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Telford & Wrekin  
Co-operative Council

Protect, care and invest  
to create a better borough

## Borough of Telford and Wrekin

### Audit Committee

Wednesday 31 May 2023

6.00 pm

The Telford Room, Addenbrooke House, Ironmasters Way,  
Telford, TF3 4NT

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**Committee Members:** Councillors A D McClements (Chair), G H Cook (Vice-Chair),  
E Davies, S J Reynolds, P Thomas and C R Turley

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## **Borough of Telford and Wrekin**

### **Audit Committee**

**Wednesday 31 May 2023**

### **Unaudited Statement of Accounts 2022/23**

# **Telford & Wrekin Council**

## **Unaudited Statement of Accounts**

### **2022/23**

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**Telford & Wrekin Council**  
**Unaudited Statement of Accounts**  
**2022/23**

**Financial Statements**

**Narrative Report**

The Narrative Report provides a summary of the Council's performance for 2022/23 and compliments the detailed Financial Statements in providing a fair, balanced and understandable analysis of the year. It comprises the following sections:

- A. Organisational Overview
  - Introduction
  - Background Information
  - The Council's Service & Financial Planning Cycle
  - An Overview of the Budget 2022/23
  - Workforce Analysis
- B. Governance & Transparency
- C. Operational Model
- D. Risks and Opportunities
- E. Performance
  - Revenue Outturn for 2022/23
  - Service Issues Highlighted during 2022/23
  - IAS Note 19 – Retirement Benefits
  - Capital Outturn 2022/23
  - Provisions
  - Achievements during 2022/23
- F. Strategic Outlook
- G. Economic Conditions
- H. Looking Ahead
- I. Basis of Preparation
- J. Statement of Accounts – Explanatory Overview
- K. Further Information

**A. ORGANISATIONAL OVERVIEW**

**1. Introduction**

Telford & Wrekin Council is a Unitary Authority created in 1998. Situated in Shropshire, the Borough is a mix of urban and rural areas including Telford New Town, the market town of Newport and the UNESCO World Heritage Site, the Ironbridge Gorge – the birthplace of the industrial revolution. Surrounded by countryside and farmland, more than two thirds of the Borough is classified as rural.

The Council delivers a vast range of services to its community of more than 185,000 people, including Education, Waste Collection and Disposal, Care for Vulnerable Adults and Children, Libraries, Leisure Centres and Play Facilities.

In October 2020, the Council's Cabinet agreed a refreshed Council Plan to "*Protect, Care and Invest to create a better borough*". The Plan was further updated in March 2022 for the period 2022/23 to 2025/26 to ensure that it aligned with the Council's Medium Term Financial Plan. It is a vision which is centred on building a strong local identity and resilient and healthy communities by driving housing and economic growth whilst protecting and enhancing our reputation as a green town. Despite the financial constraints, Telford & Wrekin Council is a progressive Council with ambitions to improve the Borough and the lives of residents and to be known as "the place of enterprise, innovation and partnership". The programme identifies 5 priorities to deliver the vision:-

- Every child, young person and adult lives well in their community
- Everyone benefits from a thriving economy
- All neighbourhoods are a great place to live
- Our natural environment is protected, and the Council has a leading role in addressing the climate emergency
- A community-focussed, innovative council providing efficient, effective and quality services

The Council Plan, which is available on the Council's web site (link below), identifies the organisation's strategies to deliver these priorities.

The Council will work together with the community and partners to collectively deliver the best possible service outcomes for Telford & Wrekin with the combined resources available.

Council Plan/ Programme	<a href="#">Council Plan - Telford &amp; Wrekin Council</a>
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## **2. Background Information**

### **Political Context**

The Borough is divided into 32 wards and there are 54 Councillors. Borough elections are held every 4 years, with the most recent being held in May 2023 and the next election due in May 2027.

The Council operates a Leader with Cabinet decision making system. The Council is Labour controlled.



## Senior Management Team

At 31 March 2023

Chief Executive
Director: Finance & Human Resources
Director: Prosperity & Investment
Director: Policy & Governance
Executive Director: Housing, Communities & Customer Services
Director Housing, Employment & Infrastructure
Director Neighbourhood & Enforcement Services
Director: Communities, Customer & Commercial Services
Assistant Director: Communications & External Affairs
Executive Director: Adults Social Care, Health Integration & Wellbeing
Director: Health, Wellbeing & Commissioning
Director: Adult Social Care
Executive Director: Children's Family Services
Interim Director: Children's Safeguarding & Family Support
Director: Education & Skills

## Legislative Framework

The Council operates within the legislative and regulatory framework as determined by Government. The Statement of Accounts are prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting and the 2015 Accounts and Audit Regulations (and associated amendment regulations), and comply with the relevant Local Government Acts, Accounting Standards and other CIPFA guidance.

## Economic Profile

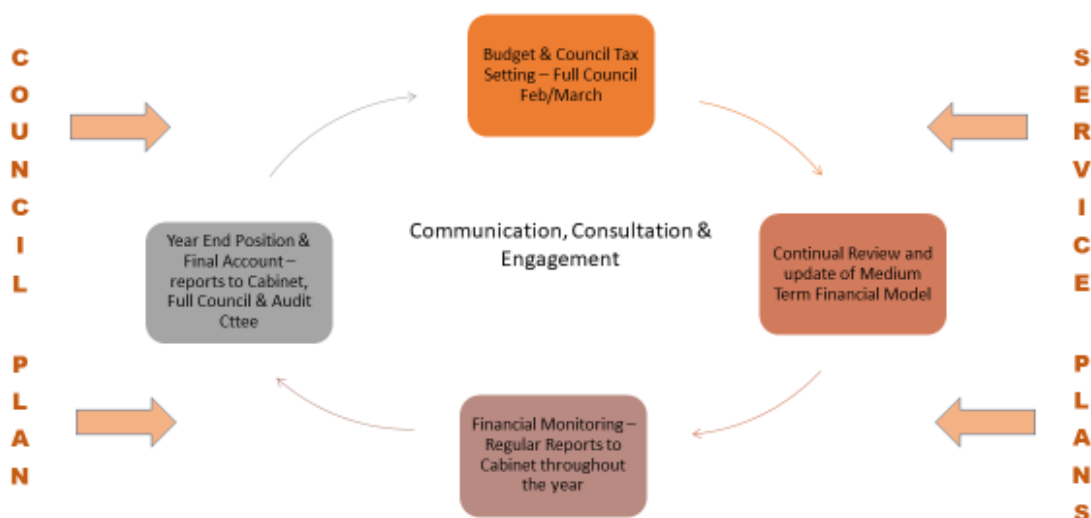
The Borough has a diverse manufacturing sector, a flourishing tourism sector and research and development facilities. There is a strong focus on manufacturing with other important sectors being advanced engineering, food and drink, construction, education and retail.

An estimated 86,400 people were employed in the Borough at the end of 2022.

There were 6,950 business units, in VAT and/or PAYE based enterprises in the Borough in 2022, an increase of more than 100 from 2021.

Tourism is an important contributor to the local economy with the borough attracting 4.5 million visitors each year, to attractions such as Telford Town Park, Southwater and the Ironbridge Gorge, bringing £800m economic benefit to the borough.

### **3. Council's Service & Financial Planning Cycle**



Reports to Council, Cabinet and Audit Committee can be accessed via the Council's web site.

### **4. An Overview of the Budget 2022/23**

The Council has a rolling Medium Term Financial planning process. This was updated for 2022/23 formally by reports to the Council's Cabinet in January and February 2022 with final decisions taken at Full Council on 3 March 2022.

The decisions on the medium term budget strategy at Full Council reflected the outcome of consultation following publication of the budget proposals on the 6 January 2022.

The provisional funding settlement for 2022/23 was announced, on the 16 December 2021, followed by the final settlement on the 7 February 2022. This saw Revenue Support Grant increasing by £0.309m, a new Services Grant and additional grant funding for social Care. As anticipated the Council faced a budget shortfall and after delivering £134m of savings since 2009/10 further savings of £5.7m were required in 2022/23.

The agreed strategy for 2022/23 to meet the savings requirement and to continue to invest in the area to support both the community and businesses was:

- a savings package delivering an additional £5.7m from general fund budgets;
- £5.16m net investment into Adult Social Care in 2022/23
- £1.31m net investment in to Children's Safeguarding in 2022/23
- A commitment to work with partner organisations to seek new solutions to deliver services to minimise the impact of cuts;
- To continue to deliver jobs and investments and provide additional income business rates, council tax and New Homes Bonus.

The decision was made to increase council tax by 1.0% for 2022/23, which was wholly related to the 1% Adult Social Care precept introduced by the Government in 2016/17. As a result, the Council Tax for Council Services in 2022/23 (Band B) was £1,116 per year (Band B is the typical band for Telford & Wrekin, Band D is £1,435). The Council had the lowest Council Tax out of all Councils areas in the Midlands region for the services which we provide.

<b>2022/23 Budgeted Net Revenue Spend</b>		
<b>2022/23 Total Net Revenue Spend</b>	<b>£m</b>	<b>%</b>
<b>134.953</b>		
Funded From:		
Government Grant (RSG and 'Top Up' Grant)	<b>15.207</b>	<b>11</b>
Retained Business Rates/Section 31 Grant	<b>38.370</b>	<b>29</b>
Council Tax	<b>77.516</b>	<b>57</b>
Collection Fund	<b>3.860</b>	<b>3</b>
<b>Total Funding</b>	<b>134.953</b>	<b>100</b>

## 5. Workforce Analysis

	<b>31 March 2022</b>		<b>31 March 2023</b>	
	<b>Head count</b>	<b>FTE</b>	<b>Head count</b>	<b>FTE</b>
Male	707	625.9	721	634.0
Female	2,039	1,504.2	2,089	1,557.0
<b>Total</b>	<b>2,746</b>	<b>2,130.1</b>	<b>2,810</b>	<b>2,191.0</b>

Workforce Information	<a href="#">Introduction - Workforce information - Telford &amp; Wrekin Council</a>
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## B. GOVERNANCE & TRANSPARENCY

The 2022/23 Annual Governance Statement is included within the Statement of Accounts – see page 30. The Statement outlines that the Council has adhered to its Local Code of Corporate Governance, continually reviewing policies and procedures to maintain and demonstrate good corporate governance and that it has in place robust systems of internal control.

The Council is committed to openness and transparency and publishes details of all spending over £100 every month (link below). The Statement of Accounts are a public record of the Council's financial position for 2022/23; showing what has been spent, income that has been received, together with assets and liabilities. The Statement of Accounts is prepared on an International Financial Reporting Standards (IFRS) basis as interpreted by the Local Government Accounting Code of Practice. The information is presented as simply and clearly as possible whilst adhering to the IFRS reporting regulations.

Spend Over £100	<a href="#">Expenditure over £100 - Expenditure over £100 - Telford &amp; Wrekin Council</a>
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## **C. OPERATIONAL MODEL**

Despite the severe financial constraints, Telford & Wrekin is a progressive Council with ambitions to improve the Borough and lives of residents. The organisation will continue to change and develop in response to the challenges we face, particularly the need to make further savings. At the heart of our model has been 4 key delivery themes:

**1. Solving problems and promoting social responsibility to reduce demand for services** – the Council can no longer afford to, and neither is it right that the Council can fix every family or community challenge. It is the role of the Council, and its partners, to work with and support families and communities and so reduce demand on public services.

**2. Challenging and changing, reviewing and reimagining how we do things** – despite the savings we have had to make, we have worked hard to avoid simply cutting services to balance the books – this would be the easy thing to do. We have had to be creative and find new ways to deliver services and ensure that our services are as efficient as possible. For example, working with Town and Parish Councils, community groups and organisations to deliver libraries, community centres, markets, children's centres and youth services. Examples include "Feed the Birds" scheme to tackle social isolation, "Bench to Bench" to encourage people into activity, "Calm Café" to support people in managing their mental wellbeing and "Community Action Teams" intended to improve the public realm in local areas. In addition, the Council works with over 1,900 volunteers who act as Snow Wardens, Health Champions, Climate Change Champions and more.

**3. Reducing our Dependency on Government Grants** – this is an essential part of our financial strategy; to increase and maximise income into the Council from sources other than Government Grants, for example the Solar Farm, NuPlace (a wholly owned housing company) and securing external funding.

**4. Being a Modern Organisation, with Modern Practices and where we always get the Basics Right**

- **Workforce** – the Council has a hard working and dedicated workforce committed to the values of service and making a difference to the community. Our workforce strategy sets out how we will support the workforce to ensure that they have the right skills and knowledge to deliver services.
- **Technology** – investing in ICT to keep our systems up to date and enable us to drive efficiencies and savings as well as ensuring that the ICT network is robust and secure.
- **Customer Focus** – improving the customer journey and outcomes by driving digital transformation including the enablement of "self-service" at the customer's convenience through the "My Telford" app and the digital assistant "Ask Tom". Full detail is in the Council's digital strategy.
- **Performance** – our performance framework tracks the progress we are making to deliver our priorities. This is an essential part of our approach to evidence based decision-making.
- **Financial Management** – the Medium Term Financial Strategy sets out how we will use our money to deliver our priorities and value for money, including where we will invest more in our priorities and where we are still required to make savings and deliver efficiencies.

## **D. RISKS AND OPPORTUNITIES**

The strategic risk register identifies the substantive issues which need to be managed but which could impact negatively on delivery of the Council's priorities. The key strategic risks identified for 2022/23 are listed below, with details of the steps that the Council is taking to manage these key risks included in our risk register.

Failure to discharge duty of care for a vulnerable child or a vulnerable adult
Inability to <ul style="list-style-type: none"><li>• match available resources (financial, people and assets) with statutory obligations, agreed priorities and service standards</li><li>• deliver the financial strategy including capital receipts, savings and commercial income</li><li>• fund organisational and cultural development in the Council with the constraints of the public sector economy</li></ul>
Losing skills, knowledge and experience (retention and recruitment) in relation to staffing
Significant business interruption affecting ability to provide priority services e.g. critical damage to Council buildings, pandemic etc.
Inability to manage the health and safety risks in delivering the Council's functions (including building security and cyber security)
Inability to deliver effective information governance
Inability to respond adequately to a significant emergency affecting the community and/or ability to provide priority services
Inability to respond to impact of climate emergency on severe weather events.

The full risk register (link below) assesses the likelihood and impact of each risk together with the controls in place to manage and mitigate these. The risk register is reviewed and updated on a regular basis.

Corporate Risk Register	<a href="#">Budget 2022 - Telford &amp; Wrekin Council</a> Appendix 3  Budget 2023 – Telford & Wrekin Council Appendix 14 <a href="#">Agenda for Full Council on Thursday 2 March 2023, 6.00 pm - Telford &amp; Wrekin Council</a>
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The Council continually seeks and seizes opportunities. The themes described in Section C of the Narrative Report identifies the opportunities being taken to develop services; some of the key opportunities for the future being:

Ongoing investment through the Telford Growth Fund in our Property Investment & Regeneration Portfolio, as part of the "Business Winning,

Business Supporting approach” to boost jobs, the economy and generate income
Increasing income through trading and new commercial projects (including continuing to support and develop NuPlace, the Council’s wholly owned Housing Company to provide new homes for rent)
Bringing more public services together so that people get what they need at the right time and in the right place
Involving local people and our employees in the planning and running of services
Supporting communities better and encouraging local people and organisations to do more to help their communities
Channel Shift by providing services and information in the most efficient way, encouraging “self-service” and the use of “apps” such as the Everyday Telford App

## **E. PERFORMANCE**

The core elements of the Council’s corporate planning framework in place during 2022/23 were:

- **Council Plan 2022/23 to 2025/26** – identifies the organisation’s community priorities and strategy to deliver these priorities in a period of unprecedented change for local government (link below);
- **Medium Term Financial Strategy 2022/23 to 2025/26** – focussed on allocating our financial resources to services to deliver organisational and statutory priorities (link below);
- **Workforce Strategy** – sets out our approach to upskilling and supporting the workforce to ensure that they have the skills and knowledge to deliver their objectives. It has 4 themes:
  1. Employer of choice – through effective HR policies to attract employees of the right calibre to the organisation.
  2. Planning for the Future – robust, effective service planning.
  3. Healthy Organisation – supporting the health and mental wellbeing of employees.
  4. Workforce of the Future - good, effective workforce planning to cover, for example skills and succession planning.
- **Risk Register** - the Council keeps strategic risks under review through its Risk Register. These risks are used to inform the allocation of resources through the Service & Financial Strategy (link below).
- **Performance Framework** – the corporate performance framework is composed of a basket of measures to enable the organisation to understand progress in the delivery of our community priorities.
- **Service Strategies** – each Director-led area produces an annual service strategy which identifies their objectives against our community priorities. These plans also consider risks to delivery and identify actions to ensure that the workforce has the necessary skills and knowledge to deliver these objectives. These workforce plans feed into the corporate Learning & Development plan.

Our strategic planning framework is embedded in the organisation and creates a golden thread from the Council Plan priorities through to employees. Our latest Employee Survey found that 91% understood how their role contributes to the Council's priorities.

Council Plan/ Programme	<a href="#">Council Plan - Telford &amp; Wrekin Council</a>
Medium Term Financial Strategy	<a href="#">Budget 2022 - Telford &amp; Wrekin Council</a>
Corporate Risk Register	<a href="#">Budget 2022 - Telford &amp; Wrekin Council</a> Appendix 3

### 1. **Revenue Outturn for 2022/23**

A summary of the year end service variances reported to Cabinet is shown in the table below:

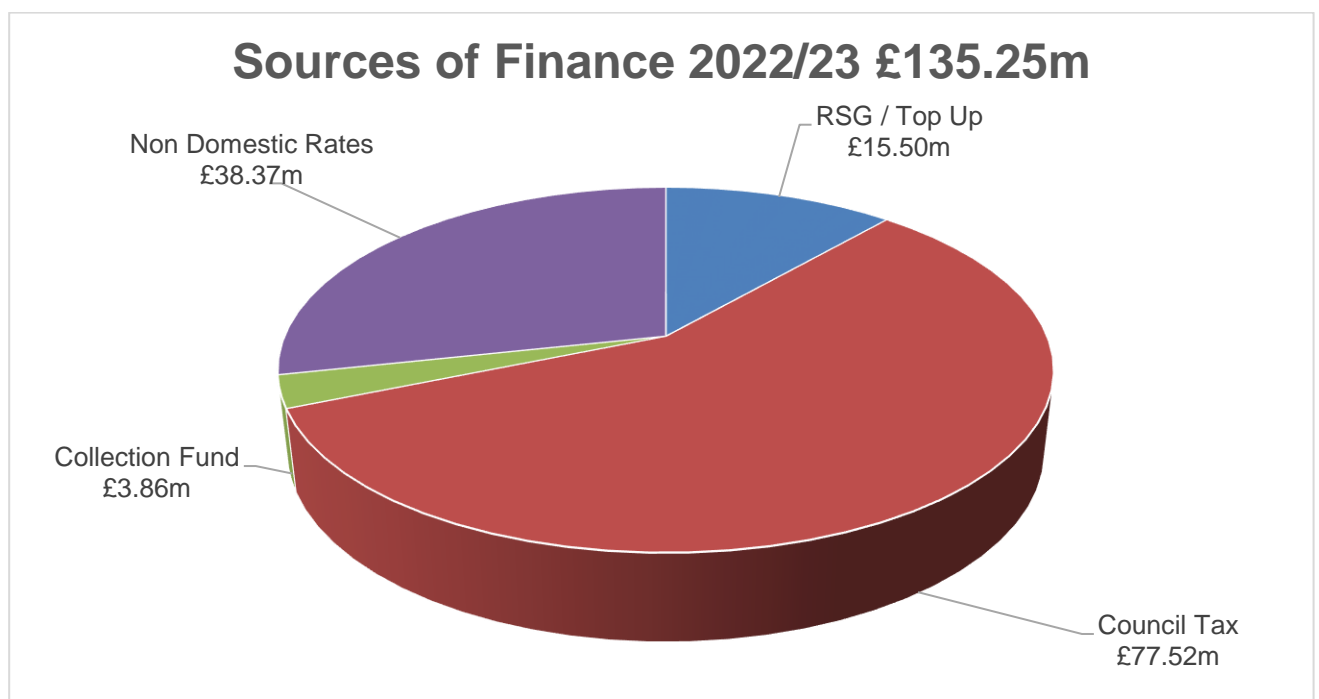
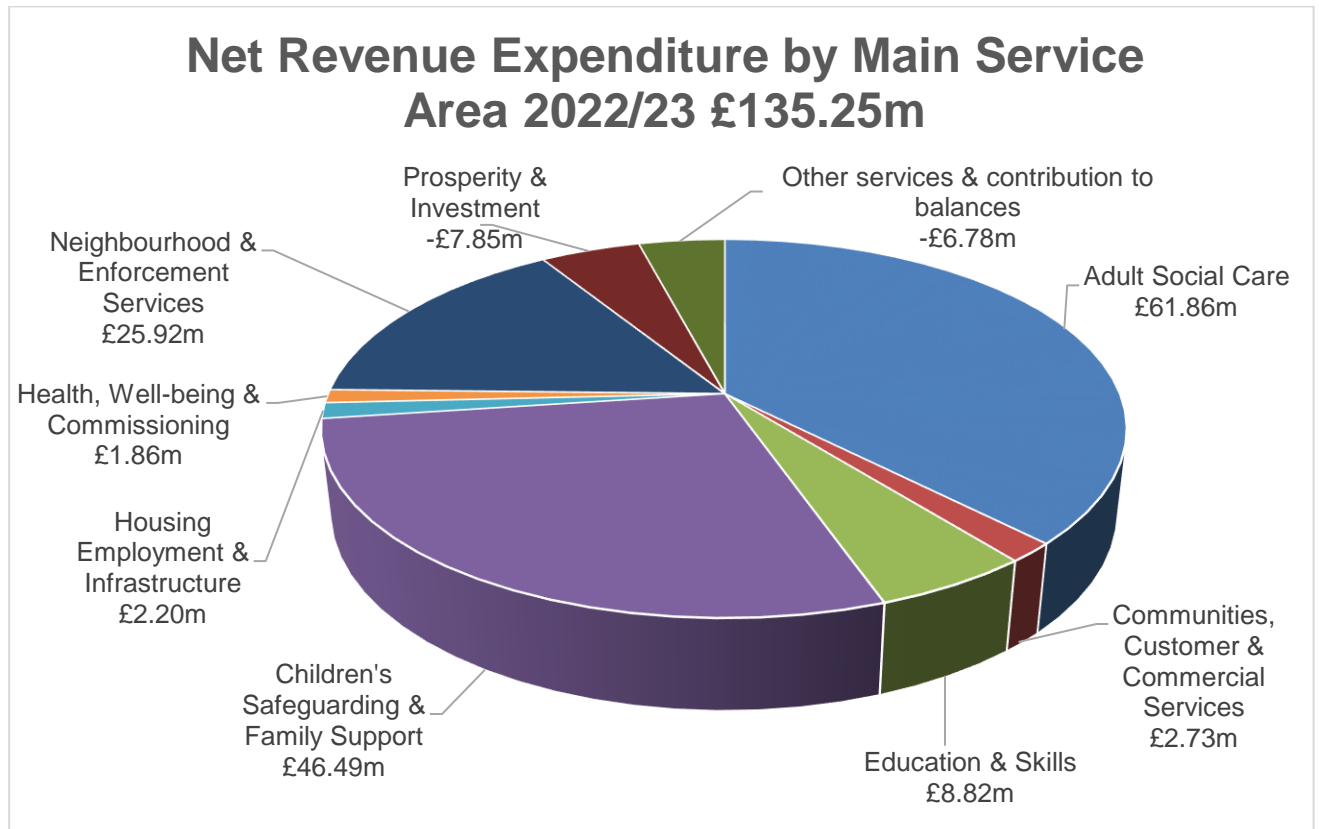
Service Area	Final Budget	Outturn	Variation
	£	£	£
Prosperity & Investment	(8,167,010)	(7,849,001)	318,009
Finance & HR	13,853,294	9,303,311	(4,549,983)
Policy & Governance	936,631	790,758	(145,873)
Children's Safeguarding & Family Support	39,804,626	46,492,878	6,688,252
Education & Skills	8,334,334	8,820,377	486,043
Adult Social Care	53,781,402	61,857,734	8,076,332
Health and Wellbeing	1,883,182	1,857,066	(26,116)
Neighbourhood & Enforcement Services	27,051,406	25,918,553	(1,132,853)
Communities, Customer & Commercial Services	2,740,766	2,734,928	(5,838)
Housing, Employment & Infrastructure	2,733,725	2,203,792	(529,933)
Corporate Communications	0	(27,563)	(27,563)
Council Wide Items	(7,999,606)	(16,859,455)	(8,859,849)
	<b>134,952,750</b>	<b>135,243,378</b>	<b>290,628</b>
Funding	<b>(134,952,750)</b>	(135,255,040)	(302,290)
<b>Total</b>	<b>0</b>	<b>(11,662)</b>	<b>(11,662)</b>

(Variances exclude International Accounting Standard (IAS) 19 Pension entries and asset charges which are technical entries required in the formal statement of accounts but do not impact on the Council's General Fund Balances.)



