrangements as determined under the business rates retention scheme.

Net Book Value

Amount at which property, plant & equipment are included in the balance sheet, i.e. their historical cost or current value value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost

Cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its 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 net debt.

Net Realisable Value

Open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non Distributed Costs

These are overheads that are not apportioned to services to accord with CIPFA's Best Value Accounting Code of Practice.

Non-Operational Assets

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Leases

A lease other than a finance lease.

Operational Assets

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Past Service Cost

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

Post Balance Sheet Events

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.

Precept

Demands made upon the collection fund by other authorities (Staffordshire County, Police and Fire Authorities) for the services that they provide.

Principal

This is when the Council is providing a service as part of its own core business.

Prior Year Adjustments

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

Property, plant & equipment

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Provisions

Amounts set aside to meet liabilities or losses which are likely to be incurred but where the amount remains uncertain.

Prudence

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

Public Works Loan Board (PWLB)

Central Government Agency which lends money to local authorities usually at interest rates which are more favourable than those found elsewhere.

Related Party

Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.

Reserves

Sums set aside to meet future expenditure for specific purposes.

Revaluation Reserve

This is used to record the net gain from revaluations made after 1 April 2007.

Revenue Expenditure

Expenditure on the day-to-day running of the Council, including employee costs, running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (Formerly Deferred Charges)

Expenditure that is not capital in accordance with generally accepted accounting principles but which statute allows to be funded from capital resources.

Revenue Support Grant (RSG)

Grant paid to local authorities by Central Government to help finance its general expenditure. It is determined under the SSA system.

Scheme Liabilities

The liabilities of a defined benefit pension 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.

SeRCOP

SeRCOP (Service Reporting Code of Practice) provides guidance on local authority financial reporting to stakeholders below the Statement of Accounts level. It aims to ensure consistency in reporting across local authorities.

Settlement

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

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

Stocks

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Termination Benefits

These are employee benefits payable as a result of either an entity'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.

Useful Life

Period over which the local authority will derive benefits from the use of a fixed asset.

AZETS

Stafford Borough Council

Audit Completion Report

for Those Charged with Governance

Year ended 31 March 2024

May 2025

Stafford Borough Council
Riverside
Civic Centre
ST16 3AQ

20 May 2025

Dear Audit and Accounts Committee Members

Stafford Borough Council – Completion report for Those Charged with Governance for the year ended 31 March 2024

This Audit Completion Report summarises the approach and outcomes arising from our audit for the benefit of Those Charged with Governance, as required by International Standard on Auditing (UK) 260, the National Audit Office Code of Practice 2024 (the 'Code') and associated Auditor Guidance Notes. The contents of this report relate only to those matters which came to our attention during the conduct of our audit procedures and have been discussed with management.

We were appointed as auditors to perform the audit in accordance with International Standards on Auditing (UK) (ISAs (UK), which are directed towards forming and expressing an opinion on the financial statements that have been prepared on behalf of management with the oversight of Those Charged with Governance.

Statutory Instrument (2024) No.907 - "*The Accounts and Audit (Amendment) Regulations 2024*" (the SI) imposes a backstop date of 28 February 2025 by which the Council is required to publish their audited Statement of Accounts for 2023/24. If publication by this date is not possible, the SI requires Councils to publish audited Statement of Accounts as soon as reasonably practicable after the backstop date. The conditions created by the imposition of this statutory backstop date lead to time constraints which impact on our ability to complete the 2023/24 audit.

For 2023/24, the time constraints are further restricted by the fact that the statutory backstop date of 13 December 2024 for outstanding periods to 31 March 2023 – all preceding audit periods – resulted in the issue of disclaimed audit opinions by the Council's predecessor auditor for the financial years ended 31 March 2022 and 31 March 2023. This means we have no assurance on the Council's opening balances as at 1 April 2023.

continued…..

We have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK). This assessment is in line with **ISA 200: Failure to Achieve an Objective 24**.

Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimer of opinion in our auditor's report.

In completing our work for this audit year we have taken into account **Statutory Instrument (2024) No. 907** - "The Accounts and Audit (Amendment) Regulations 2024" and **Local Audit Reset and Recovery Implementation Guidance**. We have also taken into account the requirements of the **Local Audit and Accountability Act 2014**, the National Audit Office's **Code of Audit Practice (2024)**, the **Statement of Responsibilities** (from 2023/24 audits) issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

The responsibilities of the Council and Those Charged with Governance remain unchanged. The Council's Responsible Finance Officer has a responsibility under The Accounts and Audit Regulations 2015 to confirm that the Accountability Statements included in the Statement of Accounts give a true and fair view. Those Charged with Governance have an essential role in ensuring that it has assurance over the quality and accuracy of the financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. The Public Sector Audit Appointment Limited's **Statement of Responsibilities** (paragraphs 26-28) clearly set out what is expected of audited bodies in preparing their financial statements (see Appendix II).

Alongside our audit of the financial statements, under the Code we are also required to consider your arrangements for securing economy, efficiency and effectiveness in your use of resources and to report any significant weaknesses we identify, including reporting these in our auditor's report. We consider and report on the adequacy of the Council's financial reporting arrangements and the effectiveness of the Audit and Accounts Committee, as the Council's body charged with governance, in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements. We also consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

continued…..