The outturn position has resulted in a general fund balance of £3.99m and a special fund balance of £0.73m, giving an overall balance of £4.72m. The total for all reserves and useable reserve balances held by the Authority is £116.2m, although almost all of this is held to meet known or likely commitments.

The following two charts show Net Revenue Spend by Service for 2022/23 and how it is funded, the figures are net of specific income i.e. service grants and sales fees and charges.



The Outturn position can be reconciled with the formal Comprehensive Income and Expenditure Statement as follows -



Description	Expenditure £m	Income £m	Net Expenditure £m
<b>Total Service Outturn</b> (see page 12)	<b>464.821</b>	<b>329.578</b>	<b>135.243</b>
Trading Services	(8.038)	(11.095)	3.057
Pensions Adjustments under IAS 19	22.508	0	22.508
Interest Payable and Similar Charges	(12.108)	0	(12.108)
Interest and Investment Income	0	(2.293)	2.293
Gains and Losses on Repurchase or Early Settlement of Borrowings (net)	(0.218)	0	(0.218)
Sources of Capital Funding (mainly Capital Grants)	0	33.416	(33.416)
Remove Depreciation & Impairments, REFCUS etc. from Net Operating Cost	33.553	0	33.553
Accumulated Absences	0.348	0	0.348
Minimum Revenue Provision	(4.434)	0	(4.434)
Net Movement on Reserves	17.978	0	17.978
<b>Net Cost of Services</b> (see Comprehensive Income and Expenditure Statement on page 58)	<b>514.410</b>	<b>349.606</b>	<b>164.804</b>

## 2. Service Issues Highlighted During 2022/23

A summary of the key issues, highlighting variances over £250,000 during the year is shown below:

(A "+" is an increase in expenditure or a reduction in income, a "-" is a reduction in expenditure or an increase in income)

Service Area	Variance £m
<b><u>Prosperity &amp; Investment</u></b>	
<b>PIP Income</b> – shortfall due to slippage of some development schemes into future years/voids	+0.969
<b>PIP</b> – contribution from reserves	-0.616
<b>Building Control &amp; AP Planning</b> – re-alignment of income	+0.258
<b><u>Children's Safeguarding &amp; Family Support</u></b>	
<b>Children In Care Placements</b> – pressure on residential placement costs during 2022/23. This was a combination of escalating needs of some children and young people; new children entering residential placements and high costs associated with some placements offset by benefits from some young people being stepped down from residential placements.	+7.001
<b>Children with Disabilities</b> – mainly relating to increased provider costs	+0.434
<b>Joint Adoption Service</b> – arising from children placed with adopters from external agencies.	+0.467

<b>Health Funding</b> – health contributions in relation to health needs as a result of increased engagement with health colleagues.	-3.222
<b>Staffing</b> – a combination of vacancies and services pressures resulted in agency costs being incurred in order to meet statutory safeguarding requirements.	+1.424
<b><u>Adult Social Care</u></b>	
<b>Long Term Care Purchasing</b> –expenditure relating to long term care costs in excess of budgets	+11.602
<b>Client Contributions</b> towards care package costs	-0.668
<b>Joint Funding</b> Contributions towards care packages	-1.599
<b>Short Term Care reablement</b> - cost of care; see NHS contribution below	+9.133
<b>Short Term Care</b> – contribution to reserves	+0.409
<b>Short Term Care</b> – NHS contributions	-9.542
<b>Operational Teams</b> – in year vacancies and savings	-1.328
<b><u>Education &amp; Skills</u></b>	
<b>Home to School Transport / Post 16 Transport</b> – pressures continuing from 2021/22 driven by a sharp increase in operating costs in September 2021 and further contractual inflation pressures from renewed taxi contracts in September 2022. A number of initiatives are underway to address the issue including reviewing different transport options, providing minibus transport rather than taxis, reviewing routes and retendering. This variation was after allocating £0.300m from the corporate inflation contingency.	+0.889
<b>Skills</b> – application of grant funding	-0.296
<b><u>Communities, Customer &amp; Commercial Services</u></b>	
<b>Housing Benefit Subsidy</b> – a combination of reduced recovery of overpayments, B&B spend where no subsidy can be claimed and a reduction in the level of overall income owed. Work is underway to assess options to limit HB subsidy loss from 2023/24.	+0.860
<b>IDT</b> – mainly capitalisation of Microsoft licenses	-0.292
<b><u>Neighbourhood Services</u></b>	
<b>Waste &amp; Neighbourhood Services</b> – underspends mainly due to reduced food tonnages and reduced residual waste tonnages.	-0.755
<b>Optimisation of grant income</b>	-0.372
<b>Highways</b> – income relating to street works permitting income	-0.270
<b><u>Housing, Employment &amp; Infrastructure</u></b>	
<b>Homelessness</b> – one off underspends due to higher grant income streams and vacancy management	-0.304

<b><u>Finance &amp; Human Resources</u></b>	
<b>Treasury</b> –benefit from re-profiled capital programme and use of some temporary borrowing at lower than budgeted interest rates, particularly during the earlier part of the year	-3.951
<b><u>Council Wide</u></b>	
Unused element of <b>budgeted contingency</b>	-3.950
<b>Reserves &amp; Provisions</b> – review of reserves and provisions resulting in a net overall benefit available to support the 2022/23 overall financial position.	-2.456
<b>Other council wide items</b> – benefits including capitalisation of transformation spend; the NDR levy account surplus, cessation of the Health & Social Care Levy and other council wide items.	-2.737

### **3. International Accounting Standard Note 12 – Retirement Benefits**

The objectives of IAS 19 are to ensure that:

- financial statements reflect at fair value, the assets and liabilities arising from an employer's retirement benefit obligations and any related funding;
- the operating costs of providing retirement benefits to employees are recognised in the accounting periods in which the benefits are earned by the employees, and the related finance costs and any other changes in the value of the assets and liabilities are recognised in the accounting periods in which they arise; and
- the financial statements contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities.

The Council's share of the deficit on the Local Government Pension Scheme has reduced by £280.70m over 2022/23. This is mainly due to a reduction in the estimated value of the fund liabilities/benefit obligations due to an increase in the rate for discounting scheme of 2% and inflation reducing by 0.7%. Further details can be found in Note 12.

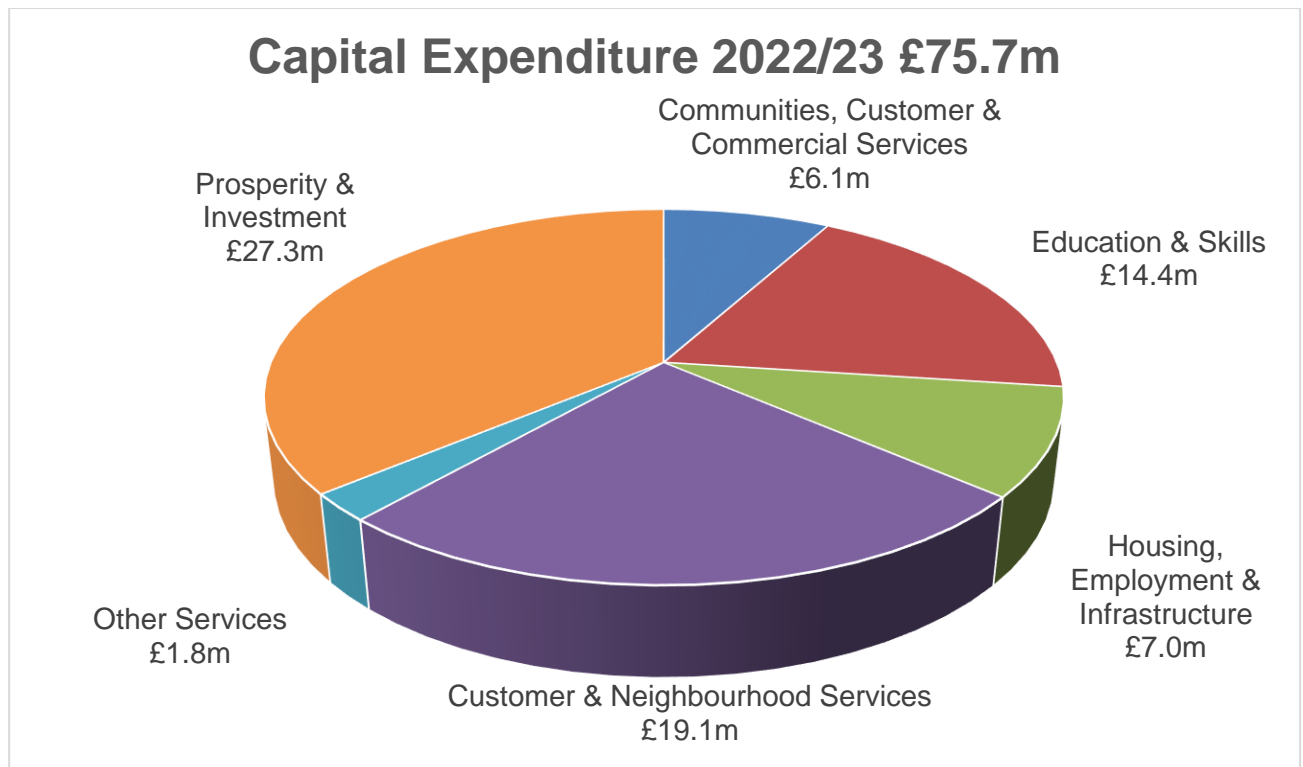
The estimated contributions expected to be paid into the Local Government Pension Scheme next year are £17.08m (comprising contributions of £16.99m plus a lump sum payment of £0.09m). Following the valuation at 31/03/2023 the contribution rate was increased to 17.2% for 2022/23 (and the subsequent 2 years), this is supplemented with a lump sum payment as stated above.

### **4. Capital Outturn 2022/23**

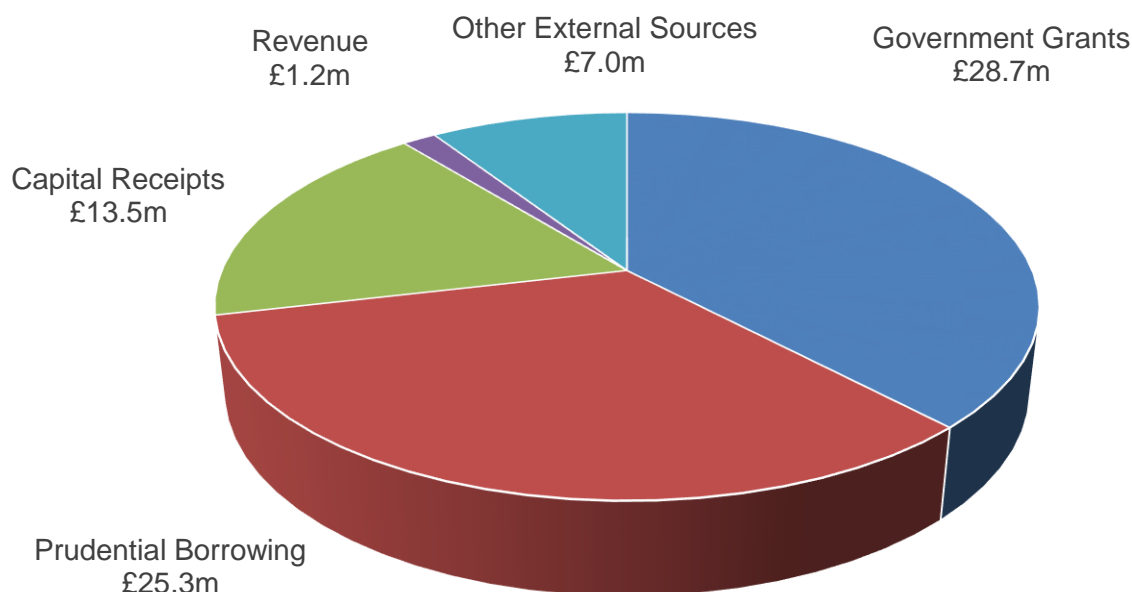
The Council spent £75.702m on capital projects during the year. Some re-phasing of expenditure into 2023/24 will take place including as a result of extensions and re-profiling of grant funded programmes. All scheme which have been rephrased are already in progress. The detail is shown in the table below:

Policy Area	2022/23 Approved Budget £m	2022/23 Expenditure £m
Adult Social Care	1.934	0.855
C'tties, Customer & Commercial Services	6.970	6.064
Corporate Communications	0.000	0.028
Education & Skills	14.776	14.366
Finance & Human Resources	1.095	0.827
Health, Wellbeing & Commissioning	0.005	0.000
Housing, Employment & Infrastructure	9.219	7.056
Neighbourhood & Enforcement Services	20.176	19.157
Policy & Governance	0.130	0.083
Prosperity & Investment	32.855	27.266
<b>Total</b>	<b>87.160</b>	<b>75.702</b>
<b>Funded by:</b>		
Government Grants	33.745	28.697
Prudential Borrowing	31.601	25.253
Capital Receipts	13.161	13.598
Revenue	1.126	1.157
Other External Sources	7.527	6.997
<b>Total</b>	<b>87.160</b>	<b>75.702</b>

The following two charts show Capital Spend by Service for 2022/23 and how it is funded.



## Sources of Finance 2022/23 £75.7m



The Council has ready access to borrowings from both the Money Markets and Public Works Loans Board (PWLB), which lends to Local Authorities at very competitive rates.

Overall the Council's net indebtedness is £289.9m (inclusive of equity investments) at 31<sup>st</sup> March 2023 which is an increase of £60.6m from the previous year due in part to an increase in temporary loans.

The Council has a 28 year (from 2006/7) PFI contract in place for the building and servicing of school and leisure facilities at Hadley Learning Community and Queensway (which provides Education, Health and Social Care packages) for £289m. The costs of the contract are being met from a combination of Government support, school contributions and Council support. The Council has approved a budget strategy which makes provision for its commitments. In 2022/23 the Authority made payments of £11,399,302 (£10,845,497 in 2022/23) in respect of this PFI contract with Interserve Limited. The Authority is committed to making payments estimated at £9,071,500 per annum (index linked, starting point September 2006) until the contract expiry date of 2034 and receives £5.9m per annum from the Government to help offset this cost.

The Council entered into a 10 year Telford Land Deal with Homes England (HE) and Ministry of Housing, Communities and Local Government (MHCLG) in March 2016 through which HE/MHCLG have committed to invest £44.5m from the sale of Government owned land in Telford to invest in the local area supporting the delivery of new homes, jobs and commercial floor space. The total capital expenditure for 2022/23 includes expenditure relating to this deal, with profit share due to the Council being £2.8m in 2022/23.

### **5. Provisions (see Note 26)**

**Restructure Provision** – the restructure provision for 2022/23 is nil as there were no committed severance costs identified at 31 March 2023.

**Single Status** - Single Status is a national pay and conditions agreement for staff employed under NJC terms and conditions, who form a significant proportion of the Council's workforce. The agreement is effective from 1<sup>st</sup> April 2007, however the process is not yet complete and it has been necessary to include a provision against the potential costs in the 2022/23 accounts, as was the case last year and previous years. The total amount in the provision at 31 March 2023 was £12.505m which includes an element relating to schools.

**NDR Appeals** – under the arrangements for the retention of business rates, authorities are required to make a provision for refunding ratepayers who successfully appeal against the rateable value of their property on the rating list. Based on information relating to outstanding appeals provided by the Valuation Office, £6.569m is estimated as the amount required to set aside for this purpose in the 2022/23 accounts (£2.614 in 2021/22). Telford & Wrekin Council's proportion of this is £3.219m (49%) (£1.281m in 2021/22).

## **6. Achievements During 2022/23**

Through 2022/23 Telford & Wrekin Council continued to drive the efficiency and effectiveness of its services:

### **COVID-19**

Responding to the pandemic to support our residents and local communities continued in 22/23, ensuring that vulnerable residents were supported. As the year progressed, there was a shift in focus towards recovery from the effects of the pandemic both in terms of the impact the pandemic had on our local businesses and on our residents. For example, work on our Pride in our High Streets continued to ensure that our local towns had a diverse range of retailers offering a mix of products and services.

### **People**

#### **Children and Adults**

Since securing 'Outstanding' for Children's Safeguarding in the latest OFSTED inspection of children safeguarding services completed in January 2020, the Council began the Department for Education (DfE) Strengthening Families Project in October 2020 and will receive over £2m from the DfE to support this programme over a three year period. The Council also introduced the Family Safeguarding Model, supported by the DfE, to ensure that families are supported by a range of specialists to offer help in addressing need so that children and families are able to stay together. We are regarded as **exemplary when it comes to contextual safeguarding**, with Ofsted noting our strong offer to children and young people. The Council has also been **described as a 'national trailblazer'** by the national Care Leaver Covenant, around the support given to young people leaving care and, in March 2023, the Council was the first in the West Midlands to agree that "care-experience" should be treated as a protected characteristic.

A key objective for the Council is for every child to be in a good or outstanding school and making at least good progress with 84% schools (academic year 2021/22) being judged as good or outstanding by OFSTED. Whilst overall a positive picture, there are a small number of secondary schools which need to improve to achieve this level. Generally, the attainment of pupils at each of the Key Stages is at least in line with national averages and well above this across a number of individual indicators.

The Government has set targets which have been adopted by the Council to work with families who need additional support through the "Troubled Families" programme. In 2022/23 we worked with 218 families against a target of 232.

In addition, Council members unanimously agreed to commission its own Independent Inquiry into child sexual exploitation once it became clear that the Government led inquiry into CSE was not going to focus on Telford. An Independent Inquiry, however, was what victims were asking for. The Inquiry report in summer 2022 making 47 recommendations for the Council, West Mercia Police, the Integrated Care Board and West Mercia Police and Crime Commissioner. The Council is working with individuals with lived experience of CSE to shape how it implements those recommendations.

**Strengthening Communities Adult Social Care (ASC)** - we work on behalf of local people in an integrated way with partners both in the National Health Service (NHS) and across our vibrant community and voluntary sector which the Council have continued to invest in over many years. This investment has enabled ASC to maximise the use of the community assets preventing premature access to funded ASC support. Through Telford & Wrekin Integrated Health Partnership (TWIPP) we have developed an integrated Health and Social Care Rapid Response Team working to reduce unnecessary hospital admissions. Our performance on delayed transfer of care is better than the national and regional average, and we are in the best quartile nationally. We recently secured recognition from the Co-operative Council Innovation Network for this work.

We run locally booked appointments from local hubs providing advice, information and where necessary more formal assessments freeing up time for more complex work to be undertaken by our social work staff who are linked to GP surgeries. Over 500 staff and volunteers have been trained on how to 'make every contact count' - to raise lifestyle issues with an individual and to direct them to further support.

Our in-house ASC Shared Lives service has been rated as '**Outstanding**' by the CQC and is an example of how we have used our resources creatively to avoid higher cost service provision by providing post hospital discharge reablement via Shared Lives.

Our investment into the 'Virtual House' and the 'Independent Living Centre' in 2021 has continued to support people wishing to live independently in their own homes.

**Telford and Wrekin Integrated Place Partnership (TWIPP)** - our local placed based board working with partners around the integration of health and social care which links in with the wider Shropshire and Telford and Wrekin Sustainability and Transformation Partnership (STP). TWIPP enables us to work across our local health and social care economy to develop more integrated ways of working for local people and collaboratively make the best use of the 'Telford pound'. This work also integrates a Community Asset Based Approach across health and social care. One example of this is the introduction of 'Live Well' which is an online directory of services used by all partners and community members in Telford but developed by the Council on behalf of partners.

## Health

Improving the health and lifestyle of the population remains a significant challenge in the Borough. Although there are still areas of challenge, progress continues to be made with



breastfeeding initiation, reducing smoking and reducing excess weight. We are pleased that teenage pregnancy is the lowest it has ever been, but again, this remains a local priority.

## **Place and Environment**

Our 'Pride in Our Community' Programme is the core driver of our approach to this priority with the Council investing £45m, spread over a 3 year programme to maintain and improve the green spaces, neighbourhoods, street lighting, roads, structures and footpaths across the borough.

- Continuing to invest in road improvements and sustaining traffic flow around the borough as the economy and population grows. 'Overall satisfaction with highways and transport' is third best of unitary authorities.
- Investing £1.6m on a 3G pitch - encouraging participation in our most deprived communities.

We have also established a £1m fund to support 'Pride in Our High Streets' to support nine high streets. This has delivered:

- Community events and physical regeneration - including improved parking, lighting, shop fronts and a series of 'false window' murals to enhance the appearance of empty properties.
- A training programme to improve the commercial skills of our high street businesses.
- Young Enterprise Challenge - young people shared their ideas to develop High Streets with 3 schools receiving between £10-£20k to bring their business idea to life, including a 'Retro Shack shop'.
- Social enterprise pop up shops – using our empty premises in local centres with many being so popular that they have moved to permanent premises, helping us to develop a vibrant retail offer and reduce our empty premises in our high streets.

Working with our partners and sharing our business intelligence has helped inform a programme of work called 'Safer & Stronger Communities'. Its primary focus is on tackling the root causes of crime particularly focussing on 12 localities where the data shows our investment will have the most impact. The Council actively engages and listens to our communities through our Residents' Survey, our Community Panel and tailored engagement programmes such as our recent Safer, Stronger community workshops. These particular workshops have resulted in:

- Free Friday night football with hundreds of young people now regularly taking part
- Self defence classes for women and girls
- Substantial investment into our CCTV coverage
- New Veteran Calm Cafes to help with mental health support
- Sequence dancing sessions; and
- Boxing classes

**Climate Emergency** - in the summer of 2019, Telford & Wrekin Council declared a climate emergency and resolved to be carbon neutral by 2030. The Council has already done much to reduce its carbon footprint by 57% since then through a number of measures, including:



- Solar Farm - bringing income to the Council but as importantly saving the production of CO2 emissions;
- Procurement of a further 11 fully electric vehicles across the Council's operations, bringing the total to 18;
- Transferring to a green energy tariff;
- Replacing all street lights with LED;
- Disposing of 27 operational buildings;
- Retrofitting solar panels to our high usage buildings such as Newport Leisure Centre

We are achieving our waste recycling targets and our new Household Recycling Centre at Hortonwood receives excellent customer feedback and high volume usage. We have virtually no landfill left in our Borough with all household waste either being recycled or being burnt for energy usage. As part of its waste strategy the Council introduced a kerbside collection of kitchen waste has been between 90 and 100 tonnes per week which is a gross saving of 0.5 tonne of CO2 for each tonne collected.

## Economy

Telford & Wrekin is **one of the fastest growing local authority areas** outside of the South East and the fastest growing in the West Midlands with population growth between the years 2011 and 2021 at 11.3% (regional average 6.2% and average for England 6.6%). We work really **hard to accommodate this rising population by ensuring housing supply keeps up with demand**. We are consistently ranked in the Centre for Cities' top three local authorities for housing growth.

The Council is investing to create the opportunities to support new businesses, including the delivery of new start up/incubation space via land acquired at Hortonwood West where the Council is investing profit share earned through the success of Telford Land Deal. This is alongside investment into site preparation and power upgrades to support investors acquiring suitable land quickly. Last year we completed the region's only agri-tech business park. A multi-million pound investment by the Council, the LEP, Homes England and Harper Adams University. The Park has consolidated the borough's reputation as a national investment hotspot for agri-tech and for food science.

All of this is shaped and driven by an approach to inclusive growth which, through initiatives such as Job Box, a Council funded support service for the unemployed, has seen:

- delivery of a 50% reduction in youth unemployment;
- buck the trend on regional and national unemployment during the pandemic; and
- deliver a 42% reduction in NEETS

Fibre broadband infrastructure is key to the economic growth of the borough and underpins the benefits that digital connectivity brings. 98% coverage has been achieved and the authority is committed to getting quality broadband to as many as possible in a journey to 100%. Other existing initiatives beyond the build programme are in place and new opportunities are being explored over the coming months.

Supporting this work is the **Telford Land Deal** - to drive disposal of Homes England assets in the borough, the Council secured stewardship of these assets generating capital receipts

for Homes England and the Treasury whilst bringing development sites to the market and so attracting inward investors and retaining existing businesses that would otherwise have sought larger premises outside the borough.

## Organisation

By the end of 2022/23, the Council had delivered budget savings of £141m. Despite the financial challenges the Council continues to face, our budget strategy has been to sustain essential public services. We have worked hard to develop new models of service delivery to ensure continued delivery of our priorities with a key part of our strategy to become a commercial council and to generate income to invest and protect front-line services. Effective budget management has allowed us to deliver on our priorities.