Where, as part of our work, we identify control weaknesses we will also report these to you. However, our audit is not designed to test all internal controls or identify all areas of control weakness. As such, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

This report is intended solely for the information and use of the Audit and Accounts Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to record our appreciation for the kind assistance provided by your team during our audit.

Yours sincerely

Andrew Reid

Key Audit Partner
For and on behalf of Azets Audit Services

Your key team members

Andrew Reid
Key Audit Partner
Andy.Reid@Azets.co.uk

Michael Butler
Senior Manager
Michael.Butler@Azets.co.uk

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Executive summary

This section summarises for those charged with governance the work we performed on the Council's financial statements, our findings on your value for money arrangements and other matters arising from the statutory audit of Stafford Borough Council for the year end 31 March 2024.

Under International Standards on Auditing (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice 2024 ('the Code') we were appointed to report on whether, in our opinion:

- *The Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the period; and*
- *The Council's financial statements, have been properly prepared in accordance with the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code) 2023/24 and the Local Audit and Accountability Act 2014.*

We are also required to report on other matters under the Code of Audit Practice (2024), including any significant weaknesses we have identified in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Context for the audit

Timely, high-quality financial reporting and audit of local bodies is vital. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and that all stakeholders in the sector need to work together to address this. The factors which have led to this situation are widespread and varied. These include the following:

- Increased complexity of financial and other reporting requirements within the sector
- Increased volume of complex capital and income generation transactions which required specialist accounting and auditing expertise and which take significantly more time to prepare and audit
- Lack of capacity within local authority financial reporting professions and audit firms with specialist public sector experience
- Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed

The Ministry of Housing, Communities and Local Government (MHCLG), formerly the Department of Levelling Up Homes & Communities (DLUHC), has worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners including the NAO to develop and implement measures to clear the backlog.

In July 2024, the Minister for MHCLG issued a statement confirming the government's plans to:

- **Reset** and clear the backlog through the setting of a statutory backstop date of 13 December 2024 for any outstanding financial statements for financial years to 2022/23;
- **Recover** assurance over a five-year period to 2027/28 to avoid a recurrence of the backlog through the setting of further backstop dates for financial years 2023/24 to 2027/28; and
- **Reform** the local audit system to address the systemic challenges and embed timely financial reporting and audit.

Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI), together with the updated NAO Code of Audit Practice 2024 and the Local Audit Reset and Recovery Implementation Guidance give effect to the ministerial statement and have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)).

continued….

Executive summary

Statutory backstop dates were published in The Accounts and Audit (Amendment) Regulations 2024, which were approved by Parliament and came into force on 30 September 2024. These regulations were subsequently incorporated into The Accounts and Audit Regulations 2015 (as amended).

Alongside this updated legislation the NAO updated the Code of Audit Practice (the Code) to reflect the statutory backstop requirements. The 2024 Code was approved by Parliament on 14 November 2024. At the same time the NAO issued the Local Audit Reset and Recovery Implementation Guidance (the LARRIGs) to facilitate auditor compliance with International Standards on Auditing (UK) (ISAs (UK), which were endorsed by the FRC.

The Council's 2021/22 and 2022/23 audits were concluded in December 2024. Disclaimers of opinions were issued on both years resulting in a lack of assurance on the Council's opening balances for the 2023/24 financial year..

As a result of the system wide implementation of backstop dates, we anticipate issuing a disclaimer of opinion on the Council's 2023/24 accounts.

Financial statements – the 2023/24 audit

The statutory date for Councils to issue unaudited financial statements for 2023/24, as set out in the Accounts and Audit Regulations 2015 (as amended), was 31 May 2024. The Council issued their unaudited financial statements on 27 February 2025.

The lack of assurance over opening balance resulting from the disclaimers of opinion issued in the prior years, together with the requirement for the Council to publish audited 2023/24 financial statements by the statutory backstop date of 28 February 2025 or as soon as reasonably practicable thereafter, has impacted on the audit procedures that we had planned to undertake to gain assurance on the Council's 2023/24 financial statements. These planned procedures were reported in our 2023/24 audit plan which we have issued to the Audit and Accounts Committee. There is insufficient time and resource available to gain sufficient assurance on the 2023/24 audit, including recovering missing assurance from earlier years. We therefore anticipate issuing a disclaimer of opinion on the Council's 2023/24 accounts.

We have prioritised available resources in carrying out audit procedures which will provide us with audit information which we can accrete to future audit periods in line with the guidance set out in the LARRIGs.

continued….

Executive summary

We have undertaken the following planning tasks:

- Required independence procedures;
- Determination of materiality at the planning stage and reconsideration upon receipt of the financial statements;
- Updated our understanding of the business, including through a minute review and in discussion in our internal planning meetings.
- Identified significant risks of material misstatement;
- Considered any other matters that may require reporting to regulators, or which may result in a modification to the audit report, e.g. non-compliance with laws and regulations, objections, significant weaknesses in arrangements for value for money and any matters that may result in the use of the auditor's powers.

In order to issue our auditor's report we require completion of the following matters:

- Final engagement lead 'stand back' review of the file
- Receipt and review of the management representation letter
- Receipt and review of the final approved Statement of Accounts.
- Responses from management regarding subsequent events up to the date of the opinion and completion of subsequent events audit procedures.

We will continue to consider existing and new information which could influence our final audit opinion, a current draft of which is provided as an additional document alongside this report.

The Council's Chief Financial Officer is responsible for ensuring that the Council has adequate internal controls in place to produce financial statements that give a true and fair view and for reconfirming the material accuracy of the financial statements before they are approved by the Audit and Accounts Committee.

Where, from our procedures performed, we have identified errors or misstatements in the financial statements, disclosure errors, or inconsistencies with the prior year, we report these in this report. Any such matters reported are not exhaustive due to the lack of time available to complete our work. We are unable to confirm if there are any other misstatements in the financial statements for 2023/24 beyond those reported in this report.

continued….

Executive summary

We are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Value for money

We have completed our value for money work and our detailed findings will be set out in our Auditor's Annual Report which will be issued at a later date.

Refer to the 'Value for Money' section of this report for our high-level findings.

The Local Audit and Accountability Act 2014 (the Act) requires us to:
- *report to you if we have applied any of the additional powers and duties available to us under the Act; and*
- *certify the closure of the audit.*

Statutory duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it, or to bring it to the attention of the public.

We have not exercised any of our additional statutory powers and duties.

We expect to be able to certify the closure of the audit upon completion of any required work on whole of government accounts, as specified in the group instructions issued by the NAO.

Audit scope and general approach

This section sets out the scope and nature of our audit and should be considered in conjunction with the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments Limited (PSAA).

The primary responsibility for the prevention and detection of fraud rests with management and Those Charged with Governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Scope and general approach

Our objective when performing an audit is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach we**:**

- Perform risk assessment procedures including updating our understanding of the Council, including its environment, the financial reporting framework and its system of internal control;
- Review the design and implementation of key internal controls;
- Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;
- Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We reported the significant risks we had identified in our audit plan.

Work undertaken in 2023/24

2023/24 is our first year of appointment as external auditors to Stafford Borough Council. Following the commencement of our appointment we have undertaken a number of planning procedures. Subsequent to our appointment, MHCLG introduced statutory backstop dates, including for the 2023/24 audit.

Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 28 February 2025. By this date we are required to issue our opinion on the financial statements.

We have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation).

Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs (UK) and we anticipate issuing a disclaimer of opinion.

Materiality

Under ISA (UK) 260 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines:

- ***clearly trivial** as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria;*
- ***material** as an omission or misstatement that would reasonably influence the users of the financial statements.*

The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the business and the needs of the users.

As set out in our audit plan, we determined materiality at the planning stage as £1,008k for the Council based on 2% of gross expenditure of the 2022/23 audited financial statements. Due to the anticipated disclaimed audit opinion, we have not updated this determination on receipt of the draft 2023/24 financial statements.

We have determined that no specific materiality levels need to be set for this audit.

Materiality area	Planning (Council) £000	Final (Council) £000	Explanation
Overall materiality for the financial statements	1,008	**1,008**	This is the equivalent of 2% of gross revenue expenditure based on the 2022/23 financial statements. This is based on the risk profile of the Council and its primary objective to deliver public services. This is a common measure for calculating materiality for councils as the users of the Council's financial statements are considered to be most interested in where the Council has expended their income during the year.
Performance materiality	600	**600**	Performance materiality has been set at 60% of overall materiality. This reflects our risk assessed knowledge of the potential for errors occurring. It is intended to reduce, to an acceptably low level, the probability that cumulative undetected and uncorrected misstatements exceed materiality for the financial statements as a whole.
Trivial threshold	50	**50**	This is set at 5% of the headline materiality calculation. Individual errors above this threshold are communicated to Those Charged with Governance.

Significant risks of material misstatement

This section of our report includes a summary of the significant risk areas we identified during our audit planning that required special consideration. It provides an overview of our risk identification for the year to 31 March 2024. We set out our planned responses to each of these risks in our audit plan.

We have not amended the risks which we reported in our audit plan.

<table>
<tr><th>Significant risk</th><th>Fraud risk?</th><th>Planned approach to controls</th><th>Level of judgement / estimation uncertainty</th><th>Work completed</th></tr>
<tr><td>Prior year opinion on the financial statements</td><td>No</td><td>N/A</td><td>High</td><td>The work we completed is set out on the next page.</td></tr>
<tr><td>Management override of controls</td><td>Yes</td><td>Assess design & implementation</td><td>Very High</td><td rowspan="5">Due to the missing assurance for prior periods and the time constraints imposed by the statutory backstop we have been unable to complete all our planned procedures on the significant risks we identified.

As a result of the material and pervasive nature of missing assurance, and the imminent statutory backstop date of 28 February 2025 for the 2023/24 audit, we intend to issue a disclaimer of opinion.</td></tr>
<tr><td>Presumption of fraud in revenue recognition</td><td>Yes</td><td>Assess design & implementation</td><td>High</td></tr>
<tr><td>Expenditure recognition</td><td>Yes</td><td>Assess design & implementation</td><td>High</td></tr>
<tr><td>Valuation of land and buildings and investment properties</td><td>No</td><td>Assess design & implementation</td><td>Very High</td></tr>
<tr><td>Valuation of pension assets and liabilities (IAS19)</td><td>No</td><td>Assess design & implementation</td><td>High</td></tr>
</table>