The Council actively seeks external challenge to drive our continuous improvement agenda. In June 2021, a Local Government Association Corporate Peer Review was completed into the Council. The team concluded that:

*"the Council should be very proud of what it is achieving, it is very ambitious, top performing in key areas and striving constantly to deliver for local people. The authority has strong and effective political and managerial leadership and that officers and members had worked phenomenally hard to get the organisation to where it is."*

They also said:

*"The authority is held in extremely high regard as a partner, founded upon credibility and a convincing track record of delivery, and it is very highly trusted"*

Our financial position is built on a track record of taking on new ventures to improve outcomes for our residents whilst also delivering income to the Council and protecting frontline services:

- A solar farm providing £4.4m profit over 25 years.
- The Council's wholly owned housing company, NuPlace, now has more than 400 homes available for private rent. Demand for these properties is high and are oversubscribed. In a recent survey of NuPlace tenants - 96% said they would recommend NuPlace to their family and friends. The rate of empty properties runs at less than 1.5%
- Established a Growth Fund to invest in development of premises for businesses to encourage job creation and retention whilst generating additional rental income and business rates income.

**"Securing external funding"** – we are a non-constituent member of the **West Midlands Combined Authority** and are actively working through this to maximise future opportunities for the borough to build on the £3.7m grant already secured from the WMCA. This grant is to kick-start building new homes on stalled brownfield sites in the borough and will see around 540 new homes built as well as bringing 'derelict' brownfield land back into use and creating 240 jobs. Work on these sites had stalled because of high costs to developers to get the land ready for building. Our work on stalled sites includes the provision of much-needed extra care and supported living sites to help our mature residents to remain living independently for longer.

The council has successfully obtained over £52m funding through successful bids for **Levelling Up** funding and **Towns Fund** funding available from government which has

allowed it to progress its plans for construction of "Station Quarter" – an innovative mixed-use site combining retail, further and higher education, residential and hotel provision on one site. This will see the creation of a 'digital hub' intended to support with enhancing skills and, in turn, increasing wages in the Borough. This government funding will also support the redevelopment of our cultural offer, enabling works to take place on the Council's theatre in Oakengates which will also help to cement the redevelopment plans for Oakengates town centre. Finally, the Council will also be able to use the levelling up funding to help improve the market at Wellington, bringing much-needed vibrancy to the area.

## **F. STRATEGIC OUTLOOK**

The Medium Term Financial Strategy was updated for 2023/24 formally by reports to the Council's Cabinet in January and February 2023 with final decisions taken at Full Council on 2 March 2023.

Savings proposals are developed as soon as they arise and consultation and engagement with our community and partners takes place throughout the year in a more meaningful and timely way to deliver more creative solutions. From the ongoing engagement with local people over many years, we know that the people of Telford & Wrekin want to live: - in a safe community; in a clean environment; in a place with good roads and pavements; where there are first class schools and education facilities; where there are excellent and an accessible hospital and GP services; where they have a job and there is a thriving economy. These local priorities form a basis for resource allocation as part of the Medium Term Financial Planning process.

The decisions on the medium term budget strategy at Full Council reflect the outcome of consultation following publication of the budget proposals on the 5 January 2023.

The provisional funding settlement for 2023/24 was announced, on the 19 December 2022, followed by the final settlement on the 6 February 2023. This saw Revenue Support Grant increasing by 10.1% (CPI inflation). As anticipated the Council faced a budget shortfall and after delivering £141m of savings since 2009/10 further savings of £7.9m are required in 2023/24.

The agreed strategy for 2023/24 to meet the savings requirement and to continue to invest in the area to support both the community and businesses is:

- A savings package delivering an additional £7.9m from general fund budgets;
- £7.26m additional net investment into Adult Social Care
- £2.5m additional net investment into Childrens Safeguarding
- A commitment to work with partner organisations to seek new solutions to deliver services to minimise the impact of cuts;
- To continue to deliver jobs and investments and provide additional income business rates, council tax and New Homes Bonus.

The decision was made to increase council tax by 2.0% for 2023/24, which wholly relates to the Adult Social Care precept introduced by the Government in 2016/17. As a result, the Council Tax for Council Services in 2023/24 (Band B) was £1,138 per year (Band B is the typical band for Telford & Wrekin, Band D is £1,464). The Council had the lowest Council Tax out of all Councils areas in the Midlands region for the services which we provide.

<b>2023/24 Net Revenue Budget - £m</b>	
<b>2023/24 Total Net Revenue Spend</b>	<b>146.774</b>
Funded From:	
Government Grant (incl. RSG and Top Up)	<b>17.596</b>
Retained Business Rates (incl. S31 grant)	<b>47.072</b>
Council Tax	<b>80.979</b>
Collection Fund Deficit	<b>1.127</b>
<b>Total Funding</b>	<b>146.774</b>

Full Council approved the medium term financial strategy on the 2 March 2023 (available on the Council's web site).

## **G. ECONOMIC CONDITIONS – COST OF LIVING & INFLATION**

Nationally Councils have faced extreme financial challenges in 2022/23 as soaring inflation has significantly increased the cost of providing services and at the same time the cost-of-living crisis has increased public demand for some services. Telford & Wrekin Council was not immune to these pressures and with CPI inflation at 10.1% in March 2023 (ranging between 9% and 11.1% throughout 2022/23) there were impacts on costs across all services, including energy bills, care provider costs and transport costs, which were unknown when the budget was set. Further, some impacts of Covid continued into 2022/23, such as in Children's Services case loads, however unlike previous years there was no additional government funding to meet these costs.

Despite the significant pressures faced during 2022/23 the Council ended the year within budget which is a clear demonstration of the exceptionally strong financial management and financial resilience which is embedded in the authority.

In addition to the General and Special Fund Balances, the Council has general contingencies of £3.95m and a further £3.4m held centrally for inflation and pay awards in 2023/24. Further, there is a prudent level of reserves and provisions available to support the medium term financial strategy including the uncommitted balance of £21.7m held in the Budget Strategy Reserve.

Ongoing pressures will be identified through regular financial monitoring reports presented to the Council's Senior Management Team and Cabinet throughout the year and mitigating actions will be taken to manage the delivery of services within resources available in 2023/24.

The Council approved a Cost of Living Strategy in October 2022 setting out plans to provide help and support to residents and businesses in the Borough. During the year, the cost of living crisis has impacted on the demand for support locally, including increased applications for Discretionary Housing Payments, Emergency Welfare Assistance and Council Tax Hardship assistance. Support for residents includes help with energy costs and food costs, the commitment to freeze general council tax for 2023/24 and award a discount of up to £100 per household to every recipient of Council Tax Reduction, creating 35 warm and welcoming spaces throughout the borough. Support for businesses includes energy grants and advice and the distribution of Small Business Rate Relief.

## **H. LOOKING AHEAD**

The Council ended 2022/23 in a positive position, despite the significant financial pressures experienced during the year. This is a solid basis upon which to move into 2023/24 and demonstrates ongoing financial resilience.

The funding outlook for the medium term remains very uncertain but will clearly continue to be challenging, particularly in light of the current inflationary and demand pressures.

Despite 2022/23 being a challenging year, the Council has retained a prudent level of balances which will support the delivery of the medium-term Financial Strategy and support financial resilience in future years, as we will continue to feel the impacts of inflationary pressures in the economy, particularly higher rates of inflation, interest rates and at the same time also face the uncertainties of potential changes to the local government funding system and increasing demand for services.

It is clear that the financial climate ahead will still be one of significant financial challenge.

## **I. BASIS OF PREPARATION**

The Council prepares its Statement of Accounts on a going concern basis, under the assumption that it will continue to operate into the foreseeable future. Disclosures are included in the Statement of Accounts based on an assessment of their materiality. Local Authorities can only be discontinued under statute.

**Group Accounts** – The Council's wholly owned Housing Investment Company, NuPlace Ltd, was incorporated on 1 April 2015. These accounts consolidate the Council and NuPlace's financial statements for both 2021/22 and 2022/23. The accounts for 2022/23 include an increased number of transactions as NuPlace's trading continues to grow.

The Council has examined the relationship with other partners including West Mercia Energy (see Note 56 to the accounts) and has concluded that group accounts only need to be prepared in respect of NuPlace.

## **J. STATEMENT OF ACCOUNTS – EXPLANATORY OVERVIEW**

The Statement of Accounts features the Expenditure and Funding Analysis, which does not form part of the Primary Statements and is included as a Note, and four Primary Statements reporting on the Council's core activities plus Group Accounts.

The Primary Statements include:

- the Comprehensive Income and Expenditure Statement;
- the Movement in Reserves Statement;
- the Balance Sheet; and
- the Cash Flow Statement.

The purpose of each is briefly described within this narrative report and they are followed by notes explaining the statements and any specific restatements required.

The main statements are supplemented by the Collection Fund Account, which receives all council tax and business rates income before passing this income to the Council, the Government, Shropshire Combined Fire Authority and the West Mercia Police & Crime Commissioner as appropriate.

The Council's accounts for the year 2022/23 are set out in the remainder of the report. They consist of:

- ... **The Expenditure and Funding Analysis (EFA)** – this is not one of the Primary Statements but is given prominence within the statement of accounts as the EFA shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the local authority in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. The EFA shows an adjustment of £40.046m to move from an underspend of £0.012m to a deficit of £40.034m in the Comprehensive Income and Expenditure Statement. This adjustment reflects technical accounting requirements and does not alter the underlying position of £0.012m underspend reported in the Outturn Report to Cabinet.
- ... **The Comprehensive Income and Expenditure Account** - covering revenue income and expenditure during the year on all Council services. This statement reports on how the Authority performed financially during the year and whether its operations resulted in a surplus or deficit. This shows a deficit for the year of £40.034m (after technical accounting adjustments referred to above) compared with the outturn report which shows an underspend of £0.012m. The reasons for this difference relate to technical transactions required to put the accounts on an IFRS basis, including capital grants offset by losses on disposal of fixed assets, depreciation, Revenue Expenditure Financed from Capital Under Statute (REFCUS), impairments and pensions. **These technical accounting adjustments do not impact on either General Fund Balances or Council Tax.**
- ... **The Movement in Reserves Statement** - which brings together recognised movements in and out of Reserves including the General Fund Balance (which stands at £4.722m at 31<sup>st</sup> March 2023). This statement represents the Authority's net worth and shows its spending power. Reserves are analysed into two categories: useable and unusable.
- ... **The Balance Sheet** - this is a "snapshot" of the Authority's financial position which sets out the financial position of the Council on 31<sup>st</sup> March 2023 and shows net assets increasing by £301.814m Council to £354.432m at the end of the year.
- ... **The Cash Flow Statement** - summarises the inflows and outflows of cash arising from both revenue and capital transactions with third parties, analysing them into operating, investing and financing activities, and shows a net increase in Cash and Cash Equivalents of £1.977m.
- ... **The Notes to the Core Financial Statements** - provide further information supporting the financial statements including the Statement of Accounting Policies and provide further detailed information on specific items.



- ... **The Collection Fund** – is the statutory account in which income from business rates and council tax is held temporarily, pending payment to the precepting authorities. There was a reduction on the council tax fund balance of £1.715m for the year and the Council's share of the surplus was £1.966m at 31<sup>st</sup> March 2023. The localisation of business rates means that we also show similar information in respect of this. The business rates show a reduction in the deficit balance on the account for the year of £4.254m and the Council's share of the deficit was £3.695m at 31<sup>st</sup> March 2023.
- ... **Group Accounts** - consolidates the Council's accounts with those of NuPlace Ltd, the Council's wholly owned Housing Investment Company, to give an overall picture of the Council's activities.

These accounts are supported by the Statement of Responsibilities, which follows this narrative report.

## **K. FURTHER INFORMATION**

Further information is contained in the Council's Medium Term Financial Strategy, which is available from the Corporate and Capital Finance Team, Darby House, Telford, (contact Pauline Harris on 01952 383701).

In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press and on the Council's website.

Details of all purchases made by the Council costing over £100 are published on a monthly basis on the Council's web site.

The Councillor Code of Conduct requires that members notify the Council's Monitoring Officer of their financial and other interests, by completing a declaration of interests form. The register is open to inspection by the public and you can view copies of the [Declaration of Interest forms](#) on line from this page or they can be accessed from each individual Councillor's webpage and for further information, please contact Democratic Services on 01952 383211. Further information in relation to Information Governance is presented to the Council's Audit Committee which can be found via the Council's web site.

Ken Clarke MBA CPFA  
Chief Financial Officer

# Statement of Responsibilities

## 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 Authority, that officer is the Director: Finance, & Human Resources (Chief Financial Officer);
- manage its affairs to secure economic, efficient and effective use of resources, safeguard its assets and to approve the Statement of Accounts.

## The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice') is required to present a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March 2023.

### In preparing this statement of accounts, the Chief Finance Officer has:

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

### The Chief Finance Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities; and
- signed the letter of representation for the External Auditor on completion of the Audit.

## **CERTIFICATE OF THE CHIEF FINANCE OFFICER**

I hereby certify that the Statement of Accounts complies with the requirements of the Accounts and Audit Regulations 2015.

Ken Clarke MBA CPFA  
Director: Finance & H.R. (C.F.O.)  
**Dated: 30<sup>th</sup> May 2023**

## **APPROVED BY AUDIT COMMITTEE**

The Statement of Accounts was approved at a meeting of the Audit Committee.

Councillor Angela McClements  
Chair of Audit Committee  
**Dated: 31<sup>st</sup> May 2023**





Telford & Wrekin  
COUNCIL

# Annual Governance Statement

2022/23

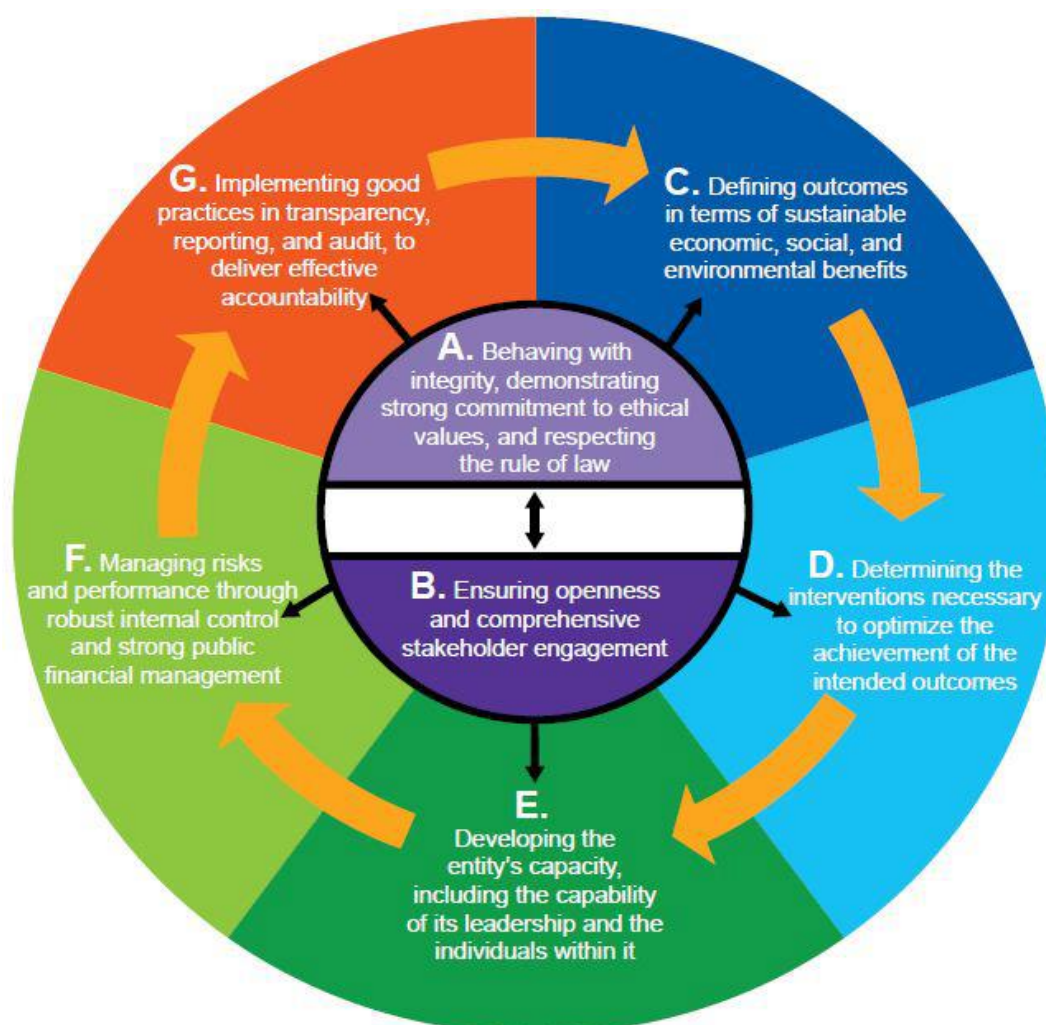


## 1. Introduction

- 1.1 Under the Accounts and Audit Regulations 2015 the Council is required to produce an Annual Governance Statement to accompany the Statement of Accounts which is approved by the Audit Committee.

The Annual Governance Statement outlines that the Council has been adhering to the Local Code of Corporate Governance, continually reviewing policies and procedures to maintain and demonstrate good corporate governance and that it has in place robust systems of internal control.

The Council has adopted the Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government. The diagram below details CIPFA's Relationships between the Principles for Good Governance in the Public Sector.



## 2. Standards of Governance

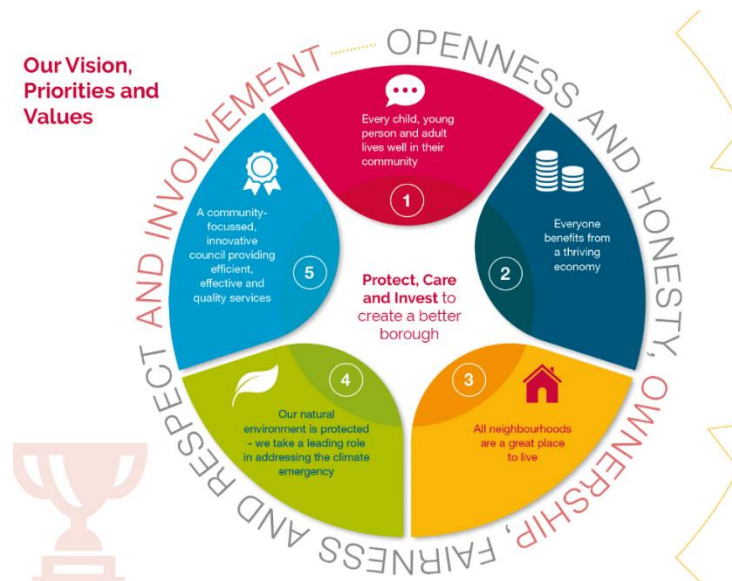
- 2.1 The Council expects all of its members, officers, partners and contractors to adhere to the highest standards of public service with particular reference to the Employee and Members' Code of Conduct, Constitution, Corporate Vision, Priorities and Vision as well as applicable statutory requirements.

### 3. Scope of Responsibility

- 3.1 Telford & Wrekin Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. The Council needs to demonstrate that public money is safeguarded and properly accounted for and used economically, efficiently and effectively to secure continuous improvement.
- 3.2 To meet this responsibility, the Council puts in place proper governance arrangements for overseeing the governance of its affairs including risk management, the requirements of regulations and ensuring the effective exercise of its functions. These arrangements are intended to make sure that the Council does the right things, in the right way, for the right people, in a timely, open and accountable manner. The Council takes into consideration all systems, processes, policies, cultures and values that direct and control the way in which we work and through which we account, engage and lead our communities.

### 4. The Governance Framework

- 4.1 The governance framework allows the Council to monitor how they are achieving their strategic aims and ambitions and how this contributes to the delivery of its vision, priorities and values:



- 4.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve priorities and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to appropriately identify, quantify and manage the risks to the achievement of the Council's priorities, objectives and policies.

### 5. Review of Effectiveness

- 5.1 Telford & Wrekin Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance arrangements including the system of internal control. The review of the effectiveness is informed by:-



- 5.2 The Council has faced continued challenges during 2022/23 particularly in respect to the ongoing financial constraints it is working within coupled with rising costs that have been experienced nationally and global market instability. The Council has met these challenges and continues to deliver effective services against the backdrop of achieving considerable savings.
- 5.3 The Council recognises the ongoing importance of information governance and has formalised its Information Governance Framework. The main focus of the Information Governance Team in 2022/23 has been to:
- Ensure the Council's continued compliance with the requirements of the UK Data Protection Act/UK General Data Protection Regulations (GDPR) 2018
  - Ensure compliance with the Freedom of Information Act 2000 and Environmental Information Regulations 2004
  - Update information governance related training, policies and procedures
  - Manage information governance risks associated with the implementation of new systems
  - Facilitate appropriate and secure information sharing where there is a legal basis to do so
  - Support on the prevention and investigation of data breaches
  - Facilitate the completion of the NHS Data Security & Protection Toolkit

The Information Governance Team has continued to report to the Audit Committee and Senior Management Team during the year including information on responses to information rights requests and data security breaches. During 2022/23 no

enforcement action has been taken against the Council by the Information Commissioner's Office (ICO) in respect to data breaches.

- 5.4 The Chief Executive, Executive Directors, Directors and Service Delivery Managers have signed annual assurance certificates confirming that the governance framework has been operating within their areas of responsibility, subject to the actions outlined in Annex 1. Internal Audit plan to undertake sample testing of completed certificates to provide additional assurance that adequate controls/risk management measures have been operating in 2022/23.
- 5.5 The Accounts and Audit Regulations 2015 require a review of the effectiveness of the system of internal control. This review is informed by the work of Internal Audit, management, other internal assurance services and the External Auditors' review. The Internal Audit Annual Report 2022/2023 will set out the Internal Audit opinion.
- 5.6 The Council has been advised on the implications of the review of the effectiveness of the governance framework by Cabinet, Standards Committee, Audit Committee, Scrutiny, Senior Managers, Internal Audit and external review. The Chief Internal Auditor concludes that the review of the governance arrangements **provides a reasonable level of assurance** that these arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

### Internal Audit Work

One of Internal Audit's key objectives, as detailed in the Internal Audit Charter is *'To review the effectiveness of the governance, risk management and control processes of the Council to aid improvement, provide a level of assurance and an opinion on them to the Council.'*

The work of Internal Audit is based on risk and the scope of each audit assignment and, as a minimum, includes assessment of the governance, risk management and control arrangements put in place by management.

Despite some temporary resource challenges in 2022/23 due to medium-term sickness related absence, Internal Audit have completed 82% of the revised risk based Annual Internal Audit Plan. This is an increase from 2021/22.

In compliance with the Public Sector Internal Audit Standards (PSIAS), an external assessment of the Internal Audit function was completed by CIPFA. The assessment was undertaken during April and May 2022. At the completion of the assessment, the CIPFA Assessor provided a report detailing their findings. The CIPFA Assessor reported that:

*'It is our opinion that Telford & Wrekin Council's Internal Audit Service's self-assessment is accurate and, as such, we conclude that they **FULLY CONFORM** to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note'*

In addition, the report stated:

*'The Service is insightful and proactive and is a well-respected and professional operation that is valued by the Council's management'*

*'The standards expect internal audit services to take into consideration the organisational ethics when planning their work, something that is often difficult to achieve and often overlooked by Heads of Internal Audit. This is not the case for Telford and Wrekin as they use an 'ethics' questionnaire as part of their testing process when carrying out audits where sound ethical standards are a key element to the effective running of the activity. It is our opinion that this is an example of good practice that many other local authority internal audit services should consider adopting.'*

The report did include six '*minor observations*' that have been classified as advisory as they relate to enhancing the service rather than conformance to the standards. All of the actions have been accepted and implemented in full.

Internal Audit have ensured the Chair/Audit Committee and Senior Management Team have been kept informed of audit resource/work throughout the year.

### **Other Sources of Assurance**

As stated above, reliance has been placed on other sources of assurance in 2022/23 with respect to the Chief Internal Auditor's opinion. Other sources of assurance have been obtained from in year activity but also by reflecting on past opinions and the basis of these.

2022/23 has seen the Council consistently recognised as a well performing Council by a number of external bodies. Below is a summary of the recognition received.

The Municipal Journal (MJ) announced Telford & Wrekin Council as winners of the award for Local Authority of the Year 2022.

The Council's Senior Management Team were shortlisted for the MJ Senior Leadership Team of the Year award.