Significant risks of material misstatement

Identified risk	Audit procedures completed	Outcome
Prior year opinion on the financial statements In our audit plan we highlighted that the Council's predecessor auditors have issued disclaimed audit opinions on the 2022/23 or 2021/22 financial years. We therefore reported that: • There was a risk that issues not yet identified in these audit years could impact the current audit year; • There was a further risk that the audit backstop of 13 December 2024 may prevent the prior year audits from being completed, resulting in prior year audit opinions being qualified by a 'limitation of scope' or disclaimed in full. As a result, we reported the significant risk that: • there may be limited assurance available over the Council's opening balances, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g. defined benefit pensions valuations and property, plant and equipment valuations, amongst others). • significant transactions, accounting treatment and management judgements may not have been subject to audit for one or more years – or at all. This may include management judgements and accounting treatment in respect of significant or complex schemes or transactions which came into effect during the qualified or disclaimed periods.	In response to this risk, we have: • considered the findings and outcomes of your prior year audits and their impact on our 2023/24 audit; • considered the impact on our 2023/24 audit of the prior year disclaimed audit opinions you have received from your predecessor auditor, with particular regard to opening balances and 'unaudited' transactions and management judgements made in previous disclaimed years which continue into 2023/24; and • considered the impact of any changes in The CIPFA Code requirements for financial reporting in previous and current audit years.	The Council's accounts were disclaimed for 2022/23 and 2021/22. This means we have no assurance over the comparators in the 2023/24 financial statements and no assurance over transactions occurring in those years which impact the figures reported in the financial statements for 2023/24. Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 28 February 2025. By this date we are required to issue our opinion on the financial statements. We have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK). Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs (UK) and we anticipate issuing a disclaimer of opinion.

2023/24 work and building back assurance

Following the commencement of our appointment as external auditors from 2023/24, we have worked closely with the Council by:

- Confirming and evidencing our independence to act as appointed external auditors;
- Confirming engagement acceptance and continuance arrangements;
- Establishing effective working arrangements with the Council's Section 151 Officer and finance team;
- Undertaking planning procedures in line with the requirements of relevant ISAs (UK) to develop our understanding of the Council, confirm the scope of our external audit and identify and assess risks of material misstatement in the financial statements;
- Issuing audit requests to the Council's finance team using our "Inflo" portal to ensure that both we and the finance team develop an understanding of audit requirements and expectations, and the nature of the information held by the Council to support the financial statements;
- Considering the implications of the statutory backstop legislation and the anticipated assurance likely to be available from the predecessor auditor and considering the impact of these matters on our approach.

As a firm we have invested considerable resources in developing our overall response to the anticipated issuing of disclaimers of opinion for 2022/23 and prior years, and the impact that this has on our audit responsibilities and audit approach for 2023/24 and future years.

Due to the audit complexities caused by the issue of previous disclaimers of opinion our work has required greater involvement from senior members of the audit team than would normally be the case.

Specific procedures we have undertaken in 2023/24 include the following:

- Confirming that accounts have been issued and approved in line with The Accounts and Audit Regulations 2015; and
- Drafting an Audit Plan and Audit Completion Report and presenting these to the Audit and Accounts Committee.

As per LARRIG guidance issued by the NAO there is a recognition that the process of rebuilding assurance following a previous modified or disclaimed audit opinion will take a number of years, as it will be necessary to rebuild assurance on all balance sheet and CIES areas. Where balances are inherently tied to transactions which occurred during disclaimed periods, particularly reserves, we will need to obtain assurance over these historical transactions. In the case of Stafford Borough Council, disclaimers of opinion issued prior to our appointment as auditors for 2023/24 cover the financial years 2021/22 and 2022/23.

continued….

Significant matters

As required by the ISAs, we must notify you of the significant findings from the audit. Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have therefore summarised any significant matters we identified from the procedures we completed in the table below.

Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures, including cconcerns identified in the following: • Consultation by management with other accountants on accounting or auditing matters; • Matters significant to the oversight of the financial reporting process; • Adjustments / transactions identified as having been made to meet an agreed budget.	Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.
Any significant difficulties encountered during the audit.	Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.
Any significant matters arising from the audit that were discussed with management, including: • Significant management judgements where there was disagreement over the judgement; • Consistency of opening balances with prior year financial statements; • Inconsistencies between the financial statements and trial balance; • Findings and issues around the material accuracy of opening balances; • Any other matters significant to your oversight of the financial reporting process.	Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.
Other significant matters - If an objective in a relevant auditing standard cannot be achieved, we are required to evaluate whether this prevents us from achieving the overall objectives of the audit and therefore requires us to modify our auditor's opinion, or to withdraw from the audit engagement (where this is possible under applicable law or regulation). Due to the statutory backstop date, we are unable to meet the objectives of the ISAs (UK) in full and will therefore disclaim our opinion.	Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We are reporting this significant matter to you as we consider it to be a matter requiring documentation in accordance with ISA (UK) 230.

Financial statements: other responsibilities

As required by the ISAs, we must notify you of other matters if they are significant to your oversight of the Council's financial reporting process. Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have therefore summarised any significant matters we identified from the procedures we completed in the table below.

Matter	Commentary	Outcome
Matters in relation to fraud	We have made enquiries of management and the Audit Committee and not been made aware of any potential instances of fraud. We have not subsequently been made aware of any other incidents.	Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.
Matters in relation to related parties	ISA 550 requires that the audit process starts with the audited body providing a list of related parties to the auditor, including any entities under common control. During our audit planning you have informed us of the individuals and entities that you consider to be related parties.	Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.
Matters in relation to compliance with laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations.	Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.
Written representations	A letter of management representations has been requested from the Council.	Please refer to the letter of representation included alongside this report.

continued….

Financial statements: other responsibilities

Matter	Commentary	Outcome
Confirmation requests from third parties	We have been unable to issue confirmation requests to third parties in relation to balances held at 31 March 2024 as the Council did not provide the requested information to support this process ahead of the statutory backstop date.	Due to the time constraints arising from the statutory backstop we have not been able to complete all our planned audit procedures. We have no further matters to report in respect of this beyond those set out elsewhere in this report.
Going concern	Management is required to make and document an assessment of whether the Council is a going concern when preparing the financial statements. The review period should cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view. As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements during our audit and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).	Management prepared the financial statements on a going concern basis applying the continuation of services provision set out in the 'CIPFA Code' and Practice Note 10. We concur with this assessment. As we will be issuing a disclaimer of opinion, we have not considered whether there are any material uncertainties that would need to be disclosed in the financial statements.

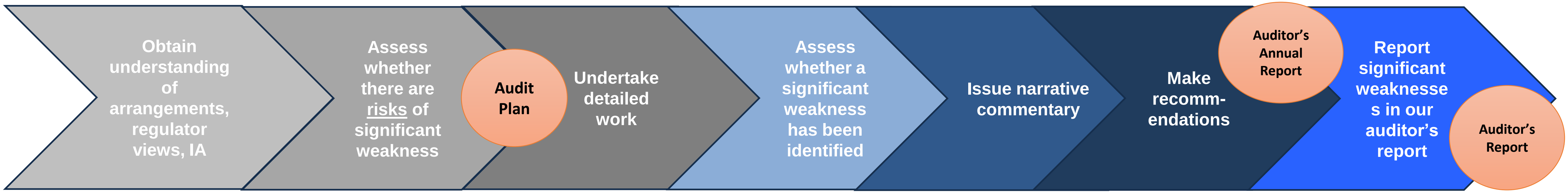
continued….

Financial statements: other responsibilities

Matter	Commentary	Outcome
Other information included in the Financial Statements: Narrative Report and Annual Governance Statement	Under the Code of Audit Practice we are required to read and report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is materially inconsistent with the financial statements and our knowledge obtained from the audit or otherwise appears to be materially misstated. We are required to report by exception if the annual governance statement does not comply with the disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit. Audit Guidance Note 07, issued by the National Audit Office, confirms that where a disclaimer of opinion is issued we may report that we have not completed this work.	As we have concluded we will be issuing a disclaimer of opinion we have not completed this work
Other matters on which we report by exception	We are also required to report by exception: • If we have applied any of our statutory powers or duties • Where we are not satisfied in respect of arrangements to secure value for money and have reported significant weakness.	We have not applied any of our statutory powers or duties in relation to the 2023/24 audit. Please refer to the detailed findings in the Value for Money section of this report.
Specified procedures for the Whole of Government Accounts (WGA)	We are required to carry out specified procedures on behalf of the NAO on the WGA consolidation pack under WGA group audit instructions. Group instructions were issued in July 2024 which set out the procedures that the NAO require from component auditors. The Council does not exceed the audit threshold for detailed testing set out in the group instructions, Submission of a partial assurance statement is therefore required, However, the instructions state that the NAO may direct auditors of components below the audit threshold to undertake additional work	We will submit our partial assurance statement to the NAO after the issue of our auditor's report and await further guidance on whether or not any additional testing is required.
Certification of closure of the audit	We are required to certify the closure of the audit on completion of all audit work for the financial year required under the Code.	We cannot issue our certificate of closure until the NAO have confirmed whether any additional testing is required for WGA.

Value for money

We are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice (2024) and the requirements of Auditor Guidance Note 3 ('AGN 03'). Where significant weaknesses are identified we report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report.



In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, as set out in AGN 03), we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. Based on review of the outcome of work undertaken by the predecessor audit for the 2021/22 and 2022/23 years we included a number of risks of significant weakness in our audit plan.

Prior year recommendations and impact on 2023/24 risk assessment

The Council's predecessor auditor raised 1 statutory recommendation and 4 key recommendations in their 2021/22 and 2022/23 Auditor's Annual Report (AAR), indicating a number of significant weaknesses in areas of the Council's Value for Money arrangements.

We recognise that management has developed an action plan in response to the issues raised and is in the process of implementing this action plan. However, as these risks identified were prevalent for most of the 2023/24 financial year-end, and work undertaken by management will take time to be embedded within the Local Authority's internal control environment, all corresponding risks and recommendations remain applicable for 2023/24 (which have been detailed on the following pages for completeness).

As a result we have reported 5 significant weaknesses in the Council's arrangements for 2023/24, and raised 5 key recommendations as a result. We have not re-raised the statutory recommendation raised by the predecessor auditor as the Council is in the process of implementing this recommendation but have instead reflected this as a key recommendation.

Further detail will be included as part of our Auditor's Annual Report (AAR), in terms of documenting steps taken by management.