The Council/Council services were shortlisted for 4 Local Government Chronicle awards including:

- Council of the Year
- LGC Public Health – for tackling health inequalities linked to COVID with Betty the Bus
- LGC Economic Support – for our Pride in Our High Street programme
- LGC Children's Services Award – for the work we've done to achieve outstanding services

The Local Government Association (LGA) peer review panel undertook a follow-up visit in 2022 to assess how the Council had progressed in implementing recommendations made after their previous visit the previous year. Following their latest visit, the peer review panel reported that:

- There is a strong sense of values across the organisation
- They recognised the Council's culture of collaboration
- There was a clear sense that people are really proud to work for the Council

The Association for Public Service Excellence (APSE) gave an award for the best service team to the Council's Facilities Management and Building Cleaning Services.



Climate Emergency UK have recognised the Council for its climate change work. They put the Council in the top 10 single tier authorities in relation to climate change work.

In addition, assurance has been provided by the following:

- Telford & Wrekin Council has a sound track record in respect to how it is run. This is important to note and is reflected in the 2022/23 audit opinion given. General risk management identifies 'likelihood' as a key determinant of the level of risk associated with an action/entity. Given that the Council's track record demonstrates strong governance arrangements and sound financial management, the likelihood of this changing considerably in the space of 12 months is relatively low.
- The Council's External Auditors have met with the Section 151 Officer and Chief Internal Auditor throughout 2022/23 and have also attended Audit Committee meetings. During this time the External Auditor has not expressed any specific concern on the governance and/or financial arrangements operating within the Council.
- Other examples of assurance obtained in year include:
  - Legal Services Lexcel accreditation
  - Annual Scrutiny Work Programme
  - Completion of statutory returns, VAT returns, and grant claims, etc.
  - Regular IT penetration testing and security auditing
  - Corporate performance management
  - Quality assurance checks across Council teams
  - Regular financial monitoring
  - Annual personal performance discussions with staff
  - Inspection by external bodies
  - Corporate policies and procedures
  - Essential learning programmes for staff
  - Completion of the NHS Data Security & Protection Toolkit
  - Joint CQC/Ofsted inspection of SEN

Assurance obtained by reflecting on the past 3 years includes:

- The Chief Internal Auditor's opinion has been that there a reasonable level of assurance that the governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- The External Auditor has stated that:
  - Final accounts have been produced on time and in line with best practice
  - An unqualified opinion has been given in the financial statements
  - Financial statements comply with statutory requirements
  - Financial statements give a true and fair view of the Councils financial position
  - Proper arrangements are in place for securing economy, efficiency and effectiveness in its use of resources

In the Chief Internal Auditor's opinion, the above assurance activity reflects that sound governance arrangements are in place as a number of the points above would not have been possible without adequate governance foundations being in place and embedded.

There have been no significant instances of fraud, poor risk management, poor financial management, etc. that would lead the Chief Internal Auditor to believe poor governance practices have been in place.

However, as part of the AGS certification process, there have been areas identified that do require development. Attached as Annex 1 is an agreed action plan to address these areas for development and ensure continuous improvement.

- 5.7 The number of issues in the action plan have reduced from 7 in 2021/22 to 5 in 2022/23. Issues from the previous AGS action plan (2021/22) that have been addressed or mainstreamed have been deleted and those that continue to be addressed (3 issues) are included in 2022/23 action plan.
- 5.8 The Senior Management Team has monitored implementation of the 2021/22 actions and reported back to the Audit Committee in January 2023.
- 5.9 Detailed below is a statement explaining how the Council has complied with the Code of Corporate Governance and meets the requirements of the Accounts and Audit Regulations 2015 and CIPFA Code on the Principles of Good Governance.
- 5.10 Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law.**
- 5.10.1 Members and officers recognise the importance of compliance with the Constitution, specifically Financial and Contract Rules, Procurement Regulations, Scheme of Delegation, Codes of Conduct and Gifts & Hospitality Policy.
- 5.10.2 There is ongoing training, both classroom based and via the on-line learning platform (OLLIE) for Codes of Conduct, Equality Awareness, Leadership & Governance and Contract Procedure Rules/Procurement. An essential learning programme is in place for all staff members and completion of these compulsory training modules is monitored by the senior management team.
- 5.10.3 The Council has an Anti-Fraud & Corruption Policy, supported by the Whistleblowing (Speak Up) Policy, encouraging internal referrals. The Council has a zero-tolerance policy in relation to fraud and corruption and it is service management's responsibility to ensure there are adequate controls in their areas to ensure that opportunities for fraud are minimised. It is everyone's responsibility to report suspicions and the Whistleblowing (Speak Up) Policy supports this internally. Internal Audit along with the Investigations Team undertakes proactive fraud work based on a fraud risk register and/or other intelligence. Other specific anti-fraud and corruption activities are undertaken by Trading Standards. An annual report on anti-fraud and corruption activities and an update to the Anti-Fraud & Corruption Policy and Whistleblowing (Speak Up) Policy is presented to the Audit Committee annually.
- 5.10.4 Officers comply with their professional organisations' and regulatory codes of conduct when delivering services.



- 5.10.5 All Internal Audit reviews consist of an ethics questionnaire that is sent to a sample of staff in specific teams to demonstrate their understanding of key corporate policies.

Ethics questionnaire findings have been shared when discussing individual audits with relevant Service Delivery Managers and Directors and taken to SMT as part of reporting corporate recommendations. Summary findings from the ethics work have been included in the 2022/23 AGS action plan.

- 5.10.6 There are both internal and external reviews in social care to monitor compliance with the law, e.g., the Care Act, Deprivation of Liberties, Safeguarding and the Mental Health Act.
- 5.10.7 Human Resource and recruitment policies and processes ensure the Council is fully compliant with employment law. Annual audits are undertaken in these areas and ongoing checks take place to ensure compliance with IR35 legislation. In addition HR recruitment processes have been further developed to improve diversity.
- 5.10.8 Senior officers meet regularly and work closely with Members to ensure that they understand, and can undertake, their respective roles effectively and legally.
- 5.10.9 The Cabinet monitors the effectiveness of the governance framework through the consideration of regular service and financial management information reports from senior management. Individual Cabinet Members receive regular feedback from senior officers in respect to their areas of responsibility on the progress of priorities and objectives. Issues of strategic and corporate importance are referred to Cabinet.
- 5.10.10 Statutory responsibilities across the Council are discharged openly and proactively, examples include having key statutory officers in place, i.e., Head of Paid Service, Data Protection Officer, Section 151 Officer, Monitoring Officer, Director of Children Services, Director of Adult Social Services, Director of Public Health and the Scrutiny Officer.

## **5.11 Ensuring openness and comprehensive stakeholder engagement**

- 5.11.1 The Executive Director for Housing, Communities & Customer Services is leading on the development of a new 10-year vision for the Borough. The vision was approved by Cabinet in 2022 following extensive resident and partner engagement. The development of an action plan is being progressed with strategic partners. This will be presented to Cabinet for approval.
- 5.11.2 The Council actively contributes to, and collaborates with, partners to promote good governance and achieve the delivery of outcomes through increased joint working. The Council is a member of a number of sub regional partnerships and groups. Many of our services are delivered in partnership with other organisations such as West Mercia Energy, Town and Parish Councils, voluntary groups, etc.
- 5.11.3 Regular meetings take place between Children's Safeguarding and key partner agencies such as the Police, Education and Health.
- 5.11.4 All Council services feed into transparent reporting processes through Council committee meetings and this is further supported by the transparency agenda.
- 5.11.5 Annually, the public is consulted on the budget for the forthcoming year.

- 5.11.6 There is regular engagement between Public Health, Social Care and the NHS and other health providers for the future provision of services.
- 5.11.7 The Council's Scrutiny committees have looked at policy development, decision making and areas of great importance and concern to our residents. The Council's corporate priorities are used to measure the effectiveness of policies and outcomes are scrutinised to ensure the Council works as efficiently and effectively as possible. Areas for scrutiny are identified as part of the exercise to determine the work programme for a given municipal year and as part of this work over 100 stakeholders and organisations are asked to contribute ideas about areas where scrutiny could make a difference. Elected Members and the public are also able to do this alongside Council officers. This ensures that as many areas of possible are considered to form part of the Scrutiny Work Plan for the coming Municipal year.
- 5.12 Defining outcomes in terms of sustainable economic, social and environmental benefits.**
- 5.12.1 The Council Plan was created in 2019 and refreshed in 2022. The plan identifies 5 priorities to deliver the Council's organisational vision to 'Protect, Care and Invest to Create a Better Borough'. The Council continues to ensure it has a robust Savings Strategy in place which includes the generation of external income and efficiency measures.
- 5.12.2 Digital transformation and changes in the way we work are intrinsic to the Council's service delivery model.
- 5.12.3 The Telford & Wrekin Local Plan sets out the Council's vision and strategy for the physical planning of the borough up to 2031. The Council are in the process of reviewing the Local Plan. A new Local Development Scheme was published in June 2022 which sets out the timetable the Council are now working to.
- 5.12.4 All service areas have their own service plans which details how they intend to deliver their service for the coming year and the risks they face. These plans encompass identifying barriers to service objectives being met. In addition there was additional focus on the Council's workforce development/strategy. This included a number of actions including the launching of the Management and Leadership Programme and developing employee groups for BLM, LGBTQ+, Neurodiverse and Armed Forces Staff Network.
- 5.12.5 The Council has a commercial strategy / investment strategy that demonstrates clear visions, objectives and outcomes. This includes financial, economic, social and environmental issues.
- 5.12.6 The Council's economic growth strategy supports and drives increased economic productivity. The strategy is currently being reviewed and updated to ensure it is aligned with the Council's overall vision and responsive to the opportunities and challenges facing the Council in the next few years.
- 5.12.7 The financial strategy sets out the short and long-term implications for service delivery across the Council. The Service & Financial Planning reports include various papers to Cabinet regarding the budget and sets out short/ medium and long-term implications, including the capital strategy and saving strategy.

5.12.8 Adult Social Services, in respect of financial management and the implementation of the cost improvement plan, have continued to provide updates during the year to SMT and Members.

5.12.9 All Council reports to Members show relevant financial implications and risk.

5.12.10 Implementation of the IDT Strategy has continued, including infrastructure upgrades, the ongoing roll-out of Office 365/applications and further security improvements particularly in response to spam, phishing/ whaling and ransomware threats.

5.12.11 The Council has implemented a number of climate actions which contribute to its aim of becoming carbon neutral by 2030 and its commitment to remove single use plastics from the Council's operations and activities by 2023. Key actions have included:

- Allocation of £4,000,000 of capital funding to support the reduction of the Council's carbon footprint
- Work at Newport Leisure Centre including the implementation of an air source heat pump, thermal insulation and LED lighting
- Nuplace (owned by Telford & Wrekin Council) have developed 46 sustainable homes
- Installation of a number of electronic charging points
- Purchase and use of electronic vehicles
- Continued offer to support local groups through the Climate Change Fund/Eco grants
- Opening of the UK's first 'off-grid' bus station in Wellington which generates sufficient electricity to support its operation
- Inclusion of the requirement to detail 'Environmental Impacts' in all reports to Cabinet
- Council's EV Strategy setting out the approach taken to increase the rate of installation of EV charging points across both the public and private sector

5.12.12 The Council has delivered a number of outcomes related to the Health & Wellbeing Strategy including:

- Physical activity rates have increased significantly making the Council the top Council in England.
- Health life expectancy rising faster than the national average
- 89% increase in active borrowers using library services
- Delivered increased social value through our contracts

## **5.13 Determining the interventions necessary to optimise the achievement of the intended outcome.**

5.13.1 The 2022/23 Service & Financial Strategy, including the Treasury Management Plan, are aligned to the refreshed Council Plan – setting out how our financial resources will deliver the Council vision and priorities.

5.13.2 Budget plans are produced for all service areas for planning purposes. Budget consultation is undertaken annually with Council Members and members of the public.

**5.14 Developing the Council's capacity, including the capability of its leadership and the individuals within it.**

5.14.1 The Workforce Strategy was approved in 2021 and is available to all employees on our intranet. The strategy has 5 priorities which were informed by the results of the employee survey and consists of the following priorities:

- Our workforce will have the skills and abilities to deliver our priorities and will have the opportunity to further develop
- Our managers will be leaders and will empower staff to deliver our priorities
- Our organisation will be more diverse and inclusive offering a voice and fair treatment for all
- Our workplace will be healthy and we will support our employee's wellbeing
- Our employment package will be attractive that offers (and will offer) fair terms and conditions

The Council is currently refreshing the workforce strategy in response to the results of the most recent employee survey and recent census data. This will be done through consultation with colleagues at all levels of the organisation and in partnership with HR. Further to this, Organisational Development will work with Directors and their management teams to develop service area workforce plans to support delivery of the workforce strategy.

5.14.2 Officers understand their respective roles and these are set out in job descriptions with 91% of employees reporting that they understood how their role contributed to the Council's priorities in the most recent employee survey. The Constitution, Scheme of Delegation and Contract Procedure Rules clearly show roles and responsibilities, specifically with regard to delegation and authorisation.

5.14.3 There are various training methods available to staff such as mentoring, Ollie (On-line learning platform), virtual (via Microsoft Teams) and face to face. A new leadership and management programme launched in January 2022 for the SMT cohort. A leadership and management programme for the SDM cohort launched in May 2022 with a Team Leader programme launching in Spring 2023. Work continues with Directors to look at opportunities for apprenticeships in their areas to meet service needs, this includes upskill as well as new recruits to maximise the use of the apprenticeship levy. A new face to face induction for all new starters was launched in November 2022.

5.14.4 Other support includes CPD sessions, team meetings and ongoing 1:2:1s are in place. A small number of managers reported that some delays had been experienced in completing APPD's due to ongoing resource challenges.

5.14.5 Members receive an induction session and annual training with regard to the Treasury Management Strategy and other training relevant to their position. All Members and staff have had the opportunity to undertake training on General Data Protection Regulations (GDPR) / Data Protection Act (DPA) 2018 legislation. There is also online training available to all staff on GDPR/DPA 18 Requirements. Training has been reviewed and updated in March 2023.

5.14.6 The action plan at Appendix A of this statement details issues identified from the results of the annual governance certification process. The main issue identified was

resource challenges a number of teams were facing coupled with difficulties in filling vacancies.

**5.15 The Council continues to manage risks and performance through robust internal control and strong public financial management.**

5.15.1 Risk management is an integral part of good management and corporate governance and is therefore at the heart of what the Council does. Our approach to managing risk is explained in our Risk Management Strategy. The Strategic Risk Register is reviewed by SMT and considered by Audit Committee, as a minimum, 4 times a year.

5.15.2 The Internal Audit plan is informed by the Council's service and financial planning processes, strategic risk register, external inspection reports, external networking intelligence, comments from Senior Management and their opinion of the current state of the governance risk and internal control arrangements.

5.15.3 During 2022/23 the Internal Audit team achieved 82% of their revised planned work and this has been used, in part, together with the relevant output from unplanned work to help form their opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control framework.

All recommendations made in audit reports show a risk category which is used to inform the overall grading of the report.

5.15.4 The Chief Internal Auditor has undertaken checks on the work of Internal Audit as part of the Quality Assurance Improvement Program. A small number of minor issues have been identified through these checks and have been fed back to the Internal Audit Team to assist in their continuous improvement.

5.15.5 Internal Audit report to the Audit Committee 4 times a year. The Audit Committee has asked for additional information during the year to provide assurance on the management of risks and implementation of recommendations. The Audit Committee have also approved the Internal Audit Charter for 2022/23.

5.15.6 Large projects include the maintenance of a project risk register; this is an ongoing working document that is amended throughout the project. Where personal data is processed, projects also include the completion of Data Protection Impact Assessments.

5.15.7 The Council has adopted the CIPFA code of practice for managing the risk of fraud and corruption and this has been reflected in our updated Anti-Fraud & Corruption Policy and Whistleblowing (Speak Up) Policy.

5.15.8 Services report regularly to Council committees such as Audit Committee, Planning, Licensing, Cabinet etc. These reports detail any impact assessment, including risk and opportunity. Financial decisions are reported to Cabinet, full Council and Audit Committee, who often challenge to ensure appropriate financial management and to demonstrate transparency.

5.15.9 Financial Regulations set out our financial management framework for ensuring we make the best use of the money we have available. Financial roles and responsibilities are clearly shown in the Financial Regulations and it provides a framework for financial decision-making. The regulations were reviewed in July 2022

and minor changes made. A further comprehensive review of the regulations will take place in 2023/24.

5.15.10 The Treasury Management Strategy and regular updates on treasury matters are provided to Audit Committee. This information clearly shows investments, loans, and the financial position of the Council. The Council's Treasury Management advisors are Link Treasury Services.

5.15.11 The Council's financial strategy identifies the short-term budget plan and long-term aspirational plan linked to the corporate plan to be a self-sustaining council.

5.15.12 A review against the CIPFA FM Code was undertaken and reported to the Council's senior management team in April 2021 which identified a small number of changes to further strengthen the Council's financial management arrangements. An update report is planned during 2023/24 to monitor progress and refresh our self-assessment against the Code standards.

5.15.13 The Council's External Auditors have not yet completed their report for 2021/22, which is mainly due to a sector-wide technical matter relating to the reporting of infrastructure assets and resource capacity constraints on the part of the external auditors. However, the S151 Officer and Audit & Governance Lead Manager (Chief Internal Auditor) have met with External Auditors periodically throughout 2022/23 and the External Auditors have commented that they do not expect to report any problems with the final accounts. A verbal update was provided to Audit Committee on 24 January 2023, stating that the audit was substantially complete and an unqualified opinion is anticipated.

Therefore, the expectation is that the External Auditor's opinion will mirror the opinion for 2020/21 which stated:

*"Value for Money conclusion - Based on the work we performed to address the significant risk we identified, we are satisfied that the Council has proper arrangements for securing economy, efficiency, and effectiveness in its use of resources"*

An unqualified audit opinion was, once again, received by the Council in respect of 2020/21.

5.15.14 The Council has continued to make savings in the light of ongoing financial pressures. £140.9m of ongoing savings had been delivered by the end of 2022/23 with a further £19.5m to be delivered by the end of 2024/25. Forecasts of the level of savings that will be required from April 2024 onwards are very difficult to make in the absence of any detailed Government funding settlement information beyond March 2024 being available and potential significant changes that may be made to the local government finance system. However, it is likely that the Council will continue to face a very challenging financial outlook for the foreseeable future.

5.15.15 The Council's Civil Resilience Team continues to plan and co-ordinate the Council's response in an emergency or significant business interruption in accordance with the Civil Contingencies Act 2004.

**5.16 Implement good practices in transparency, reporting and audit to deliver effective accountability**

- 5.16.1 As a public body we endeavour to be open and transparent in our activities and reporting. Council and committee agendas, reports and minutes are published on our corporate website to demonstrate decisions made. The Council undertake public consultation on areas such as the budget. We publish expenditure over £100 on our website, as part of the transparency agenda.
- 5.16.2 The Audit Committee has responsibility for internal and external audit matters, the Council's arrangements for corporate governance and risk management.
- 5.16.3 In 2022/23, Telford and Wrekin Council became lead authority for the West Midlands Audit Committee Chairs' Forum (WMAACCF). The Council's Deputy Chairperson of the Audit Committee is also the Chairperson of the WMAACCF. The WMAACCF is sponsored by the Local Government Association and is a forum where Audit Committee Chairs from across the West Midlands meet to share good practice.
- 5.16.4 The Audit Committee terms of reference also incorporate the review and monitoring of the Council's Treasury Management arrangements. Members of the Committee are kept up to date through awareness training on factors that influence/affect delivery of the strategy and during the year were provided with an update on these matters by Link Treasury Services, the Council's Treasury Management advisors.
- 5.16.5 There are various committees, all with their own terms of reference and areas of responsibility, i.e., Licensing Committee, Planning Committee, and there are elected members who are responsible for service areas within the Council.
- 5.16.6 Arrangements are in place to ensure Internal Audit fully complies with the Public Sector Internal Audit Standards (PSIAS). An external assessment of PSIAS compliance has been completed by CIPFA who found that Internal Audit are fully compliant with the required standards.
- 5.16.7 The Internal Audit plan is developed using a risk-based approach taking into consideration the Strategic Risk Register, Service Plans and other audit intelligence. Audit recommendations made are communicated to relevant Service Delivery Managers and relevant Senior Management representatives for consideration and implementation of recommendations. Internal Audit will share best practice in the duty of their work. The Audit plan is reviewed regularly to ensure it is still relevant and any changes made are reported to the Audit Committee.
- 5.16.8 The Council's Communication Team works with Officers and Members to ensure key messages are easy to understand and in accessible formats to meet the diverse needs of our borough.
- 5.16.9 The Council's performance management framework is monitored by the Senior Management Team and procedures are in place that drive continuous improvement in performance. This process is based upon data insight and adopts an approach of evidence-led decision making. Due to significant changes and improvements in the way that we collate data, statistical information and performance data, more robust reporting has taken place during 2022/23.
- 5.16.10 The Council has identified lessons learnt from corporate complaints and complaints made to the Local Government Ombudsman and implemented measures accordingly.

David Sidaway  
Chief Executive

Cllr Shaun Davies  
Leader of the Council

Cllr Angela McClements  
Chair of Audit  
Committee

Signed	Dated



## AGS ACTION PLAN FOR 2022/23 FOR IMPLEMENTATION DURING 2023/24

No	Findings	Actions	Lead Officers	Additional comments
1.	<p>Ongoing savings proposals, budget constraints and continued strategic management of organisational changes.</p> <p><i>Ongoing from 21/22 AGS</i></p>	<p>Continued management/reduction of budgets, revised structures and commercial/business approach which links to the continued development and implementation of revised governance framework.</p> <p>Further consultations on future savings where necessary.</p>	<ul style="list-style-type: none"> <li>• Chief Executive</li> <li>• SMT</li> </ul>	
2.	<p>All internal audits consist of an ethics questionnaire that is sent to a sample of staff in the team/areas being audited to demonstrate their understanding of corporate policies and whether staff feel supported.</p> <p>In a <b>small number of responses</b> returned it was noted that:</p> <ul style="list-style-type: none"> <li>• <u>A very low number of staff</u> had not completed their essential learning</li> <li>• <u>A very low number of staff</u> were not aware of the fraud</li> </ul>	<p>Reports to SMT detailing levels of essential learning completion to continue.</p> <p>Investigation Team to re-publicise fraud related training on Ollie and will monitor levels of completion.</p>	<ul style="list-style-type: none"> <li>• SMT/SDM</li> <li>• Policy &amp; Development Manager</li> <li>• Audit &amp; Governance Lead Manager</li> </ul>	

No	Findings	Actions	Lead Officers	Additional comments
	<p>awareness training module on Ollie.</p> <p>These findings have been shared when discussing individual audit reports with relevant SDM's and Directors and taken to SMT as part of reporting corporate recommendations.</p>			
3.	<p>The results of the annual governance certification process highlighted that in a <b>small number</b> of service areas there were reductions in appropriate skilled staff numbers. Challenges faced in recruiting (seen across the local government sector) have resulted in a small number of single points of failure or some minimal use of agency staff.</p> <p>Service Delivery Managers are aware of these issues and are putting measures in place to try and mitigate this including upskilling existing staff.</p> <p><i>Ongoing from 21/22 AGS</i></p>	<p>Number of initiatives in place including service and workforce planning, apprenticeship scheme, etc.</p> <p>Organisational Development team have introduced new Leadership &amp; Management training and learning programme. This will be rolled out in the Spring of 2023.</p> <p>Additional recruiting measures being used via social media platforms.</p> <p>Continued improvements to recruitment materials and recruitment processes to encourage applications from a diverse range of applicants.</p>	<ul style="list-style-type: none"> <li>• Chief Executive</li> <li>• Director of Finance &amp; Human Resources</li> <li>• Policy &amp; Development Manager</li> </ul>	

No	Findings	Actions	Lead Officers	Additional comments
4.	<p>The results of the annual governance certification process have highlighted that a small number of service areas have experienced data breaches and/or incidents (known as near misses) in respect to personal data.</p> <p>It should be noted that the nature of the breaches that have occurred are such that none of them met the reporting threshold for referral to the Information Commissioners Office (ICO) and therefore no ICO action has been taken against the Council.</p> <p>Where data breaches have been experienced, these have been reported to the Information Governance Team and managers have changed processes and procedures, where possible, based on lessons learned to prevent similar breaches occurring.</p>	<p>Information Governance to:</p> <ul style="list-style-type: none"> <li>• Ensure lessons are learnt after each breach and suggested improvements communicated corporately where applicable.</li> <li>• Continue to review current training materials.</li> <li>• Continue to publicise the updated Information Security Breach Procedure to all staff – available on the Council's intranet.</li> <li>• Continue to report any breaches to the individual Director as and when they occur</li> <li>• Continue to report any significant near misses to the individual Director as and when they occur</li> <li>• Continue to report to Senior Management Team meetings on a regular basis in respect of breaches and near misses</li> <li>• Continue to publicise the need to complete the updated OLLIE training in respect of protecting personal information</li> </ul>	<ul style="list-style-type: none"> <li>• SIRO/SMT</li> <li>• SDM's</li> <li>• Audit &amp; Governance Lead Manager</li> </ul>	