Value for money 2023/24 outcome

Reporting criteria	Audit planning – risk of significant weakness identified?	Final – significant weakness identified?	Key recommendations made?	Other recommendations made?
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	**Yes**	**Yes**	**Yes**	**TBC in AAR**
Governance How the body ensures it makes informed decisions and properly manages risk	**Yes**	**Yes**	**Yes**	**TBC in AAR**
Improving economy, efficiency and effectiveness How the body uses information about its costs and performance to improve the way it manages and delivers its services	**Yes**	**Yes**	**Yes**	**TBC in AAR**

Value for Money arrangements

Type of recommendation raised in 2022/23	Prior year recommendations raised	Management response in relation to 2022/23 recommendations	Significant weakness identified in 2023/24	Recommendation carried forward
Statutory recommendation 1	The Council needs to improve its financial planning and financial monitoring arrangements by: • Ensuring it has adequate capacity in its finance team and ensure that budget holders receive formal financial monitoring reports during the year and to review year end variances to help inform the budget setting process of the subsequent year • Putting In place a Capital Strategy that complies with the revised Prudential Code • Producing draft financial statements in line with statutory requirements and working with external auditors to deliver audits effectively	Management did issue a MTFS and an updated Capital Strategy in February 2024, but this was not in place for the full 2023/24 financial year. Management has agreed an action plan in response to the other recommendation raised. This includes implementation dates from Q1 2024/25, as such we consider that the significant weakness identified remained in place for 2023/24.	A significant weakness in the Authority's arrangements for financial sustainability and governance. This was in relation to arrangements for financial planning and financial monitoring not being adequate	Recommendations raised by the predecessor auditor for 2022/23 remain valid, however we are raising these as key recommendations for 2023/24 and not further statutory recommendations.

Value for Money arrangements

Type of recommendation raised in 2022/23	Prior year recommendations raised	Management response in relation to 2022/23 recommendations	Significant weakness identified in 2023/24	Recommendation carried forward
Key recommendation 1	The Council should develop a corporate saving and transformation programme to help it reduce spending by looking at different ways of delivering services. It needs to: • Use the corporate business plan to identify its budget priorities and review service budgets • Develop an understanding of the cost of delivering its core statutory services and discretionary spend where it meets clear Council priorities and identify reductions to non-essential spending • Identify ways to deliver for less by using unit cost benchmarking to review the cost effectiveness of existing activities • Identify any discretionary activity that could be reduced or curtailed where it does not contribute to corporate business plan priorities • Consult on service changes and future spending plans with the public and included public engagement annually as part of business planning • Ensure the requisite skills are in place to manage the programme, lead change and explore new ways of working • Develop early ideas for savings with budget holds and present these members to enable early engagement with key stakeholders and to enable members to see options and the impact of savings on residents across the Council	Based on financial plans, budgets and funding arrangements, management do not consider that a savings programme is appropriate for the Council but plans to implement a transformation programme to review service delivery and processes. In other areas cover by the recommendation, Management has agreed an action plan in response to the other recommendation raised. This includes implementation dates from Q1 2024/25, as such we consider that the significant weakness identified remained in place for 2023/24	A significant weakness in the Authority's arrangements for financial sustainability. This was in relation to the need to develop a transformation programme to review service delivery and processes.	We have considered the relevance of the previous recommendation raised and will carry forward those aspects relating to the development of a transformation programme for 2023/24.

Value for Money arrangements

Type of recommendation raised in 2022/23	Prior year recommendations raised	Management response in relation to 2022/23 recommendations	Significant weakness identified in 2023/24	Recommendation carried forward
Key recommendation 2	The Council needs to urgently address it significant weaknesses in its internal controls relating to ICT by: • Ensuring its systems are fully supported by IT, Cyber and Network Security and making sure all policies are up to date and shared with staff who are appropriately trained and ensuring regular performance monitoring to address any evolving security weaknesses identified • Ensuring the Council has appropriate arrangements in place to meet information governance requirements including third party data transfers, privacy impact assessments and governance frameworks and ensuring staff know how to use these and access appropriate support and training • Working with procurement and commissioning to embed ICT controls and information governance in procurement and commissioning decisions	Management has agreed an action plan in response to the other recommendation raised. This includes implementation dates from Q1 2024/25, as such we consider that the significant weakness identified remained in place for 2023/24	Significant weaknesses in the Authority's arrangements in respect of governance.	Recommendations raised by the predecessor auditor for 2022/23 remain valid, therefore, we are raising these as key recommendations for 2023/24.
Key recommendation 3	The Council needs to urgently address it significant weaknesses in its internal controls relating to fraud by: • Ensuring there is central coordination for the National Fraud Initiative (NFI) matches. • Putting in place a dedicated counter fraud officer. • Updating the anti-Fraud and Bribery Framework and the Confidential Reporting Framework. • Ensuring work to detect fraud is extended to cover the finance system and procurement arrangements in the Council.	Management has agreed an action plan in response to the other recommendation raised. This includes implementation dates from Q1 2024/25, as such we consider that the significant weakness identified remained in place for 2023/24	Significant weaknesses in the Authority's arrangements in respect of governance.	Recommendations raised by the predecessor auditor for 2022/23 remain valid, therefore, we are raising these as key recommendations for 2023/24.