No	Findings	Actions	Lead Officers	Additional comments
	<i>Ongoing from 21/22 AGS</i>			
5	A very small number of managers confirmed that their service's internal intranet and website content required updating.	Further reminder to be sent to SDM's on keeping the intranet and website content up to date.	SDM's	

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**2022/23  
EXPENDITURE & FUNDING  
ANALYSIS AND  
ACCOMPANYING NOTES**

## Expenditure & Funding Analysis

The EFA is not a Primary Financial Statement and as such should be treated as a note to the accounts. Further details of adjustments between the funding and the accounting basis are contained in the note to the EFA. The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the local authority in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2021/22				2022/23		
Net Expenditure Chargeable to the General Fund Balance	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement	SERVICE	Net Expenditure Chargeable to the General Fund Balance	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement
£000	£000	£000		£000	£000	£000
51,841	(534)	51,307	Adult Social Care	61,858	976	62,834
39,230	(316)	38,914	Children's Safeguarding & Family Support	46,493	(197)	46,296
2,477	7,767	10,244	Communities, Customer & Commercial Services	2,735	8,120	10,855
42	684	726	Corporate Communications	(28)	1,258	1,230
(1,162)	(9,094)	(10,256)	Council Wide	(16,729)	5,233	(11,496)
8,588	(8,743)	(155)	Education & Skills	8,820	(13,743)	(4,923)
6,993	21,353	28,346	Finance & Human Resources	9,172	12,539	21,711
2,160	1,168	3,328	Health & Wellbeing	1,857	509	2,366
1,850	285	2,135	Housing, Employment & Infrastructure	2,204	1,212	3,416
24,754	(10,085)	14,669	Neighbourhood & Enforcement Services	25,919	(5,341)	20,578
1,411	3,382	4,793	Policy & Governance	791	6,618	7,409
(7,143)	21,105	13,962	Prosperity & Investment	(7,849)	12,377	4,528
<b>131,041</b>	<b>26,972</b>	<b>158,013</b>	<b>Net Cost Of Services</b>	<b>135,243</b>	<b>29,561</b>	<b>164,804</b>
(131,089)	277	(130,812)	Other Income & Expenditure	(135,255)	10,485	(124,770)
<b>(48)</b>	<b>27,249</b>	<b>27,201</b>	<b>(Surplus) or Deficit</b>	<b>(12)</b>	<b>40,046</b>	<b>40,034</b>
<b>5,218</b>			<b>Opening General Fund Balance</b>	<b>5,107</b>		
48			Surplus or (Deficit) for year	12		
(159)			Other approved uses	(397)		
<b>5,107</b>			<b>Closing General Fund Balance</b>	<b>4,722</b>		

## Expenditure & Funding Analysis Notes

### 1. Adjustments between funding and accounting basis

2022/23

	Net Expenditure Chargeable to the General Fund Balance	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other* Adjustments	Total Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
	£000	£000	£000	£000	£000	
Adult Social Care	61,858	(19)	0	995	976	62,834
Children's Safeguarding & Family Support	46,493	(138)	0	(59)	(197)	46,296
Communities, Customer & Commercial Services	2,735	2,806	0	5,314	8,120	10,855
Corporate Communications	(28)	28	0	1,230	1,258	1,230
Council Wide	(16,729)	3,491	22,508	(20,766)	5,233	(11,496)
Education & Skills	8,820	(10,285)	0	(3,458)	(13,743)	(4,923)
Finance & Human Resources	9,172	3,475	0	9,064	12,539	21,711
Health & Wellbeing	1,857	0	0	509	509	2,366
Housing, Employment & Infrastructure	2,204	1,308	0	(96)	1,212	3,416
Neighbourhood & Enforcement Services	25,919	(48)	0	(5,293)	(5,341)	20,578
Policy & Governance	791	28	0	6,590	6,618	7,409
Prosperity & Investment	(7,849)	(680)	0	13,057	12,377	4,528
<b>Net Cost of Services</b>	<b>135,243</b>	<b>(34)</b>	<b>22,508</b>	<b>7,087</b>	<b>29,561</b>	<b>164,804</b>
Other Income & Expenditure	(135,255)	(5,285)	9,658	6,112	10,485	(124,770)
<b>(Surplus) or deficit on provision of services</b>	<b>(12)</b>	<b>(5,319)</b>	<b>32,166</b>	<b>13,199</b>	<b>40,046</b>	<b>40,034</b>

\* - Other Adjustments include technical adjustments for MRP, accumulated absences, revenue grants and movement in reserves.



2021/22

	Net Expenditure Chargeable to the General Fund Balance	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Adjustments	Total Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
Adult Social Care	51,841	30	0	(564)	(534)	51,307
Children's Safeguarding & Family Support	39,230	117	0	(433)	(316)	38,914
Communities, Customer & Commercial Services	2,477	2,560	0	5,207	7,767	10,244
Corporate Communications	42	0	0	684	684	726
Council Wide	(1,162)	7,918	18,289	(35,301)	(9,094)	(10,256)
Education & Skills	8,588	1,183	0	(9,926)	(8,743)	(155)
Finance & Human Resources	6,993	8,782	0	12,571	21,353	28,346
Health & Wellbeing	2,160	0	0	1,168	1,168	3,328
Housing, Employment & Infrastructure	1,850	481	0	(196)	285	2,135
Neighbourhood & Enforcement Services	24,754	(6,597)	0	(3,488)	(10,085)	14,669
Policy & Governance	1,411	22	0	3,360	3,382	4,793
Prosperity & Investment	(7,143)	(1,465)	0	22,570	21,105	13,962
<b>Net Cost of Services</b>	<b>131,041</b>	<b>13,031</b>	<b>18,289</b>	<b>(4,348)</b>	<b>26,972</b>	<b>158,013</b>
Other Income & Expenditure	(131,089)	481	7,591	(7,795)	277	(130,812)
<b>(Surplus) or deficit on provision of services</b>	<b>(48)</b>	<b>13,512</b>	<b>25,880</b>	<b>(12,143)</b>	<b>27,249</b>	<b>27,201</b>

## **Adjustments for Capital Purposes**

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 throughout 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**

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

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

## **Other Adjustments**

### **Other Statutory Adjustments**

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

- For 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.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR 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:

- For financing and investment income and expenditure the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.
- For taxation and non-specific grant income and expenditure the other non-statutory adjustments column recognises adjustments to service segments, e.g. for unringfenced government grants.

## Reconciliation of Adjustments between Funding Basis to Accounting Basis under Regulation

	2021/22 £000	2022/23 £000
Adjustments between Accounting Basis and Funding Basis under Regulation as Reported in note 14	20,987	22,063
Movement in Earmarked Reserves (see note 29)	7,420	18,088
Movement in School Balances (see note 29)	(1,545)	(504)
Movement in Revenue Grants unapplied and Other Balances (see note 29)	228	2
Approved use of reserve	159	397
<b>Adjustments between Accounting Basis and Funding Basis under Regulation as Reported in EFA</b>	<b>27,249</b>	<b>40,046</b>

## 2. Segmental Income

Within the Net Expenditure Chargeable to the General Fund Balance are items of income which have been credited to services areas, including service specific grants and sales, fees and charges.

	2021/22 £000	2022/23 £000
Adult Social Care	37,081	42,521
Children's Safeguarding & Family Support	4,307	8,751
Communities, Customer & Commercial Services	73,852	65,431
Corporate Communications	38	47
Council Wide	19,232	16,874
Education & Skills	125,567	144,292
Finance & Human Resources	11,943	855
Health& Wellbeing	11,850	10,530
Housing, Employment & Infrastructure	4,168	7,857
Neighbourhood & Enforcement Services	9,831	22,369
Policy & Governance	1,253	910
Prosperity & Investment	20,746	29,169
<b>Net Cost of Services</b>	<b>319,868</b>	<b>349,606</b>

**2022/23**  
**CORE FINANCIAL STATEMENTS**  
**AND**  
**ACCOMPANYING NOTES**

## 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 regulations; this may be different from the accounting cost. The taxation position is shown in the Expenditure & Funding Analysis.

SERVICE	2021/22			2022/23		
	Gross Expenditure £000	Income £000	Net Expenditure £000	Gross Expenditure £000	Income £000	Net Expenditure £000
Adult Social Care	88,168	36,861	51,307	105,355	42,521	62,834
Children's Safeguarding & Family Support	43,221	4,307	38,914	55,047	8,751	46,296
Communities, Customer & Commercial Services	74,737	64,493	10,244	76,286	65,431	10,855
Corporate Communications	764	38	726	1,277	47	1,230
Council Wide	8,860	19,116	(10,256)	5,378	16,874	(11,496)
Education & Skills	132,454	132,609	(155)	139,369	144,292	(4,923)
Finance & Human Resources	27,307	(1,039)	28,346	22,566	855	21,711
Health & Wellbeing	15,178	11,850	3,328	12,896	10,530	2,366
Housing, Employment & Infrastructure	9,681	7,546	2,135	11,273	7,857	3,416
Neighbourhood & Enforcement Services	33,912	19,243	14,669	42,947	22,369	20,578
Policy & Governance	6,046	1,253	4,793	8,319	910	7,409
Prosperity & Investment	37,553	23,591	13,962	33,697	29,169	4,528
<b>Net Cost of Services</b>	<b>477,881</b>	<b>319,868</b>	<b>158,013</b>	<b>514,410</b>	<b>349,606</b>	<b>164,804</b>

Other Operating Expenditure (Note 7)	5,615	(29)
Financing and Investment Income and Expenditure (Note 8)	964	16,416
Taxation & Non Specific Grant Income and Expenditure (Note 9)	(137,391)	(141,157)
<b>(Surplus) or deficit on provision of services</b>	<b>27,201</b>	<b>40,034</b>
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets	(34,475)	(28,977)
(Surplus) or deficit on revaluation of Available for Sale financial assets	0	0
Re-measurements of the net defined benefit pension liability (Note 12)	(40,947)	(312,871)
<b>Other Comprehensive Income &amp; Expenditure</b>	<b>(75,422)</b>	<b>(341,848)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(48,221)</b>	<b>(301,814)</b>

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes.

	General Fund Balance & Reserves	Capital Grants Unapplied	Total Useable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000
<b>Balance at 31 March 2022 carried forward</b>	<b>127,608</b>	<b>23,892</b>	<b>151,500</b>	<b>(147,103)</b>	<b>4,397</b>
Total Comprehensive Income and Expenditure	(27,201)	0	<b>(27,201)</b>	75,422	<b>48,221</b>
Adjustments between accounting basis & funding basis under regulations (Note 14)	20,988	(7,709)	<b>13,279</b>	(13,279)	<b>0</b>
<b>Increase/ (Decrease) in 2022/23</b>	<b>(6,213)</b>	<b>(7,709)</b>	<b>(13,922)</b>	<b>62,143</b>	<b>48,221</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>121,395</b>	<b>16,183</b>	<b>137,578</b>	<b>(84,960)</b>	<b>52,618</b>
Total Comprehensive Income and Expenditure	(40,034)	0	<b>(40,034)</b>	341,848	<b>301,814</b>
Adjustments between accounting basis & funding basis under regulations (Note 14)	22,064	(3,435)	<b>18,629</b>	(18,629)	<b>0</b>
<b>Increase/ (Decrease) in 2022/23</b>	<b>(17,970)</b>	<b>(3,435)</b>	<b>(21,405)</b>	<b>323,219</b>	<b>301,814</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>103,425</b>	<b>12,748</b>	<b>116,173</b>	<b>238,259</b>	<b>354,432</b>

It should be noted that of the total useable reserves, £116.173m, only £4.722m is uncommitted general fund balances. The remainder includes earmarked reserves and school balances, see note 29 and 30. There are also unusable reserves see note 31.

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (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 Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line Adjustments between accounting basis and funding basis under regulations.

31 March 2022 £000		Notes	31 March 2023 £000
594,072	Property, Plant & Equipment	15a	644,750
122,275	Investment Properties	15b	139,393
2,390	Intangible Assets	17	1,305
16,900	Long Term Investments	21,22,24	18,800
42,927	Long Term Debtors	21	45,420
<b>778,564</b>	<b>Long Term Assets</b>		<b>849,668</b>
276	Inventories		267
42,992	Debtors	23	52,956
9,851	Assets Held for Sale	18	2,238
36,643	Cash and Cash Equivalents	25	38,620
<b>89,762</b>	<b>Current Assets</b>		<b>94,081</b>
(14,099)	Provisions	26	(15,724)
(51,430)	Short term Borrowing	21,22	(107,209)
(110,742)	Creditors	27	(98,074)
<b>(176,271)</b>	<b>Current Liabilities</b>		<b>(221,007)</b>
<b>(86,509)</b>	<b>Net Current Assets/(Liabilities)</b>		<b>(126,926)</b>
(231,313)	Long Term Borrowing	21,22	(240,013)
(47,399)	Long Term Creditors (PFI & Finance Leases)	21,28	(44,215)
(360,325)	Pensions Liability	12	(79,620)
(400)	Capital Grants Receipts in Advance	41	(4,462)
<b>(639,437)</b>	<b>Long Term Liabilities</b>		<b>(368,310)</b>
<b>52,618</b>	<b>Net Assets/(Liabilities)</b>		<b>354,432</b>
137,578	Useable Reserves	29,30	116,173
(84,960)	Unusable Reserves	31	238,259
<b>52,618</b>	<b>Net Reserves</b>		<b>354,432</b>

## Cash Flow Statement

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

<b>2021/22 £000</b>		<b>2022/23 £000</b>
27,201	Net (surplus) or deficit on the provision of services	40,034
(62,441)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 36)	(39,717)
29,328	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 37)	47,015
<b>(5,912)</b>	<b>Net cash flows from Operating Activities</b>	<b>47,332</b>
(3,373)	Investing Activities (Note 38)	15,200
(6,586)	Financing Activities (Note 39)	(64,509)
<b>(15,871)</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>(1,977)</b>
<b>20,772</b>	Cash and cash equivalents at the beginning of the reporting period	<b>36,643</b>
<b>36,643</b>	Cash and cash equivalents at the end of the reporting period (Note 25)	<b>38,620</b>



# Notes to the Core Financial Statements

## 1. Accounting Policies

### a) General

The accounts have been prepared in keeping with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (COP), based on International Financial Reporting Standards (IFRS), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is supported by a number of detailed accounting recommendations including interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and interpretations of the Standing Interpretations Committee (SIC). They are further supplemented by International Public Sector Accounting Standards (IPSAS).

### b) Concepts

These accounts have been prepared in accordance with the all-pervading concepts of accruals and going concern, together with comparability, verifiability, timeliness, understanding of and primacy of legal requirements as set out in the COP. Under the going concern concept, although the Council has net current liabilities of £126.9m, it is a going concern as the Council has access to Public Works Loan Board borrowing and future Council Tax revenues. (See Note 22 for detail on interest rate risk). Local Authorities can only be discontinued under statute.

### c) Accruals of Expenditure & Income

The revenue accounts of the Council are maintained on an accruals basis in accordance with the Code of Practice, IAS 18 and IFRS 15. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year. In particular,

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. Revenue is measured as the amount of the transaction price which is allocated to that performance obligation.
- 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 are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than 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 income not collected.

Revenue relating to Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions.

**d) Cash and Cash Equivalents**

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Investments that are short-term are defined as highly liquid investments held at the Balance Sheet date that are readily convertible to known amounts of cash on the Balance Sheet date and which are subject to an insignificant risk of changes in value. Under this definition investments held in call accounts would count as cash equivalents but fixed term investments and investments in notice accounts would not, as they are not readily convertible to cash.

**e) Contingent Asset**

A contingent asset is a possible asset that arises for a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council. The Council does not recognise contingent assets, but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

**f) Contingent Liability**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Council or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Council does not recognise a contingent liability but discloses its existence in the financial statements.

**g) Employee Benefits**

The accounting arrangements for Employee Benefits are covered by IAS 19. The objective of IAS 19 is to prescribe the accounting and disclosure for employee benefits (that is, all forms of consideration given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

The areas of remuneration that relate to the Council are as follows:

- Salaries and Wages
- Compensated Absences (paid annual leave and sick leave)
- Pensions Benefits
- Termination Benefits

**Salaries and Wages**

The amount of salary or wage earned by an employee will be recognised in the financial year to which it relates.

### **Compensated Absences**

The expected cost of short-term compensated absences should be recognised as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur.

In relation to annual leave and time off in lieu an estimation of the value of any untaken annual leave and the time off in lieu position at the end of the financial year will be undertaken and an appropriate amount included in the accounts. Sick leave is non accumulating and is accounted for when absences occur.

### **Pensions Benefits**

The Council participates in three formal pension schemes, the Local Government Pension Scheme, which is administered by Shropshire County Pension Fund, the National Health Service (NHS) Pension Scheme, administered by NHS Pensions and the Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).

Under International Accounting Standards and accounting Code requirements, the Council recognises the cost of post-employment benefits in the reported cost of services when they are earned by employees, rather than when benefits are eventually paid as pensions. For the Local Government Pension Scheme, these costs are provided by the fund actuaries and are included as a cost in the financial statements. However, statutory provision requires that the General Fund Balance is charged with the amount payable by the Council and not the amount calculated according to the accounting standard, therefore compensating entries are posted through the Movement in Reserves Statement which result in the General Fund Balance not being impacted by future pension liabilities.

Arrangements for the Teachers' scheme and the NHS Scheme mean that liabilities for future benefits cannot be separately identified for the Council and no liability for future payments of benefits is therefore recognised in the financial statements for these, and the employer's contribution is charged to the CIES in the year.

See Notes 11, 12 and 13.

In accordance with International Accounting Standard No 19 – *Employee Benefits* (IAS 19) disclosures and transactions in relation to the assets, liabilities, income and expenditure related to pension schemes for employees are required. Valuation methods are in compliance with the 2022/23 COP. The information is only necessary in relation to the Local Government Pension Scheme, as it is not possible to identify any Authority's share of the assets and liabilities under the Teachers' scheme or the National Health Service scheme.

The age profile of this Council's Local Government Pension Scheme is not currently rising significantly, so we should not see the current liabilities of the scheme rising significantly as the members approach retirement.

### **Termination Benefits**

Any termination benefits awarded during the financial year will be included in the Comprehensive Income and Expenditure Statement in that year. Where the amount has not been paid at the balance sheet date, a provision will be created in the accounts for that year.

### **h) Events After the Reporting Period**

Where a material post balance sheet event occurs which

- Provides additional evidence relating to conditions existing at the balance sheet date; or
- Indicates that application of the going concern concept to a material part of the Authority is not appropriate;

Changes will be made in the amounts to be included in the statement of accounts or disclosed in a note.

#### **i) Exceptional Items and Prior Period Adjustments**

Exceptional items are material items which derive from events or transactions that fall within the ordinary activities of the authority, and which need to be disclosed separately by virtue of their size or incidence if the financial statements are to give a true and fair view.

Prior Period Adjustments relate to corrections of errors in the financial statements of prior periods, retrospective adjustments resulting from changes to accounting policy or adoption of new accounting treatments. The correct accounting treatment for prior period adjustments for a comparative financial statement is to restate the amount to be adjusted and show the impact on the accounts. Please see Note 2.

#### **j) Financial Instruments**

##### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) 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 that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

##### **Financial Assets**

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

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. 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 authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the authority has made three loans to local organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise from the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

- Expected Credit Loss Model

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

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

- Financial Assets Measured at Fair Value through Profit & Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument

and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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

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

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

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

Any gains and losses that arise from the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

#### **k) Government Grants and Other Contributions**

The accounting treatment of transactions within the Authority's financial statements have been determined following the general principal of whether the Authority is acting as the Principal or Agent. Where the Authority is acting as Principal, i.e. acting on its own behalf, transactions have been included in the Authority's financial statements. Where the Authority is acting as Agent, i.e. acting as an intermediary, transactions have not been reflected in the Authority's financial statements, with the exception of cash collected or expenditure incurred by the agent on behalf of the principal in which case there is a debtor / creditor position included in financing activities in the cashflow statement.

Where the acquisition of a fixed asset is financed either wholly or in part by a Government grant or other contribution, the amount of the grant or contribution is recognised in the comprehensive income and expenditure statement (CIES) unless there is an outstanding condition, where it is transferred to capital grant receipts in advance until the condition is met or the grant is returned. Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

#### **l) Property, Plant & Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used during more than one financial year are classified as property, plant and equipment.

#### **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 authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an

asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

## **Measurement**

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 authority capitalises interest costs relating to assets under construction will be capitalised, but only during the construction phase of the scheme. A threshold of £1m is applied to this policy i.e. interest will only be capitalised for programme items where prudential borrowing exceeds £1m in year.

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 authority). 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 authority.

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 and expenditure 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 and assets under construction – depreciated historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value
- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- surplus assets – the current value measurement base 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 (existing use value – EUV).

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



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

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains.

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.

### **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 useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset.

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.



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.

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 General Fund.

### **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 previously recognised losses in the surplus or deficit on the 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 Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). 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.

The balance of receipts remains within the capital receipts reserve, and can then only be used for new capital investment or set aside to reduce the authority's underlying need to borrow (the capital financing requirement) (England and Wales). 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 non-current assets 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.

As at 31<sup>st</sup> March 2023 there was 1 significant capital contract in place with commitments into future years. This commitment totalled £2.382m and are detailed in Note 15a.

#### **m) Highways Infrastructure Assets**

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

#### **Recognition**

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

#### **Measurement**

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

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

#### **Depreciation**

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

#### **Disposals and derecognition**

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

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

See Note 15a regarding the temporary relief and statutory instrument which apply to this 2022/23 Statement of Accounts

#### **n) Investment Properties**

Investment property is property (land or a building – or part of a building – or both) held for regeneration, economic development and investment, rather than for:

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

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

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain 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 the capital receipts reserve.

As at 31<sup>st</sup> March 2023 there were 2 significant capital contracts in place with commitments into future years. These commitments totalled £4.488m and are detailed in Note 15b.

**o) Intangible Assets**

An intangible asset is an identifiable non-monetary asset without physical substance. It must be controlled by the Authority as a result of past events, and future economic benefits must be expected to flow from the intangible asset to the Authority. Usually within local authorities this relates to in house developed software.

**p) Inventories and Long Term Contracts**

Stocks are valued in accordance with IAS 2 at current value with an allowance made for obsolescent and slow-moving items. Any long term contracts in existence at 31 March are apportioned to the year in relation to when the work was carried out rather than the year in which the contract was completed.

**q) Leases**

The Council accounts for leases as Finance Leases when substantially all the risks and rewards relating to the ownership of the leased asset are transferred to the Council. Leases that do not meet this definition are accounted for as Operating Leases. The Council also operates as Lessor for its Property Investment Portfolio.

The use of leasing, together with the amount of rentals paid during the year and the undischarged obligation, is explained in Note 49 to the Core Financial Statements.

Rentals payable under operating leases are charged to revenue on an accruals basis.

The cost of assets acquired under operating leases and the related liability for future rentals payable are not included in the balance sheet.

**r) Interests in Companies and Other Entities**

The Council has a wholly owned Company, NuPlace Ltd for the provision of market rented housing in the borough and is required to prepare Group Accounts. Group Accounts have been prepared on a line for line basis; accounting policies are aligned between NuPlace and the Council; and intra-group transactions have been eliminated. In the authority's own single-entity accounts, the interest of NuPlace is recorded as a financial asset at cost.

The Council is one of four constituent authorities for the West Mercia Energy purchasing consortium (WME). WME transactions are excluded from the Council's financial statements on the basis that they are not material to the fair presentation of the financial position of the Council. Note 56 shows an extract of WME's balance sheet at 31 March 2023.

**s) Overheads**

The revenue accounts for the various services include charges for the related support services. These are agreed annually and are based on agreed criteria. Support Services are allocated in line with CIPFA recommended practice. As the Code of Practice does not allow transactions between segments in the service analysis, internal recharges have been eliminated from gross income and gross expenditure in the Comprehensive Income and Expenditure Statement.

**t) Private Finance Initiative**

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. The Council has one PFI scheme which was entered into in March 2006 and is for the provision of school and leisure facilities at Hadley Learning Community and Queensway for £289m.

IFRIC 12 Service Concession Arrangements requires the Council to assess the level of control each party has within the PFI contract. The result of this assessment is that the Council is deemed to control the services that are provided under its PFI scheme and as ownership of the property, plant and equipment will pass to the Council at the end of the contract for no additional charge, the Council carries on the Balance Sheet the property, plant and equipment used under the contracts.

An asset has been recognised and a long term financial lease creditor created to reflect the asset in the accounts and recognise the commitment to make future payments to the operator.