Value for Money arrangements

Type of recommendation raised in 2022/23	Prior year recommendations raised	Management response in relation to 2022/23 recommendations	Significant weakness identified in 2023/24	Recommendation carried forward
Key recommendation 4	The Council needs to improve its performance management arrangements by: • Establishing a golden thread for the Council, by creating a performance management framework at corporate and service levels linking outcomes to expected annual measures to track success and report these to the public • Developing annual delivery plans aligned with the Corporate Plan and reduce the number of service specific strategies to ensure the golden thread is in place • Agreeing performance outcomes, that can be measured, at least annually as part of the new performance management framework • Improving performance reporting to include targets, RAG rating, and actual measures and benchmarking. Reports should use previous year and 'nearest neighbours' data where possible; integrating performance, risk and finance reporting to drive improvement • Ensuring the Cabinet receives quarterly integrated performance, finance and risk reports to enable it to hold officers to account • Using performance and financial data and benchmarking to look at delivery levels of statutory services to ensure the Council is achieving value for money • Extending the new performance management framework and reporting to key contracts such as waste and leisure • Developing a strategic approach to assessing the levels of statutory services needed to save money • Agreeing corporate programme and project management methodology and ensuring its understood and applied across the Council and when commissioning these services • Internally validating contract performance management, including outcomes, together with cost and risk and reporting these regularly to Cabinet • Engaging key stakeholders, where appropriate, to determine local priorities for resources or opportunities for savings • Developing a data quality policy and ensuring the quality of the Council's core datasets.	Management has agreed an action plan in response to the other recommendation raised. This includes implementation dates from Q1 2024/25, as such we consider that the significant weakness identified remained in place for 2023/24	A significant weaknesses in the Authority's arrangements in respect of improving economy, efficiency and effectiveness.	Recommendations raised by the predecessor auditor for 2022/23 remain valid, therefore, we are raising these as key recommendations for 2023/24.

Independence and ethics

The Ethical Standards and ISA (UK) 260 require us to give you full and fair disclosure of matters relating to our independence. In accordance with our profession's ethical requirements and further to our audit plan issued confirming audit arrangements we confirm that there are no further facts or matters that impact on our integrity, objectivity and independence as auditors that we are required or wish to draw to your attention. We consider an objective, reasonable and informed third party would take the same view.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements. In addition, we have complied with the National Audit Office's Auditor Guidance Note 01, which sets out supplementary guidance on ethical requirements for auditors of public sector bodies.

In particular:

- **Non-audit services**: We provide assurance services as set out on the next page
- **Contingent fees**: No contingent fee arrangements are in place for any services provided
- **Gifts and hospitality**: We have not identified any gifts or hospitality provided to, or received from, any member of the Council, senior management or staff
- **Relationships**: We have no other relationships with the Council, its directors, senior managers and affiliates, and we are not aware of any former partners or staff being employed, or holding discussions in anticipation of employment, as a director, or in a senior management role covering financial, accounting or control related areas.

Independence and ethics

Assurance service fees

Service	Provided to	Fee	Threats identified and Safeguards to mitigate threats to independence
Audit related: Certification of Housing Benefit Assurance Process (HBAP) claim (2023/24)	Council	£28,000 plus additional fee for each extended testing workbook required *(work is still on-going)*	**Self-interest:** Given this is likely to be a recurring fee, we consider a threat present. However, the fee is not significant to Azets Audit Services or Stafford Borough Council. The fee is fixed (apart from an additional £2,000 for each additional 40+ workbook) and not contingent in nature. **Self-review**: Whilst related revenue and expenditure streams are within the financial statements, we do not complete the claim form/s. The focus of our work is solely testing the data in the claim form prepared by the management. **Management:** As above, the claim form is completed by management and any adjustments or amendments identified to the form during the certification work are discussed and agreed by management prior to submission of the certification report. We therefore consider these risks sufficiently mitigated.

Appendices

Appendix I: Fees

PSAA set a fee scale for each audit that assumes the audited body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. This fee scale is reviewed by PSAA each year and adjusted, if necessary, based on auditors' experience, new requirements or significant changes to the audited body. The fee may be varied above the fee scale to reflect the circumstances and local risks within the audited body.

The proposed fee reported in our audit plan was based upon the following assumptions:

- Draft financial statements to be produced to a good quality by the agreed deadlines. These should be complete including all notes, the Narrative Report and the Annual Governance Statement;
- The provision of good quality working papers at the same time as the draft financial statements;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing;
- Ensuring staff are available and on site (as agreed) during the period of the audit;
- Prompt and sufficient responses to audit queries within two working days (unless otherwise agreed) to minimise delays;
- Our accounts opinion being unqualified and there being no significant weaknesses identified in your arrangements to secure value for money;
- The auditor's report from the prior year being unmodified (clean opinion);
- An effective control environment is in place at the Council;
- The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See Statement of responsibilities of auditors and audited bodies from 2023/24 audits – PSAA. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full in Appendix III.

Due to the disclaimed opinions from the prior years and the imposition of the statutory backstop for 2023/24, the above assumptions are unable to be met. This has resulted in additional costs, which we have set out in the fee table on the next page. As set out in the joint statement on proposals to clear the backlog and embed timely audit issued by MHCLG (formerly DLUHC), PSAA will use its fee variation process to determine the final fee the Council have to pay for the 2023/24 audit.