The original recognition of this property, plant and equipment was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. Property, plant and equipment recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

Amounts payable to PFI operators are analysed into five elements. Fair value for the services received in the year (debited to the appropriate service). Finance cost (debited to interest payable and similar charges). Contingent rent – increases in the amount to be paid for the property arising during the contract (debited to interest payable and similar charges). Payment toward liability (applied to write down the Balance Sheet liability towards the PFI operator). Lifecycle replacement costs (recognised as a fixed asset on the balance sheet).

**u) Charges to Revenue in Respect of Property, Plant and Equipment**

General fund service revenue accounts, central support services and statutory trading accounts are charged with a capital charge for all property, plant and equipment used in the provision of services. The total charge covers the annual provision for depreciation and impairments. Where there is sufficient balance in the Revaluation Reserve, impairments are charged there, otherwise they are charged to the Revenue Account. The aggregate charge to individual services is determined on the basis of the capital employed in each service.

#### **v) Provisions**

The Council sets aside provisions for specific future expenses which are likely, or certain, to be incurred, based on the best estimate available.

#### **w) Reserves**

The Council maintains certain reserves to meet general, rather than specific, future expenditure. The purpose of the Council's reserves is explained in Notes 29, 30 and 31.

The current system of capital accounting also requires the maintenance of two accounts in the balance sheet:

- the revaluation reserve, which represents principally the balance of the upward revaluations of property, plant and equipment and;
- the capital adjustment account, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on property, plant and equipment or for the repayment of external loans and certain other financing transactions.

#### **x) Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Legislation allows some expenditure to be classed as capital for funding purposes when it does not result in an asset on the balance sheet, for example work on properties owned by another organisation. This is charged to the relevant service in the Comprehensive Income & Expenditure Account and then transferred via the Movement in Reserves Statement to the Capital Adjustment Account so that there is no impact on the General Fund balance.

#### **y) Value Added Tax**

Local Authorities pay VAT on purchases and charge VAT on supplies of goods and services. Usually the amount of VAT paid on purchases is greater than that received for goods and services and the difference is reclaimed. The figures included in the statement of accounts exclude VAT except in infrequent circumstances where it is not reclaimable.

#### **z) Direct Revenue Financing of Capital Expenditure**

The Council is permitted by law to finance unlimited amounts of expenditure for capital purposes through its revenue accounts.

#### **aa) Interest on Surplus Funds and Balances**

All interest earned on surplus cash or funds and balances is taken to the General Fund, except appropriate interest that is credited to the school balances, section 106 agreements, commuted sums, insurance provision (Ex Shropshire Council) and certain Adult Social Care balances.

#### **ab) Capital Receipts**

Capital receipts from the disposal of assets are held in the useable capital receipts account until such time as they are used to finance other capital expenditure or to repay debt. During 2022/23, the Council funded £0.731m of expenditure in its Comprehensive Income and Expenditure Account from capital receipts under the Government's flexible use of capital receipts announced as part of the 2015 Spending Review.

#### **ac) The Redemption of Debt**

The Council makes provision for the repayment of debt in accordance with the Local Authorities (Capital Finance & Accounting) (England) (Amendment) Regulations 2008 and Explanatory Memorandum and Guidance.

The “Minimum Revenue Provision” (MRP) is calculated on the basis of the life of the asset and the ultimate funding of that asset. MRP is not charged until the year after the asset comes into operation.

**ad) Estimation Techniques**

Estimation techniques are methods adopted by the Authority to arrive at an estimated monetary amount, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at using an estimation technique.

**ae) Heritage Assets**

Heritage assets are held or maintained principally for their contribution to knowledge and culture. They are initially recognised at cost if this is available. If cost is not available, values are only included in the Balance Sheet where the cost of obtaining valuation is not disproportionate to the benefit derived. For the Council’s heritage assets no cost information is available and the cost of obtaining that value is disproportionate to the benefit.

A list of the Council’s Heritage assets is included in Note 19.

The cost of maintenance and repair of heritage assets is written off in the year incurred.

**af) Accounting for Council Tax and Non Domestic Rates**

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

The Council Tax income included in the Comprehensive Income & Expenditure Statement is the accrued income for the year, and not the amount required under regulation to be transferred from the Collection Fund to the General Fund (the Collection Fund Demand). The difference is taken to the Collection Fund Adjustment Account through the Movement in Reserves Statement.

As the collection of Council Tax for preceptors (the West Mercia Police and Crime Commissioner, and Shropshire & Wrekin Fire & Rescue Authority) is an agency arrangement, the cash collected belongs proportionately to Telford & Wrekin Council as the billing authority and to the preceptors. This gives rise to a debtor or creditor position for the difference between cash collected from tax-payers and cash paid to preceptors under regulation. The Balance Sheet also includes the authority’s share of the year end balances relating to arrears, impairment allowances for doubtful debts and prepayments.

In relation to Non-Domestic Rates, Telford & Wrekin Council collects income due as an agency arrangement. As with council tax, the cash collected belongs proportionately to Telford & Wrekin Council as the billing authority, and to Central Government and Shropshire & Wrekin Fire & Rescue Authority as preceptors. This gives rise to a debtor or creditor position for the difference between cash collected from tax-payers and cash paid to



preceptors under regulation. The Balance Sheet also includes the authority's share of the year end balances relating to arrears, impairment allowances for doubtful debts, appeals and prepayments.

#### **ag) Accounting for Local Authority Maintained Schools**

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements of the authority as if there were transactions, cash flows and balances of the authority.

The Council has the following types of maintained schools under its control:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation

The Council recognises on balance sheet the non-current assets of schools where the Council legally owns the assets or where the school is in the legal ownership of a non religious body, on the basis that they are the assets of the school and need to be consolidated in to the Council's accounts.

Community schools are owned by the Council and therefore recognised on the balance sheet.

The majority of Voluntary Aided and Voluntary Controlled schools in the Council area are owned by the respective Diocese. The School/Council uses the school building to provide education under the provisions of the School Standards and Framework Act 1998.

Foundation schools owned by the Diocese are not recognised on the Council balance sheet as the position is the same as Voluntary Aided and Voluntary Controlled. Where ownership lies with the school or the school's Governing Body the School is recognised on the Council's Balance Sheet.

Academy schools are not maintained schools controlled by the Council and as such are not accounted for in the Council's Accounts. Schools in Council ownership (Community Schools) which become Academies are provided to the Academy either on a 125 year peppercorn lease or the freehold of land and buildings has been transferred to the Academy. When schools transfer to Academy status the assets are written out of the balance sheet as at the date that the asset transfers.

#### **2. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted and Prior Period Adjustments**

At the balance sheet date the following new standards and amendments to existing standards have been published and will be introduced by the 2023/24 Code of Practice of Local Authority Accounting in the United Kingdom where disclosures are required in the 2022/23 financial statements, in accordance with the requirement of paragraph 3.3.4.3 of the Code are:

- Definition of Accounting Estimates (amendments to IAS 8);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Deferred Tax related to Assets and Liabilities arising for a single transaction (Amendments to IAS12); and
- Updating a Reference to the Conceptual Framework (Amendment to IFRS3).

There are no Prior Period Adjustments to report.

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

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

- There is a high degree of uncertainty about future levels of funding for Local Government. However, given levels of uncommitted reserves and the long track record of managing significant budget reductions and sound financial management, the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council has one PFI contract for the provision of school and leisure facilities at Hadley Learning Community and Queensway. Under the requirements of IFRIC 12, it has been determined that the arrangements is controlled by the Council and the accounting policy (Note 1(t)) relating to PFI schemes has been applied.
- West Mercia Energy – the Council has determined that the exclusion of WME’s transactions from the Council’s own accounts will not materially impact the fair presentation of the financial position and transactions of the Council and to the understanding of the Statement of Accounts by the reader. Note 56 provides details of the arrangement and an extract of the balance sheet of the West Mercia Energy Joint Committee.
- Pension Fund Liability – an actuarial evaluation of the Shropshire Local Government Pension Fund is undertaken every three years by the Fund actuary, Mercers, with annual updates in the intervening years. The methodology used is in line with IAS 19. Estimates of Pension Assets and Liabilities are sensitive to actuarial assumptions and can vary significantly based on changes to these assumptions.
- Recognition of Schools – the Council recognises the land and buildings used by schools in line with the provisions of the Codes of Practice. An assessment of the different schools operated has been undertaken to determine the accounting treatment (see Note 1(ag) above).
- Revenue from contracts with service recipients (IFRS 15) – IFRS 15 requires the Council to recognise revenue only when its obligations are delivered and accepted by ‘service recipients’. A service recipient is a party that has contracted with an authority



to obtain goods or services that are an output of the authority's normal operating activities in exchange for consideration.

Any delay between receipt of income and performance of obligations is considered to be minimal and below the materiality limit for qualifying, non-statutory services.

Where payments are received in advance of the Council fully discharging its obligations, for example in relation to planning fees or registration fees, these are appropriately recognised in the correct year through applying the accruals policy.

- Provision for single status – the council has taken into consideration a number of factors to determine the level in the single status provision including the nature of service delivery (grounds, refuse and cleansing are all provided by external contractors) and the restructuring programme which has taken place over the past 10+ years which reduces the potential future risk.

#### **4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

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

The items in the Authority's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ from Assumptions</b>
<b>Property, Plant and Equipment</b>	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings and equipment would increase by £1.7m for every year that useful lives had to be reduced.
<b>Property, Plant and Equipment</b>	Modern Methods of Construction (MMC) is encouraged nationally and accords with the governments thinking on the efficiency and modernisation of construction sites. It has not been seen in Telford to any great extent due to the costs involved in using it on residential sites. Larger Homes England sites include MMC and requirements to build at a specified pace within their tenders; bids are offered taking this into account.	A 1% movement on the valuation of Land & Buildings equates to +/- £3.9m

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>WMCA have agreed to push forward with the promotion of MMC for the region.</p> <p>Increases in cost of living, rising wage costs and the outbreak of war in eastern Europe has increased construction costs by 25% according to Government statistics. It is still effecting supply chains within the industry, leading to longer lead in times for many development projects. This has resulted in higher rates for build costs, with no expected change for the immediate future.</p> <p>In terms of commercial development, the demand and enquiries we receive exceeds our supply in the industrial sector and we have not seen any downturn. However, there has been an increase in the number of companies closing. The office sector has seen a change with decreasing demand resulting in a rise in vacant second hand space in Telford. This is predominately due to companies reconfiguring working practices following covid. The retail sector continues to face challenges, which, where possible, the Council is combating by seeking government funding for improvements to high streets in Telford.</p> <p>In relation to residential sites, by the end of 2022 the activity in the residential land market was falling. The current economic uncertainty, increased costs, and slower sales rates have led many parties to pause land buying, or building greater risk into their bids. However, despite demand slowing residential land values have increased slightly from 2022.</p>	
<b>Property Portfolio</b>	Increases in cost of living, rising wage costs and the outbreak of war in eastern Europe has increased construction costs by 25% according to Government statistics. It is still effecting supply chains within the industry, leading to longer lead in times for many development projects.	A 1% movement on the valuation of Investment Properties equates to +/- £1.2m

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>In terms of commercial development, the demand and enquiries we receive exceeds our supply in the industrial sector and we have not seen any downturn in demand. However, there has been an increase in the number of companies closing. The office sector has seen a change with decreasing demand resulting in a rise in vacant second hand space in Telford. This is predominately due to companies reconfiguring working practices following covid. The retail sector continues to face challenges, which, where possible, the Council is combating by seeking government funding, for improvements to high streets in Telford.</p> <p>In relation to residential sites, by the end of 2022 the residential land market was falling. The current economic uncertainty, increased costs, and slower sales rates have led many parties to pause land buying, or building greater risk into their bids. However, despite demand slowing residential land values have increased slightly from 2022.</p> <p>It is a mixed picture, however, it is expected that interest rates will fall towards the end of this year and energy price rises are beginning to fall, which should reduce cost pressures.</p> <p>With regard to Property Portfolio lettings, rents are set in contract and there is still a high demand for commercial accommodation. However, due to the economic situation and the fall in investment activity, yields and returns have stagnated or shown a decrease. This has resulted in valuations for investment properties generally, stagnating or showing a slight decline. This situation is expected to continue as companies continue to struggle with costs.</p>	
<b>Pensions Liability</b>	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,	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p> <p>There has been substantial volatility in financial markets over recent years due to COVID-19 and the situation in Ukraine, and their subsequent impact on global supply chains and inflation. After a period of relative stability following the COVID-19 shock, recently this volatility has increased significantly, particularly following the minibudget. This has contributed to significant volatility in bond markets, as yields increased markedly in recent months, with AA-rated corporate bond yields at 31 March up to 4.7% to 4.9% p.a. – far higher than at the start of the accounting year. Finally, market-implied RPI has been variable during the year, but has ultimately reduced (as the significant period of high inflation moves from the forward looking assumption and becomes known experience).</p>	<p>rate assumption would result in a decrease in the pension liability of £59.1m. However, the assumptions interact in complex ways.</p> <p>Asset values included in the 2022/23 accounting figures equates to £21.3m of the property fund assets attributable to the Council. If these asset valuations were overstated by 10% this would have a £2.1m impact on the net pension liability.</p>
<b>Arrears</b>	<p>At 31 March 2023, the Authority had a balance of £59.74m for sundry debtors. The Council has set aside a bad debts provision of £6.783m (11.4%) in relation to these. It is our view that this level of provision is sufficient.</p> <p>The potential ongoing impact of COVID-19 and more recently the Cost of Living crisis has created uncertainty around future collection rates however, it is not possible to predict the long-term impact.</p>	<p>If collection rates were to deteriorate, an increase in bad debt of 5% would require an additional £3.0m to be set aside in the provision.</p>
<b>Single Status</b>	<p>Single Status is a national pay and conditions agreement for staff employed under NJC terms and conditions, who form a significant proportion of the Council's workforce. The agreement is effective from 1<sup>st</sup> April 2007, however the process is not yet complete and it has been necessary to include a provision against the</p>	<p>The costs in relation to the scheme could be lower or higher than the sum provided. If the costs are lower, then any excess in the provision would be transferred into the General Fund Balance. If the costs are higher than the provision then there will be an</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	potential costs in the 2022/23 accounts, as was the case last year.	impact on general fund balances and future Council Tax increases.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

## 5. Events After the Reporting Period

The unaudited Statement of Accounts was authorised for issue by the Director: Finance & Human Resources on 30<sup>th</sup> May 2023. 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 as 31<sup>st</sup> March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 6. Disclosure of Deployment of Dedicated Schools Grant and Dedicated Schools Grant Unusable Reserve

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2022/23 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2022/23 before Academy & High Needs Recoupment			188,199
Academy & High Needs figure recouped for 2022/23			(76,030)
<b>Total DSG after Academy &amp; High Needs recoupment for 2022/23</b>			<b>112,169</b>
Plus: Brought forward from Prior Year			333
<b>Agreed Budgeted Distribution in 2022/23</b>	24,411	88,091	<b>112,502</b>
In Year Adjustments	0	235	235
<b>Final Budget Distribution for 2022/23</b>	<b>24,411</b>	<b>88,326</b>	<b>112,737</b>
Less: Actual Central Expenditure	24,619		24,619
Less: Actual ISB deployed to Schools		87,871	87,871
<b>In Year Carry Forward to 2023/24</b>	<b>(208)</b>	<b>455</b>	<b>247</b>
Plus: Carry Forward to 2023/24 agreed in advance	0	0	0
<b>Carry Forward to 2023/24</b>			<b>247</b>
<b>DSG unusable reserve at the end of 2021/22</b>			<b>0</b>

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Addition to DSG unusable reserve at the end of 2022/23			0
<b>Total of DSG unusable reserve at the end of 2022/23</b>			<b>0</b>
<b>Net DSG Position at the end of 2022/23</b>			<b>247</b>

## 7. Other Operating Expenditure

2021/22 £000		2022/23 £000
5,035	Parish Council Precepts	5,157
99	Payment of RSG to Parishes	99
0	(Gains)/losses on the disposal of non-current assets – Academies and Trust Schools	0
481	(Gains)/losses on the disposal of non-current assets – Other Assets	(5,285)
<b>5,615</b>	<b>Total</b>	<b>(29)</b>

## 8. Financing and Investment Income and Expenditure

2021/22 £000		2022/23 £000
10,592	Interest payable and similar charges	12,108
(2,223)	Interest receivable and similar income	(2,293)
7,591	Pensions interest cost and expected return on pensions assets	9,658
(14,996)	Income and expenditure in relation to Property Investment Portfolio and changes in their fair value	(3,057)
<b>964</b>	<b>Total</b>	<b>16,416</b>

## 9. Taxation and Non Specific Grant Income and Expenditure

2021/22 £000		2022/23 £000
(81,913)	Council tax income	(81,249)
300	Collection Fund (Surplus)/Deficit	(3,860)
(31,605)	Non domestic rates	(32,029)
(5,028)	Non domestic rates Top Up Grant	(5,267)
(10,027)	Revenue Support Grant	(10,336)
(9,118)	Section 31 Grant	(8,413)
<b>(137,391)</b>	<b>Total</b>	<b>(141,154)</b>

## 10. Expenditure and Income Analysed by Nature

2021/22 £000		2022/23 £000
	<b>Expenditure</b>	
110,865	Employee benefits expenses	128,820
365,603	Other services benefits	392,217
15,412	Depreciation, amortisation and impairment	22,303
10,543	Interest Payments	12,011
5,134	Precepts and levies	5,236

<b>2021/22 £000</b>		<b>2022/23 £000</b>
481	Gains / (losses) on disposal of assets	(5,285)
<b>508,038</b>	<b>Expenditure Total</b>	<b>555,302</b>
	<b>Income</b>	
(69,306)	Fees, charges and other service income	(74,544)
(2,376)	Interest & investment income	(3,159)
(113,218)	Income from Council Tax & NDR	(122,385)
(295,937)	Government Grants and other contributions	(315,181)
<b>(480,837)</b>	<b>Income Total</b>	<b>(515,269)</b>
<b>27,201</b>	<b>(Surplus) / Deficit on the Provision of Services</b>	<b>40,033</b>

## **Revenue from Contracts with Service Recipients**

IFRS 15 requires the Council to recognise revenue only when its obligations are delivered and accepted by 'service recipients'. A service recipient is a party that has contracted with an authority to obtain goods or services that are an output of the authority's normal operating activities in exchange for consideration.

Any delay between receipt of income and performance of obligations is considered to be minimal and below the materiality limit for qualifying, non-statutory services.

Where payments are received in advance of the Council fully discharging its obligations, for example in relation to planning fees or registration fees, these are appropriately recognised in the correct year through applying the accruals policy.

### **11. 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 fund payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in three formal Pension Schemes:

- The Local Government Pension Scheme, administered by Shropshire County Pension Fund
- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department of Education
- The NHS Pension Scheme, administered by NHS Pensions

### **12. Defined Benefit Pension Schemes Participation in Pension Schemes**

The Local Government Pension Scheme is a Defined Benefit Scheme and as such falls under IAS 19 and has resulted in transactions impacting on the Income and Expenditure Account.

The cost of retirement benefits are recognised in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge required against council tax is the cash paid in the year, so the cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.



In accordance with International Accounting Standard No 19 – *Employee Benefits* (IAS 19) the Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. Further information is contained in Note 1(g) of the Accounting Policies.

The Council's share of the deficit on the Local Government Pension Scheme has reduced by £280.70m over 2022/23. This is mainly due to the change in financial assumptions – the discount rate has increased by 2% pa and assumed future (long term average) inflation has reduced by 0.7% pa. This means there is a reduction in the "net discount rate" – essentially the assumed future investment return above inflation – of 2.7% pa. This significant increase in the net discount rate materially reduces the liabilities – by £459m in isolation. This is partially offset by lower than assumed investment returns over the year (£46m loss), high levels of short term inflation (£74m loss) and the impact of member experience emerging following the 2022 actuarial valuation (£40m loss), amongst other factors.

Note that the financial assumptions are based on bond yields at the accounting date in line with the accounting requirements. In particular, the accounting discount rate has to be based on corporate bond yields and so is quite different to the Fund's ongoing funding assumptions (which are based on the expected returns on the Fund's actual asset holdings – the Fund invests relatively little in corporate bonds in practice). The accounting figures do not affect contributions payable to the Fund, which are based on the funding assumptions and strategy adopted for the actuarial valuation.

The Superannuation Act 1972 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 weighted average duration of the defined benefit obligation for scheme members is 18 years. (17 years 2021/22).

The estimated contributions expected to be paid into the Local Government Pension Scheme next year is £17,082m. The contribution rate was set for 2023/24 at 17.2% (2022/23 15.8%), plus a lump sum. The combined rate for 2023/24 is estimated at 18.7%.

Actuarial Gains and Losses are recognised immediately through Other Comprehensive Income. As at the 31<sup>st</sup> March 2023 the cumulative amount of actuarial gain recognised in the statements is £140.8m.

The Council's assets and liabilities related to the Local Government Pension Scheme operated by Shropshire Council amounted to:

2021/22 £000		2022/23 £000
(1,036,305)	Present Value of Funded Benefit Obligations	(715,312)
(8,151)	Present Value of Unfunded Benefit Obligations	(6,536)
<b>(1,044,456)</b>	<b>Total Present Value of Benefit Obligations</b>	<b>(721,848)</b>
684,131	Fair Value of Pension Fund Assets	642,228
<b>(360,325)</b>	<b>Surplus/(Deficit)</b>	<b>(79,620)</b>



### Change in Benefit Obligation during year

2021/22 £000		2022/23 £000
(1,009,259)	Benefit Obligation at Beginning of Year	(1,044,456)
(32,365)	Current Service Cost	(38,839)
(21,035)	Interest on Pension Liabilities	(28,989)
(5,099)	Member Contributions	(5,811)
3,650	Re-measurements (Liabilities)	372,295
(387)	Past Service Costs	0
(278)	Curtailment Cost	(261)
20,317	Benefits / Transfers Paid	24,213
<b>(1,044,456)</b>	<b>Benefit Obligation at End of Year</b>	<b>(721,848)</b>

### Change in Plan Assets during year

2021/22 £000		2022/23 £000
644,378	Fair Value of Plan Assets at Beginning of Year	684,131
13,444	Expected Return on Plan Assets	19,331
37,297	Re-measurements (Assets)	(59,424)
4,717	Employer Contributions	17,323
5,099	Member Contributions	5,811
(487)	Administration Expenses	(731)
(20,317)	Benefits / Transfers Paid	(24,213)
<b>684,131</b>	<b>Plan Assets at End of Year</b>	<b>642,228</b>

Assets are valued at fair value, principally market value for investments, and consist of:

2021/22			2022/23	
£000	%		£000	%
346,172	50.6	Equity Investments	328,884	51.2
88,116	12.9	Government Bonds	82,270	12.8
41,458	6.1	Other Bonds	38,084	5.9
25,518	3.7	Property	21,322	3.3
11,493	1.7	Cash/Liquidity	3,018	0.5
171,374	25.0	Other	168,650	26.3
<b>684,131</b>	<b>100.0</b>	<b>Total</b>	<b>642,228</b>	<b>100.0</b>

The expected rate of return on assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The expected returns are adjusted for risk and are appropriate to each of the asset classes weighted by the proportion of the assets in the particular asset class.

Liabilities are calculated using the Projected Unit method of Valuation, which assesses the future benefit cashflows for the employer's membership which are estimated until the death of the last member and then discounted to the accounting date. This is done using accounting assumptions.

The last valuation was undertaken at 31 March 2022 and was implemented in April 2023.

The main assumptions used in the calculations are:

2021/22		2022/23
3.4%	- rate of inflation (CPI)	2.7%
4.7%	- rate of increase in salaries	4.0%
3.5%	- rate of increase in pensions	2.8%
50.0%	- proportion of employees opting to take a commuted lump sum	50.0%
2.8%	- rate for discounting scheme liabilities	4.8%
	- longevity at 65 for current pensioners	
22.9	Male	22.2
25.1	Female	24.5
	- longevity at 65 for future pensioners	
24.1	Male	23.5
26.7	Female	26.3

Changes to the pension scheme permit employees retiring on or after 6<sup>th</sup> April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring will take maximum cash and 50% will take 3/80ths cash.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has 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 the other assumptions remain constant. 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.