Appendix I: Fees

Audit fee	Audit plan 2023/24 £	Proposed final 2023/24 £
Scale fee for the audit of the Council financial statements (as set out in the fee scales issued by PSAA) (note 1)	£75,535	**£75,535**
Fee variation; VFM consideration of additional risks (note 2)	TBC	**£7,560**
Additional work arising from current and prior year disclaimers of opinion (note 3)	TBC	**£9,630**
Total audit fee	**£75,535**	**£92,725**
Certification of the HBAP claim (note 4)	£28,000 plus £2k per additional WB	**TBC**
Total fees	**TBC**	**TBC**

Note 1 - In line with arrangements under the PSAA contract we only anticipate billing 50% of the scale fee to the Council for work undertaken in relation to the 2023/24 audit. PSAA will determine final fees to be charged on 2023/24 disclaimed audits which will be based on an assessment of the level of work completed.

Note 2 – additional work necessary due to the identification of risks of significant weaknesses relating to our VFM assessment.

Note 3 - this includes additional work required to consider the disclaimed audits from prior years, the production, agreement and reporting to management and the Audit and Standards Committee, the development and reporting of a revised 'Audit Completion Report' for reporting the additional considerations arising from the disclaimers, the drafting of a disclaimed audit report and the various risk, compliance and technical consultations arising as a result of this unique and unprecedented situation.

Note 4 – work currently ongoing.

Appendix II: PSAA Statement of Responsibilities

Our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies from 2023/24 audits. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- *prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;*
- *ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.*
- *assign responsibilities clearly to staff with the appropriate expertise and experience;*
- *provide necessary resources to enable delivery of the plan;*
- *maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;*
- *ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;*
- *ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and*
- *during the course of the audit provide responses to auditor queries on a timely basis.*

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

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BOROUGH COUNCIL

Azets Audit Services
6th Floor Bank House
Cherry Street
Birmingham
B2 5AL

DATE 20 May 2025

Dear Sirs

Stafford Borough Council
Financial Statements for the year ended 31 March 2024

This representation letter is provided in connection with the audit of the financial statements of Stafford Borough Council's (the "Council") for the year ended 31 March 2024

I confirm that to the best of my knowledge and belief having made such inquiries as I considered necessary for the purpose of appropriately informing myself:

Financial Statements

i. I have fulfilled my responsibilities as Section 151 Officer for the preparation of the Council's financial statements in accordance with applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code), for being satisfied that they give a true and fair view and for making accurate representations to you.

ii. I have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The financial statements are free of material misstatements and misclassifications including omissions.

iv. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

v. I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and I believe that I have appropriately fulfilled these responsibilities.

vi. The methods, data and significant assumptions used by us in making accounting estimates, including those measured at fair value, are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework. I am satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.

vii. The Council has satisfactory title to all assets. The Council has no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities as at 31 March 2024 reflected in the financial statements.

viii. Except as disclosed in the financial statements:

  a. there are no unrecorded liabilities, actual or contingent
  b. none of the assets of the Council has been assigned, pledged or mortgaged
  c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

ix. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of applicable law and accounting standards.

x. All events subsequent to the date of the financial statements and which require adjustment or disclosure have been adjusted or disclosed.

xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of UK adopted international accounting standards, and as interpreted and adapted by the Code.

xii. I believe that the Council's financial statements should be prepared on a going concern basis. I do not expect the Council to demise in its current organisational form; however, my basis for going concern acknowledges that if that situation arose the services would be transferred to another body. I believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

i. I acknowledge the Council's legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as I am aware, there is no relevant audit information needed by you for the purposes of your audit of which you are unaware.

ii. On 5 September 2024 parliament approved the Accounts and Audit (Amendment) Regulations 2024. These Regulations set a publication date for financial statements in respect of 2023/24 of 28 February 2025. The new National Audit Office Code of Practice (2024) requires that where auditors are unable to conclude their work by this statutory backstop date they should issue either a qualified audit opinion or a disclaimer of opinion. It has not been possible to provide you with all the required information for you to complete your audit for the year ending 31 March 2024 by the statutory backstop date.

iii. I have communicated to you all deficiencies in internal control of which management is aware.

iv. I have disclosed to you the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud.

v. I have disclosed to you all information in relation to known fraud or suspected fraud that I am aware of and that affects the Council and involves:

   a. management;
   b. employees who have significant roles in internal control; or
   c. others where the fraud could have a material effect on the financial statements.

vi. I have disclosed to you all information in relation to instances of, or allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

vii. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

viii. I have disclosed to you the identity of the Council’s related parties and all the related party relationships and transactions of which I am aware.

ix. I have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

x. All transactions undertaken by the Council have been recorded in the accounting records and are properly reflected in the financial statements.

Management Commentary

xi. The disclosures within the Narrative Report fairly reflect my understanding of the Council’s financial and operating performance over the period covered by the financial statements.

Corporate Governance Statement

xii. I am satisfied that the Corporate Governance Statement fairly reflects the Council’s risk assurance and governance framework and I confirm that I am not aware of any significant risks or weaknesses in governance or internal control that are not disclosed within the Statement.

Yours faithfully

Signature:……………………………

Name:

Position: Chairman, Audit and Accounts Committee

Date…………………………….

Signature:……………………………

Name: Chris Forrester

Position: Deputy Chief Executive (Resources) and Section 151 Officer

Date…………………………….