#### Sensitivity Analysis as at 31<sup>st</sup> March 2023

Disclosure Item	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
		+0.1%p.a. discount rate	+0.1%p.a. inflation/pensions	+0.1%p.a. pay growth	1 year increase in life expectancy
	£000	£000	£000	£000	£000
Liabilities	721,848	662,758	754,066	725,526	736,416
Assets	(642,228)	(642,228)	(642,228)	(642,228)	(642,228)
<b>Deficit / (Surplus)</b>	<b>79,620</b>	<b>20,530</b>	<b>111,838</b>	<b>83,298</b>	<b>94,188</b>
Projected Service Cost for next year	15,180	12,759	16,573	15,180	15,556
Projected Net Interest Cost for next year	3,428	653	4,989	3,619	4,141

#### Pensions Asset / Liability Account

2021/22 £000		2022/23 £000
(364,881)	Opening Balance	(360,325)

2021/22 £000		2022/23 £000
(665)	Past Service Cost - Added Years	(261)
(32,365)	Current Service Cost	(38,839)
(21,035)	Interest Cost	(28,989)
13,444	Return On Assets	19,331
4,717	Payments to Pension Fund	17,323
(487)	Administration Expenses	(731)
40,947	Actuarial Gain or (Loss)	312,871
<b>(360,325)</b>	<b>Closing Balance</b>	<b>(79,620)</b>

## Pensions Reserve

2021/22 £000		2022/23 £000
375,392	Opening Balance	360,325
665	Past Service Cost - Added Years	261
(15,228)	Charging Pensions Costs Payable	(17,323)
40,443	Reversing Out IAS 19 Items	49,228
(40,947)	Actuarial (Gain) or Loss	(312,871)
<b>360,325</b>	<b>Closing Balance</b>	<b>79,620</b>

## Risk Management

Shropshire Council, the administering body, has a formal risk management strategy and risk registers for Pension Fund Investment, Investment Pooling and Pension Administration within their overall Pension Strategy. A summary of the Pension Fund's key risks can be found in the Pension Fund Annual report. The Shropshire County Pension Fund uses a number of techniques to manage risks within the Fund. The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities. Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price, currency and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

### **13. Pensions Schemes Accounted for as Defined Contribution Schemes**

The Teachers' and NHS Pension Schemes are technically Defined Benefits Schemes. However, the Schemes are unfunded and the Department for Education and NHS use a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, these are therefore accounted for on the same basis as a defined contribution scheme.

### **Teachers Pensions Authority:**

In 2022/23 the Council paid an employer's contribution of £8,585,586 (£8,213,559 in 2021/22), representing 23.68% (23.68% in 2021/22) of Teachers' pensionable pay, into the Teachers' Pension Authority. The scheme provides members with defined benefits related to pay and service. Contributions are set at rates determined by the Secretary of State,

taking advice from the Scheme's Actuary. Changes from the most recent valuation, which was due to be undertaken in 2020 are now anticipated to be implemented from April 2024.

### **National Health Service Pension Scheme:**

In 2022/23 the Council paid an employer's contribution of £27,797 (£34,698 in 2021/22) representing 14.38% (14.38% in 2021/22) of pensionable pay into the NHS Pension Scheme. The scheme provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on quadrennial actuarial valuations, the results of the latest valuation will be implemented in April 2024. Under Pension Regulations, contribution rates are set to meet 100% of the overall liabilities of the fund. This relates to Public Health which transferred to the Council on 1 April 2013.

### **14. Adjustments between Accounting Basis and Funding Basis under Regulations**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. The adjustments affect General Fund Balances and Reserves, Capital Receipts and Capital Grants Unapplied.

<b>2022/23</b>	<b>General Fund Balance &amp; Reserves £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Movements in Unusable Reserves £000</b>
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Charges for depreciation and impairment of non-current assets	18,146	0	0	(18,146)
Movement in the market value of Investment Properties	4,156	0	0	(4,156)
Revenue expenditure funded from capital under statute	12,533	0	0	(12,533)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	6,775	0	0	(6,775)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory provision for the financing of capital investment	(4,184)	0	0	4,184
<b>Adjustment primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(33,417)	0	33,417	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(36,852)	36,852
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				

<b>2022/23</b>	<b>General Fund Balance &amp; Reserves £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Movements in Unusable Reserves £000</b>
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(13,598)	13,598	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(13,598)	0	13,598
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(218)	0	0	218
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 12)	49,489	0	0	(49,489)
Employer's pensions contributions and direct payments to pensioners payable in the year	(17,323)	0	0	17,323
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax and non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rate income calculated for the year in accordance with statutory requirements	(645)	0	0	645
<b>Adjustments primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	349	0	0	(349)
<b>Total Adjustments</b>	<b>22,063</b>	<b>0</b>	<b>(3,435)</b>	<b>(18,628)</b>

Comparative Movements in 2021/22:

2021/22	General Fund Balance & Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movements in Unusable Reserves £000
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Charges for depreciation and impairment of non-current assets	23,863	0	0	(23,863)
Movement in the market value of Investment Properties	(8,453)	0	0	8,453
Revenue expenditure funded from capital under statute	23,245	0	0	(23,245)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,174	0	0	(4,174)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory provision for the financing of capital investment	(4,259)	0	0	4,259
<b>Adjustment primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(23,875)	0	23,875	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(31,584)	31,584
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(5,453)	5,453	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(5,453)	0	5,453
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(182)	0	0	182

<b>2021/22</b>	<b>General Fund Balance &amp; Reserves £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Movements in Unusable Reserves £000</b>
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 12)	41,108	0	0	(41,108)
Employer's pensions contributions and direct payments to pensioners payable in the year	(15,227)	0	0	15,227
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax and non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rate income calculated for the year in accordance with statutory requirements	(13,409)	0	0	13,409
<b>Adjustments primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(544)	0	0	544
<b>Total Adjustments</b>	<b>20,988</b>	<b>0</b>	<b>(7,709)</b>	<b>(13,279)</b>

## 15. Property, Plant & Equipment and Investment Properties

### 15a. Property, Plant & Equipment

Movements in 2022/23:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>						
<b>Balance Brought Forward</b>	<b>386,239</b>	<b>42,886</b>	<b>0</b>	<b>0</b>	<b>429,125</b>	<b>19,056</b>
Additions	21,132	4,722	0	0	<b>25,854</b>	43
Revaluation increases/(decreases) recognised in the Revaluation Reserve	28,925	0	0	0	<b>28,925</b>	2,198
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(6,989)	0	0	0	<b>(6,989)</b>	(363)
Derecognition – disposals	(53)	0	0	0	<b>(53)</b>	0
Assets reclassified (to)/from PPE	(38)	38	0	0	<b>0</b>	0
Assets reclassified (to)/from Investment Properties	(5,638)	0	0	0	<b>(5,638)</b>	0
Assets reclassified (to)/from Intangible Assets	0	0	0	0	<b>0</b>	0
Assets reclassified (to)/from Assets Held for Sale	0	0	0	0	<b>0</b>	0
<b>At 31 March 2023</b>	<b>423,578</b>	<b>47,646</b>	<b>0</b>	<b>0</b>	<b>471,224</b>	<b>20,934</b>
<b>Less Accumulated Depreciation</b>						
<b>Balance Brought Forward</b>	<b>17,424</b>	<b>35,066</b>	<b>0</b>	<b>0</b>	<b>52,490</b>	<b>110</b>
Depreciation charge	8,373	1,886	0	0	<b>10,259</b>	414
Depreciation written out to the Revaluation Reserve	(3,498)	0	0	0	<b>(3,498)</b>	(157)



	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000
Depreciation written out recognised in the Surplus/Deficit on the Provision of Services	(3,202)	0	0	0	(3,202)	(205)
Impairment loss/(reversals) recognised in the surplus/deficit on the Provision of Services	0	0	0	0	0	0
Derecognition – disposals	0	0	0	0	0	0
<b>At 31 March 2023</b>	<b>19,097</b>	<b>36,952</b>	<b>0</b>	<b>0</b>	<b>56,049</b>	<b>162</b>
<b>Net Book Value</b>						
<b>at 31 March 2023</b>	<b>404,481</b>	<b>10,694</b>	<b>0</b>	<b>0</b>	<b>415,175</b>	<b>20,772</b>
<b>at 31 March 2022</b>	<b>368,815</b>	<b>7,820</b>	<b>0</b>	<b>0</b>	<b>376,635</b>	<b>19,033</b>
<b>Nature of Holding as 31 March 2023</b>						
Owned	383,710	10,443	0	0	394,153	
Leased	0	250	0	0	250	
PFI	20,772	0	0	0	20,772	
<b>Total</b>	<b>404,482</b>	<b>10,693</b>	<b>0</b>	<b>0</b>	<b>415,175</b>	

Comparative Movements in 2021/22:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>						
<b>Balance Brought Forward</b>	<b>357,670</b>	<b>41,908</b>	<b>0</b>	<b>5,700</b>	<b>405,278</b>	<b>17,298</b>
Additions	11,212	978			<b>12,190</b>	15
Revaluation increases/(decreases) recognised in the Revaluation Reserve	34,323	0	0	0	<b>34,323</b>	581
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(15,319)	0	0	0	<b>(15,319)</b>	1,162
Derecognition – disposals	(498)	0	0	0	<b>(498)</b>	0
Assets reclassified (to)/from PPE	0	0	0	0	<b>0</b>	0
Assets reclassified (to)/from Investment Properties	(1,003)	0	0	0	<b>(1,003)</b>	0
Assets reclassified (to)/from Intangible Assets	0	0	0	0	<b>0</b>	0
Assets reclassified (to)/from Held for Sale	(146)	0	0	(5,700)	<b>(5,846)</b>	0
<b>At 31 March 2022</b>	<b>386,239</b>	<b>42,886</b>	<b>0</b>	<b>0</b>	<b>429,159</b>	<b>19,056</b>
<b>Less Accumulated Depreciation</b>						
<b>Balance Brought Forward</b>	<b>18,236</b>	<b>32,988</b>	<b>0</b>	<b>0</b>	<b>51,224</b>	<b>186</b>
Depreciation charge	7,887	2,078	0	0	<b>9,965</b>	366
Depreciation written out to the Revaluation Reserve	(2,948)	0	0	0	<b>(2,948)</b>	(244)
Depreciation written out recognised in the Surplus/Deficit on the Provision of Services	(5,751)	0	0	0	<b>(5,751)</b>	(198)
Impairment loss/(reversals) recognised in the surplus/deficit on the Provision of Services	0	0	0	0	<b>0</b>	0

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment	PFI Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000
Derecognition – disposals	0	0	0	0	0	0
<b>At 31 March 2022</b>	<b>17,424</b>	<b>35,066</b>	<b>0</b>	<b>0</b>	<b>52,490</b>	<b>110</b>
<b>Net Book Value</b>						
<b>at 31 March 2022</b>	<b>368,815</b>	<b>7,820</b>	<b>0</b>	<b>0</b>	<b>376,635</b>	<b>18,946</b>
<b>at 31 March 2021</b>	<b>339,439</b>	<b>8,920</b>	<b>0</b>	<b>5,700</b>	<b>354,059</b>	<b>17,112</b>
<b>Nature of Holding at 31 March 2022</b>						
Owned	349,782	7,114	0	0	<b>356,896</b>	
Leased	0	706	0	0	<b>706</b>	
PFI	19,033	0	0	0	<b>19,033</b>	
<b>Total</b>	<b>368,815</b>	<b>7,820</b>	<b>0</b>	<b>0</b>	<b>376,635</b>	

## **Infrastructure Assets**

### **Movements on balances**

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

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

<b>2021/22 £000</b>		<b>2022/23 £000</b>
<b>207,072</b>	<b>Net Book value (Modified historical cost) Brought Forward Balance</b>	<b>217,437</b>
16,385	Additions	18,568
0	Derecognition	0
0	Depreciation	0
0	Impairment	0
(6,020)	Other movements in cost	(6,430)
<b>217,437</b>	<b>Net Book Value Balance carried forward</b>	<b>229,575</b>

### **Reconciliation to Balance Sheet**

<b>2021/22 £000</b>		<b>2022/23 £000</b>
217,437	Infrastructure Assets	229,575
376,635	Other PPE assets	415,175
<b>594,072</b>	<b>Total PPE Assets as per Balance Sheet</b>	<b>644,750</b>

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

### **Depreciation**

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

- Other Land and Buildings – 1 to 55 years
- Vehicles, Plant, Furniture & Equipment – 1 to 19 years

### **Capital Commitments**

At 31 March 2023, the Authority has entered into 1 contract for the construction of Property, Plant and Equipment where there is a commitment for expenditure in future years. This commitment has a budgeted cost of £3.431m. Similar commitments at 31 March 2022 were £6.198m. The major commitments are:

- Upgrading of broadband fibre infrastructure; £3.431m was outstanding at 31 March 2023

### 15b. Investment Property

The authority holds a number of individual sites for regeneration and economic development purposes: the Property Investment Portfolio (PIP). Continued investment has allowed the PIP to strengthen and grow and is being used to invest directly into land and property enabling local businesses to expand and attracting new investors which boosts jobs, the economy and generated additional income for the Council, directly through rental income but also from business rates.

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

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

2021/22 £000		2022/23 £000
<b>107,754</b>	<b>Balance Brought Forward</b>	<b>122,275</b>
5,073	Additions	15,800
0	Revaluation increase/(decrease) recognised in the revaluation reserve	0
8,453	Revaluation increase/(decrease) met from the Net Surplus/Deficit on the Provision of Services	(4,156)
(508)	Disposals	(164)
	Transfer:	
1,003	to/(from) Property, Plant & Equipment	5,638
500	to/(from) Assets Held for Sales	0
<b>122,275</b>	<b>Balance Carried Forward</b>	<b>139,393</b>

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

2021/22 £000		2022/23 £000
(9,887)	Rental income from Property Portfolio	(11,095)
3,112	Direct operating expenses arising from Property Portfolio	3,901
<b>(6,775)</b>	<b>Net Operational (Gain)/Loss</b>	<b>(7,194)</b>
(8,221)	Net (gain)/loss on revaluation of properties	4,137
<b>(14,996)</b>	<b>Total (Gain)/Loss</b>	<b>(3,057)</b>

### Capital Commitments

At 31 March 2023, the Authority has entered into 2 contracts for the construction of Investment Property where there is a commitment for expenditure in future years. These commitments have a budgeted cost of £4.488m. The major commitments are:

- Delivery of a new commercial unit at Hortonwood 12; £2.382m was outstanding at 31 March 2023
- Continuation investment at Newport Innovation Park; £2.106m was outstanding at 31 March 2023

## **16. Valuation of Property Plant & Equipment and Investment Properties**

The Council's property, that was due to be valued this year, was valued on 31<sup>st</sup> December 2022 by internal valuers, Dawn Toy MRICS, Susan Millward MRICS and Caroline Tudor MRICS, all Registered Valuers of Telford & Wrekin Council.

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every three years. All valuations were carried out internally. 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. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The valuations were in accordance with the [RICS Valuation – Global Standards 2022 and UK National Supplement 2019](#) (the Red Book) and the International Valuation Standards (IVS).

The valuation of the property was on the basis of:

- existing use value (EUV) assuming that the property would be sold as part of the continuing business and subject to the following special assumptions (owner occupied property).
- fair value (which equates to market value for accounting purposes) for investment property assuming that it would be sold subject to any existing leases and subject to the following special assumptions (Investment Property).
- Market Value assuming that the property would be sold with vacant possession in its existing condition and subject to the following special assumptions (surplus property and property held for development).

The valuer's opinion of Market Value and EUV was primarily derived using:

- The Comparable method for types of property where there is good evidence of previous sales on arm's-length terms,
- Investment method for most commercial (and some residential) property that is producing, or has the potential to produce, future cash flows through the letting of the property,
- Depreciated replacement cost approach, because the specialised nature of the asset means that there are no market transactions of this type of asset, except as part of the business or entity.
- The value is being reported on the basis of market value except where DRC method is used due to the specialist nature of the properties.

Special assumptions – Operational Property:

- There would be no bids from Special Purchasers.
- It is assumed that the interest being valued can be offered freely and openly in the market, for non specialist property, and based on existing use for specialist property.
- There are no past changes in the physical aspects of the property or asset where the valuer has to assume those changes have not taken place.

- We will ignore any impending or proposed change in the physical circumstances of the property, for example, a new building to be constructed or an existing building to be refurbished or demolished on the valuation date.
- An anticipated change in the mode of occupation or trade at the property –
  - Planning consent has been, or will be, granted for development (including a change of use) at the property. We will also consider the impact of any conditions that may be imposed;
  - A building or other proposed development has been completed in accordance with a defined plan and specification;
  - The property has been changed in a defined way (e.g. removal of process equipment);
  - The property is vacant when, in reality, at the date of valuation it is occupied;
  - That a specific contract was in existence on the valuation date which had not actually been completed;
  - It is let on defined terms when, in reality, at the date of valuation it is vacant; or
  - The exchange takes place between parties where one or more has a special interest and that additional value, or synergistic value, is created as a result of the merger of the interests.
- Damaged property –
  - Treating the property as having been re-instated (reflecting any insurance claims) when it has not;
  - Valuing as a cleared site with development permission assumed for the existing use; or
  - Refurbishment or re-development for a different use reflecting the prospects of obtaining the necessary development permissions.
- Trade related property –
  - Accounts or records of trade would not be available to, or relied upon, by a prospective purchaser;
  - The business is open for trade when it is not;
  - The business is closed, when it is actually trading from the property;
  - The inventory has been removed, or is assumed to be in place when it is not;
  - The licences, consents, certificates and/or permits required in order to trade from the property are lost or are in jeopardy;
  - The business will continue to trade on its present terms, including any ties to the landlord for supply of liquor, gaming machines or other goods and services; or the valuation reflects the least cost to replace all elements of the service potential of the property to the owner of the interest being valued, which may include the margin gained from tied wholesale supplies of goods or the supply of services.
- It is assumed that there are no alterations and improvements to be carried out under the terms of a lease.

- Where a valuation needs to reflect an actual or anticipated marketing constraint, details of that constraint must be agreed and set out in these terms of engagement.
- If a property or asset cannot be freely or adequately presented to the market, the price is likely to be adversely affected. Before accepting instructions to advise on the likely effect of a constraint, we need to identify whether this arises from an inherent feature of the asset or interest being valued, or from the particular circumstances of the client.
- If an inherent constraint exists at the valuation date, it is normally possible to assess its impact on value.
- If an inherent constraint does not exist at the Valuation Date, but is a foreseeable consequence of a particular event or the client requests a valuation on the basis of a specified market restriction, the valuation will be provided on the Special Assumption that the constraint has arisen at the valuation date. Details of the nature of the constraint are to be listed here. It may also be appropriate to provide a valuation without the Special Assumptions in order to demonstrate its impact.
- Any Special Assumption that specifies a time limit on disposal MUST state the reason for the time limit.
- The term 'forced sale value' must not be used as this is not a valuation basis. The term is used to reflect pressure on a particular vendor to sell at or by a specific time. The vendor may be subject to external legal or personal factors and therefore the time constraint is not merely a preference of the vendor.
- That a financial instrument is valued using a yield curve that is different from that which would be used by a market participant.
- Projected values: These rely wholly on Special Assumptions and may include assumptions such as the state of the market in the future – yields, rental growth, interest rates, etc. The assumptions must be:
  - In accordance with any applicable national or jurisdictional standard.
  - Realistic and credible.
  - Clearly and comprehensively set out in the report.

#### Lotting assumptions – Property Investment Portfolio (PIP) & Groups of Properties:

- It is assumed that there are no physically separate properties that are occupied by the client where there is a functional dependence between the properties. e.g. a separate car park that is exclusively used by the occupier of the building.
- Due to the nature of the business of the Council, no account will be made where the ownership of a number of separate properties would be of particular advantage to someone as a single owner, because of economies that could result from either increased market share or savings in administration or distribution, such as with a block of offices, shops, factory units, libraries, schools, or drop in or contact centres.
- Where physically-adjointing properties that have been acquired separately by the Council for site assembly for future development/regeneration, the proposed development scheme will be used as the basis of valuation for the assembled site(s).
- No account will be made where individual properties are used collectively or are an essential component of the Council's operation, even though they may cover a large geographical area.



- You have not told us of any groups of properties that you do not want valuing together.
- We will value units with industrial estates, office complexes and local shopping centres within the Property Investment Portfolio as groups of properties

Not all of the properties were inspected. This was neither practicable nor considered by the valuer to be necessary for the purpose of the valuation.

Other Land & Buildings are valued over a 3 year rolling programme, Infrastructure and Vehicles, Plant & Equipment are valued at depreciated historical cost and Community Assets are valued at historical cost. Investment Properties are valued annually.

## **17. Intangible Assets**

The Authority 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 include purchased licenses.

The carrying amount of Intangible Assets is amortised on a straight-line basis.

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

<b>2021/22 £000</b>		<b>2022/23 £000</b>
	Balance at start of the year	
11,736	- Gross Carrying Amount	12,873
(9,398)	- Accumulated Amortisation	(10,484)
<b>2,338</b>	<b>Net Carrying Amount Brought Forward</b>	<b>2,389</b>
	In year movements	
1,137	- Purchases	0
(1,086)	- Amortisation for the Period	(1,084)
<b>51</b>	<b>Net Movements in Year</b>	<b>(1,084)</b>
	Balance at end of the year	
12,873	- Gross Carrying Amount	12,873
(10,484)	- Accumulated Amortisation	(11,568)
<b>2,389</b>	<b>Net Carrying Amount Carried Forward</b>	<b>1,305</b>

## **18. Assets Held for Sale**

<b>2021/22 £000</b>		<b>2022/23 £000</b>
<b>7,615</b>	<b>Balance Brought Forward</b>	<b>9,851</b>
1,830	Additions	485
5,846	Reclassified from / (to) - Property, Plant and Equipment	0
(500)	Reclassified from / (to) – Investment Properties	0
0	Revaluation gains	0
(513)	Revaluation Gain/(Loss) & Impairments met from the revaluation reserve	(123)
501	Revaluation Gain/(Loss) & Impairments met from the Surplus/Deficit on the Provision of Services	122

2021/22 £000		2022/23 £000
(4,928)	Assets sold	(8,097)
<b>9,851</b>	<b>Balance Carried Forward</b>	<b>2,238</b>

## 19. Heritage Assets

The Council has identified a number of Heritage Assets, as listed below. These are held for the appreciation of the history of the local area. The Council has no cost records for the assets and due to their nature, they cannot be valued effectively. The assets are therefore not recognised in the balance sheet.

Asset	Location
Anstice Backwalls & Ice House	Ironbridge
Bridge Structure, Former Castle	Little Dawley
Canal & 2 Railway Bridges	Coalport
Canal & Lock Gates	Hadley
Canal Basin	Granville Park
Canal Blists Hill to Sutton Hill	Madeley
Captain Webb Memorial	Dawley
Crossing Gates, Station Platform, Sidings	Ironbridge
Furnaces	Granville Park
Incline	Ironbridge
Incline Plane	Coalbrookdale
Incline Plane	Madeley
Ladywood Brickworks	Ironbridge
Loam Hole Dingle	Jiggers Bank
Lydbrook Sandstone Outcrop	Jiggers Bank
Mining Landscape	Shortwood, Wellington
Monument	Lilleshall
Newport Canal	Newport
Norman Chapel	Town Park
Overhead Bridge, Footbridge at Low Level	Madeley
Pumping Engine House Including Reservoir Weirs	Ironbridge
Railway Bridge	Newport
Railway Bridge (Wings)	West of Newport
Shafts Compressor House	Granville Park
Slag Block Wall	Ironbridge
Station Yard	Coalport
Stirchley Chimney	Stirchley
Stirchley Railway Station	Stirchley
Stirchley Tunnels	Stirchley
Track Beds/Railway Lines	Ironbridge
Ventilation Shaft	Ironbridge
Wappenshall Canal Basin	Wappenshall
Wide waters, Canal Basin	Little Dawley

## 20. Revaluations and Impairment Losses

During 2022/23, the Authority has recognised a net revaluation gain of £17.093m (2021/22 revaluation gain £30.244m) in relation to Property, Plant & Equipment, Assets Held for Sale and Investment Properties.

Revaluation gains of £21.393m will be held in the Revaluation Reserve or credited to the Comprehensive Income and Expenditure Statement.

Revaluation losses of £4.300m will be charged to the Comprehensive Income and Expenditure Statement where there is an insufficient balance held in the Revaluation Reserve for a specific asset being impaired. The charge to the CIES is then reversed out as part of the Movement in Reserves Statement.

## 21. Financial Instruments

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

### Financial Assets

	Non-current				Current				
	Long Term Investments		Long Term Debtors		Investments (inc. Cash & Cash Equivalents)		Debtors		Total
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2022/23
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Fair Value through Profit and Loss</b>									
Amortised Cost									
Cash & Cash Equivalents					36,522	38,499			<b>38,499</b>
Debtors*			285	588			25,081	32,102	<b>32,690</b>
Debtors with Subsidiaries							334	433	<b>433</b>
NuPlace Loan			42,642	44,832					<b>44,832</b>
<b>Fair Value through other comprehensive income - designated equity instruments</b>									<b>0</b>
<b>Fair value through other comprehensive income - other</b>									<b>0</b>
<b>Total Financial Assets</b>	<b>0</b>	<b>0</b>	<b>42,927</b>	<b>45,420</b>	<b>36,522</b>	<b>38,499</b>	<b>25,415</b>	<b>32,535</b>	<b>116,454</b>
Non-Financial Assets - Other					121	121	24,543	27,206	<b>27,327</b>
Nuplace Equity	16,900	18,800							<b>18,800</b>
<b>Total</b>	<b>16,900</b>	<b>18,800</b>	<b>42,927</b>	<b>45,420</b>	<b>36,643</b>	<b>38,620</b>	<b>49,958</b>	<b>59,741</b>	<b>162,581</b>

## Financial Liabilities

	Non-Current				Current				Total
	Long Term Borrowing		Long Term Creditors		Short Term Borrowing		Creditors		
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2022/23
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Fair Value through Profit and Loss</b>									
Amortised Cost									
Borrowing	231,313	240,013			51,430	107,209			<b>347,222</b>
PFI and finance lease liabilities			47,398	44,215			3,565	3,589	<b>47,804</b>
Other Creditors*			0	0			72,337	83,699	<b>83,699</b>
<b>Total Financial Liabilities</b>	<b>231,313</b>	<b>240,013</b>	<b>47,398</b>	<b>44,215</b>	<b>51,430</b>	<b>107,209</b>	<b>75,902</b>	<b>87,288</b>	<b>478,725</b>
Non-Financial Liabilities							34,840	10,786	<b>10,786</b>
<b>Total</b>	<b>231,313</b>	<b>240,013</b>	<b>47,398</b>	<b>44,215</b>	<b>51,430</b>	<b>107,209</b>	<b>110,742</b>	<b>98,074</b>	<b>489,511</b>

\* The value of debtors and creditors reported in the above tables are solely those amounts meeting the definition of a financial instrument. The balance sheet and notes also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

## Income, Expense, Gains and Losses

	2021/22		2022/23	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£000	£000	£000	£000
<b>Net Gain/Losses on:</b>				
Financial assets measured at fair value through profit and loss	0	0	0	0
Financial asset measured at amortised cost	0	0	0	0
Investment in equity instrument designated at fair value through other comprehensive income	0	0	0	0
Financial assets measured at fair value through other comprehensive income	0	0	0	0
Financial liabilities measured at fair value through profit and loss	0	0	0	0
Financial liabilities measured at amortised cost	0	0	0	0
<b>Total net gains loss</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Interest revenue:</b>				
Financial assets measured at amortised cost	0	(2,223)	0	(2,293)
Other financial assets measured at fair value through other comprehensive income	0	0	0	0
<b>Total interest revenue</b>	<b>0</b>	<b>(2,223)</b>	<b>0</b>	<b>(2,293)</b>
<b>Interest expense</b>	<b>0</b>	<b>(10,592)</b>	<b>0</b>	<b>(12,108)</b>
<b>Fee income</b>				
Financial assets or financial liabilities that are not at fair value through profit and loss	0	0	0	0
Trust and other fiduciary activities	0	0	0	0
<b>Total fee income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fee expense</b>				

	2021/22		2022/23	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£000	£000	£000	£000
Financial assets or financial liabilities that are not at fair value through profit and loss	0	0	0	0
Trust and other fiduciary activities	0	0	0	0
<b>Total fee expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- estimated ranges of interest rates are based on new lending rates for equivalent loans at that date.
- no early repayment or impairment is recognised.
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	2021/22		2022/23	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial liabilities	282,743	319,025	347,222	316,595
Long-term creditors	47,397	47,397	44,215	44,215

The fair value of the liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

	2021/22		2022/23	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
At Cost	16,900	16,900	18,800	18,800

	2021/22		2022/23	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Long-term debtors	42,927	42,927	45,420	45,420

The fair value of the assets is the same as the carrying amount due to the nature of the assets held.

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

## **22. Nature and Extent of Risks Arising from Treasury Related Financial Instruments**

### **Fair Value of Assets & Liabilities**

Fair Value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

We have worked in conjunction with Link Treasury Services, our treasury advisors, to produce the following portfolio valuation:

	Nominal/ Principal 31/3/2023  £000	Fair Value @ new loan rate 31/3/2023  £000	Fair Value @ premature repayment rate 31/3/2023 £000
<b>Financial Assets</b>			
Fixed Term Deposits	0	0	0
Other	18,800	18,800	18,800
	<b>18,800</b>	<b>18,800</b>	<b>18,800</b>
<b>Financial Liabilities</b>			
Money Market Loans (inc. LOBO's)	40,000	38,425	47,402
PWLB Loans	210,884	181,833	199,629
Abundance Municipal Loans	308	308	308
Temporary Loans	96,029	96,029	96,029
	<b>347,221</b>	<b>316,595</b>	<b>343,368</b>

The assets and liabilities are shown in the balance sheet at Nominal/Principal cost. The above table shows that the fair value of our assets (investments) is the same as the nominal value as they are non-tradeable shares. Whereas, the fair value of our liabilities is less than the amount held on the balance sheet due mainly to the relatively interest rates at 31 March 2023 resulting in a net discount however note replacement borrowing would also be at a higher interest.



## Methodology and Assumptions

The fair value of an instrument is determined by calculating the Net Present Value of future cashflows, which provides an estimate of the value of payments in the future in today's terms. This is the widely accepted valuation technique commonly used by the private sector.

The discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation, for an instrument with the same duration i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same, although for complex structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market. In such cases, we have used the prevailing rate of a similar instrument with a published market rate, as the discount factor.

### Complexities of the NPV calculation

It is unlikely that the future cash instalments of an instrument will fall in equal time periods from the date of valuation, and there is likely to be a "broken" period from the valuation date to the next instalment. This means that an adjustment needs to be made to each discount factor, in order to take account of the timing inequality.

### Evaluation of PWLB debt

We have used the new borrowing rate, as opposed to the premature repayment rate, as the discount factor for all PWLB borrowing. This is because the premature repayment rate includes a margin which represents the lender's profit as a result of rescheduling the loan, which is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

### Inclusion of accrued interest

The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this will include accrued interest as at the Balance Sheet date, we have also included accrued interest in the fair value calculation. This figure will be calculated up to and including the valuation date.

### Discount rates used in NPV calculation

The rates quoted in this valuation were obtained by Link Treasury Services Ltd from the market on 31st March, using bid prices where applicable.

### Assumptions:

It is noted that the following assumptions do not have a material effect on the fair value of the instrument:

- Interest is calculated using the most common market convention, Actual Days/365.
- Where interest is paid/received every 6 months on a day basis, the value of interest is rounded to 2 equal instalments.
- For fixed term deposits it is assumed that interest is received on maturity, or annually if duration is > 1 year.
- We have not adjusted the interest value and date where a relevant date occurs on a non-working day.

## Exposure to Risk

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

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

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management on investments is carried out by a central treasury team, 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 Authority's customers. Deposits are not made with banks and financial institutions unless they are rated independently with a minimum short term rating of A+, a minimum long term rating of F1+, a minimum support rating of 3, a minimum individual rating of C and a minimum sovereign rating of AA-. In conjunction with our treasury advisors these are overlaid with credit default swaps to produce a lending list governing both value and length of investment. The Authority has a policy of not lending more than £15m to any one institution.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and non-collection over the last five financial years, adjusted to reflect current market conditions.

	<b>Amount at 31 March 2023</b>	<b>Historical experience of default</b>	<b>Historical experience adjusted for market conditions at 31 March 2023 (rounded to 3 decimal place)</b>	<b>Estimated maximum exposure to default and uncollectability</b>
	<b>£000s</b>	<b>%</b>	<b>%</b>	<b>£000s</b>
	<b>A</b>	<b>B</b>	<b>C</b>	<b>A * C</b>
Deposits with banks and financial institutions	0	0	0	0
Other	18,800	0	0	0
Debtors	59,741	0	11.350	6,784
<b>Total</b>	<b>78,541</b>	<b>0</b>	<b>8.636</b>	<b>6,784</b>

The Council has not experienced any defaults with any of the above counterparty types in the last 10 years. No credit limits were exceeded during the reporting period and the

Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds. The Council has one long term investment which is our wholly owned subsidiary NuPlace where we hold a mixture of equity (classified as 'Other' in the above analysis) and debt. The equity is not traded therefore has no credit risk. Link Treasury Service's, the Council's independent treasury advisor, have reviewed the Expected Credit Losses associated with the debt and these are not deemed to be material.

### **Liquidity risk**

As the Authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates, which is managed by the Chief Finance Officer taking advice from the Councils Treasury Advisors and with reference to maturity profiles.

The maturity analysis of long term financial liabilities can be found in the table on page 114.

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

### **Market risk**

#### **Interest rate risk**

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

- borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise.
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Account. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Income and Expenditure Account and affect the General Fund Balance pound (£) for pound (£). Movements in the fair value of fixed rate investments will be reflected in the Comprehensive Income and Expenditure Account.

The Authority has a number of strategies for managing interest rate risk. The policy is to have a maximum of 70% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of Government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget

quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

In line with our Treasury Strategy, the Authority has taken advantage of low level of interest on short-term borrowing in order to reduce cost. The Authority will continue to engage with our external treasury advisor, Link Treasury Services Ltd, to monitor interest rates and lock into long term borrowing when it is prudent to do so.

### Price risk

The Authority does not generally invest in equity shares. The Authority is not consequently exposed to losses arising from movements in the prices of the shares. We do however hold shares in NuPlace however these are non-traded stocks and therefore there is no price risk.

### Foreign exchange risk

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

**Financial Instruments Adjustment Account** – this account holds the accumulated difference between the financial costs included in the Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund balance.

The **Available-for-Sale Reserve** is a revaluation reserve used to manage the fair value process for these financial assets. It is permitted to have a negative value provided that the losses posted to it are not impairment losses.

### Sensitivity Analysis

At the 31<sup>st</sup> March 2023 the Council had both fixed and variable investments and borrowings. A sensitivity analysis has been carried out to assess the impact that increases or decreases in interest rates would have on the budget.

The table below shows an analysis of investments and borrowing into fixed and variable together with the impact of a 1% change in interest rates.

	<b>Investments</b>	<b>Borrowing</b>	<b>Net Total</b>	<b>1% Movement</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Variable	(38,499)	107,209	68,710	687.1
Fixed	(18,800)	240,013	221,213	0
<b>Total</b>	<b>(57,299)</b>	<b>347,222</b>	<b>289,923</b>	<b>687.1</b>

A 1% change in interest rates would have an impact on the budget of £0.687m, this is because at 31<sup>st</sup> March 2023 more variable borrowing than variable investments were held. The most likely next move in interest rates at 31<sup>st</sup> March 2023 is upward and this would lead to a net increase in borrowing costs based on the position at 31<sup>st</sup> March 2023. The Council is managing ongoing maturity profiles for both investments and borrowing.

## Long Term Borrowing

Source of Loan	Range of Interest rates payable (%)		Total Outstanding	
	Min.	Max.	2021/22 £000	2022/23 £000
Public Works Loan Board	1.20%	9.38%	191,313	199,767
Money Market Loans (including LOBOs)	3.98%	4.50%	40,000	40,000
Abundance Municipal Investments	0.0%	0.0%	0	246
			<b>231,313</b>	<b>240,013</b>

Long term borrowing by maturity:

	2021/22 £000	2022/23 £000
Maturing in 1-2 years	10,250	21,705
Maturing in 2-5 years	31,807	33,196
Maturing in 5-10 years	42,899	45,679
Maturing in more than 10 years	146,357	139,433
	<b>231,313</b>	<b>240,013</b>

## Total Borrowing

	2021/22 £000	2022/23 £000
Total Long Term Borrowing	231,313	240,013
Temporary Borrowing	51,430	107,209
<b>Total Borrowing</b>	<b>282,743</b>	<b>347,222</b>

In total, fixed and temporary borrowing increased by £64.479m, from £282.743m to £347.222m during the year. This increase was due to capital expenditure funded from Prudential Borrowing, £25.253m and movement out of internal borrowing i.e. reserves.

## 23. Debtors

2022/23 £000		2022/23 £000
	Amounts falling due in one year:	
6,335	Central Government	10,236
3,847	Other Local Authorities	3,420
5,318	NHS Bodies	2,037
0	Public Corporations and Trading Funds	0
334	Amounts due from Subsidiaries	433
34,124	Other Entities and Individuals	43,615
<b>49,958</b>	<b>Gross Debtors</b>	<b>59,741</b>
(6,966)	Provision for Expected Credit Loss & Incurred Loss	(6,784)
<b>42,992</b>	<b>Total</b>	<b>52,957</b>

## Provision for Expected Credit Loss & Incurred Loss

2021/22 £000		2022/23 £000
(234)	Rent associated with Property Investment	(125)

2021/22 £000		2022/23 £000
(160)	Sales Ledger	(176)
(2,224)	Benefits overpayments	(1,920)
(4,348)	Other provisions	(4,563)
<b>(6,966)</b>	<b>Total</b>	<b>(6,784)</b>

## 24. Investments

In total the Council's investments held at 31<sup>st</sup> March 2023 increased by £3.877m as a result of additional cash holdings, £1.977m, and further acquisition of share capital in our wholly owned subsidiary, £1.9m.

The Council has long term investments, totalling £18.8m, comprising solely of share capital in its wholly owned subsidiary. Investments are shown in the Balance Sheet at cost.

The Council has no short fixed term deposits, with the exception call accounts which include Money Market Funds and deposits placed overnight with the Debt Management Office (DMO). Such amounts are shown within cash and cash equivalents.

### Summary of Investments

2021/22 £000	Category	2022/23 £000
	<b>Long Term Investments</b>	
0	Fixed Term Deposits	0
16,900	Other	18,800
<b>16,900</b>	<b>Total Long Term</b>	<b>18,800</b>
	<b>Short Term Investments</b>	
0	Fixed Term Deposits	0
<b>0</b>	<b>Total Short Term</b>	<b>0</b>
<b>36,522</b>	<b>Cash &amp; Cash Equivalent Investments</b>	<b>38,499</b>
<b>53,422</b>	<b>Total Investments</b>	<b>57,299</b>

Investments are valued as "loans and receivables". See also Note 22 on Fair Value.

## 25. Cash and Cash Equivalents

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

2021/22 £000		2022/23 £000
3,842	Bank current accounts	4,419
32,680	Call Accounts	34,080
<b>36,522</b>	<b>Cash and Cash Equivalent Investments</b>	<b>38,499</b>
121	Cash held by the Authority	121
<b>36,643</b>	<b>Total Cash and Cash Equivalents</b>	<b>38,620</b>
0	Bank Account Overdrawn	0
<b>36,643</b>	<b>Net Cash Position for Cash Flow Purposes</b>	<b>38,620</b>

## 26. Provisions

	1 <sup>st</sup> April 2022 £000	Transfers/ Receipts in year £000	Transfers/ Payments in year £000	31 <sup>st</sup> March 2023 £000
Restructure Provision	298	0	(298)	0
Single Status Provision – Schools	3,103	15	(30)	3,088
Single Status Provision – Non Schools	9,417	0	0	9,417
NDR Appeals Provision	1,281	3,219	(1,281)	3,219
<b>Total</b>	<b>14,099</b>	<b>3,234</b>	<b>(1,609)</b>	<b>15,724</b>
2021/22	16,615	1,531	(4,047)	14,099

**Restructure Provision** – the restructure provision for 2022/23 is nil as there were no committed severance costs identified at 31 March 2023.

**Single Status** - Single Status is a national pay and conditions agreement for staff employed under NJC terms and conditions, who form a significant proportion of the Council's workforce. The agreement is effective from 1<sup>st</sup> April 2007, however the process is not yet complete and it has been necessary to include a provision against the potential costs in the 2022/23 accounts, as was the case last year and previous years. The total amount in the provision at 31<sup>st</sup> March 2023 was £12.505m (of which £9.417m related to General Fund).

**NDR Appeals** – under the new arrangements for the retention of business rates, authorities are required to make a provision for refunding ratepayers who successfully appeal against the rateable value of their property on the rating list. Based on information relating to outstanding appeals provided by the Valuation Office, £6.569m is estimated as the amount required to set aside for this purpose in the 2022/23 accounts (£2.614m in 2021/22). Telford & Wrekin Council's proportion of this is £3.219m (49%) (£1.281m in 2021/22).

## 27. Creditors

2021/22 £000		2022/23 £000
28,950	Central Government	6,541
2,530	Other Local Authorities	1,991
0	NHS Bodies	0
1,051	Public Corporations and Trading Funds	987
0	Amounts due to Subsidiaries	0
74,646	Other Entities and Individuals	84,966
3,565	PFI and Leases	3,589
<b>110,742</b>	<b>Total</b>	<b>98,074</b>

## 28. Private Finance Initiatives and Similar Contracts

The Council entered into a PFI transaction in March 2006 for the provision of school and leisure facilities at Hadley Learning Community and Queensway for £289m.

Unitary payments are being paid to the operator, and PFI credits received from the Government as a specific annual grant from 2007/08, when all of the buildings became operational. In 2022/23 the Authority made payments of £11.399m in respect of this PFI contract with Interserve Limited. The Authority is committed to making payments estimated



at £9,071,500 pa (index linked starting point September 2006) until the contract expiry date of 2034. The Council has approved a budget strategy which makes provision for its future commitments inline with the PFI Contract.

The PFI scheme relates to a number of properties of which Hadley Learning Community Primary and Secondary schools and Queensway North converted to Academy status during 2017/18 and as such these assets do not appear on our Balance Sheet. The Bridge School and four properties formerly used as children's residential homes remain with the Council. The value of assets held and shown within Property, Plant & Equipment is £20.772m. The equivalent figure for 2021/22 was £19.033m.

A finance lease creditor has also been recognised to the value of £60.392m as at 31<sup>st</sup> March 2023. The payment made to the operator has been analysed between the service element and the interest charge. The latter has added £3.975m to the interest paid for 2022/23. Amounts due are shown in the table below:

	2021/22				2022/23			
	Service	Lifecycle	Interest	Finance Lease	Service	Lifecycle	Interest	Finance Lease
	£000	£000	£000	£000	£000	£000	£000	£000
Within 1 year	2,666	333	4,213	3,219	2,717	356	3,975	3,528
2 to 5 years	6,388	6,373	14,528	15,921	6,282	6,798	13,753	16,994
6 to 10 years	13,183	4,647	12,480	26,014	13,918	4,358	10,694	27,614
11 to 15 years	9,091	1,686	2,670	18,457	5,745	1,194	1,257	12,256
16 to 20 years	0	0	0	0	0	0	0	0

## **29. Useable Reserves - Transfers to/from Earmarked Reserves & Balances**

Movements in the Authority's useable reserves are detailed in the Movement in Reserves Statement and below.

This note sets out the amounts set aside from 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 2022/23.

	General Fund Balance	Earmarked General Fund Reserves*	School Balances	Revenue Grants & Other Balances	Capital Grants Unapplied	Total Useable Reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2021 Brought Forward</b>	<b>5,218</b>	<b>112,622</b>	<b>9,403</b>	<b>365</b>	<b>23,892</b>	<b>151,500</b>



	General Fund Balance	Earmarked General Fund Reserves*	School Balances	Revenue Grants & Other Balances	Capital Grants Unapplied	Total Useable Reserves
	£000	£000	£000	£000	£000	£000
Movement / Use of reserves during 2021/22	(111)	(7,420)	1,545	(227)	(7,709)	<b>(13,922)</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>5,107</b>	<b>105,202</b>	<b>10,948</b>	<b>138</b>	<b>16,183</b>	<b>137,578</b>
Movement / Use of reserves during 2022/23	(385)	(18,088)	504	(1)	(3,435)	<b>(21,405)</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>4,722</b>	<b>87,114</b>	<b>11,452</b>	<b>137</b>	<b>12,748</b>	<b>116,173</b>

### Analysis of Earmarked General Fund Reserves

	1 <sup>st</sup> April 2022	Payments	Receipts	31 <sup>st</sup> March 2023
	£000	£000	£000	£000
Investment in Council Priorities Fund	9,955	(2,709)	0	7,246
HCA Liability Fund	6,294	(5,844)	3,449	3,899
Capacity & ITS Fund	6,227	(2,585)	0	3,642
Income Equalisation Account	2,661	(769)	1,636	3,528
Public Health Grant	2,445	(255)	715	2,905
Section 31 – Business Rates	7,321	(4,802)	0	2,519
Reserves – Ukrainian Refugee Scheme	0	(11)	2,329	2,318
Reserves – Afghan Refugee Scheme	550	(8)	1,676	2,218
COVID Recovery & Regeneration	2,195	(884)	0	1,311
Redundancy Costs	1,610	(28)	0	1,582
Hadley PFI Sinking Fund	1,588	(12,112)	12,019	1,495
Single Status	1,500	(320)	0	1,180
COVID-19 Hardship Grant	1,327	(161)	0	1,166
Self Insurance Fund	1,807	(773)	112	1,146
Reserves earmarked as part of medium term Service and Financial Planning Strategy <sup>(1)</sup>	21,702	0	6,000	27,702
Other reserves below £1,000,000 at 31 <sup>st</sup> March 2023 <sup>(2)</sup>	38,020	(21,374)	6,611	23,257
<b>Total</b>	<b>105,202</b>	<b>(52,635)</b>	<b>34,547</b>	<b>87,114</b>
<b>Previous Year</b>	<b>112,622</b>	<b>(44,386)</b>	<b>36,966</b>	<b>105,202</b>

- 1 These balances have been set aside to support the medium term financial strategy. Due to the number of uncertainties about future funding, including major planned reforms to the local government finance system currently postponed and Adult Social Care Reform, it is prudent to hold sufficient reserves to ensure a sustainable financial position.

- 2 The total includes residual grant balances: Specific Refugee/Asylum Seeker Grant Funding and Improved Better Care Fund Grant; provision for insurance excesses and funding committed for the capital programme. There are also a number of service balances which support the delivery and development of services, such as for housing and homelessness support. A robust review of all reserves and balances is undertaken annually as part of the Service & Financial Planning Process and a detailed schedule is included in the Medium Term Financial Strategy.

### 30. School Balances

School balances do not form part of the Council's General Fund Balances. They are held separately and are solely for use by schools. The balances held are as follows:

2021/22 £000		2022/23 £000
9,801	School Balances – Revenue	9,859
1,147	School Balances - Capital	1,593
<b>10,948</b>	<b>Total School Balances</b>	<b>11,452</b>

### 31. Unusable Reserves

2021/22 £000		2022/23 £000
150,122	Revaluation Reserve	175,422
137,128	Capital Adjustment Account	153,827
(7,520)	Financial Instruments Adjustment Account	(7,302)
(360,325)	Pensions Reserve	(79,620)
(2,368)	Collection Fund Adjustment Account	(1,723)
(1,997)	Accumulated Absences Account	(2,345)
<b>(84,960)</b>	<b>Total Unusable Reserves</b>	<b>238,259</b>

### Revaluation Reserve

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

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

The Reserve contains only revaluation gains accumulated since 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.

2021/22 £000		2022/23 £000
<b>119,263</b>	<b>Balance brought forward</b>	<b>150,122</b>
34,475	Upwards revaluation of assets	28,977
0	Downward revaluations of assets and impairment losses not charged to the Surplus/Deficit on provision of services	0

2021/22 £000		2022/23 £000
(2,951)	Difference between fair value depreciation and historical cost depreciation	(3,501)
(665)	Accumulated gains and losses on assets sold or scrapped	(176)
<b>150,122</b>	<b>Balance carried forward</b>	<b>175,422</b>

### 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 fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority 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 Authority.

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

2021/22 £000		2022/23 £000
<b>135,046</b>	<b>Balance Brought Forward</b>	<b>137,128</b>
28,601	Charges for depreciation and impairment of non-current assets	3,603
(1,086)	Amortisation of intangible assets	(1,085)
(23,245)	Revenue expenditure funded from capital under statute	(12,533)
(4,174)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(7,026)
(30,857)	Adjustments in relation to the Revaluation Reserve	(25,300)
5,453 31,584	Capital financing - Capital receipts - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	13,598 36,852
4,259	Minimum Revenue Provision	4,434
(8,453)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	4,156
<b>137,128</b>	<b>Balance Carried Forward</b>	<b>153,827</b>

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain

financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Authority uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

2021/22 £000		2022/23 £000
<b>(7,702)</b>	<b>Balance Brought Forward</b>	<b>(7,520)</b>
182	Proportion of premiums/discounts incurred in previous financial years to be apportioned against the General Fund Balance in accordance with statutory requirements	218
0	Premium/discount on loan redemption	0
<b>(7,520)</b>	<b>Balance Carried Forward</b>	<b>(7,302)</b>

### Pensions Reserve

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

2021/22 £000		2022/23 £000
<b>(375,392)</b>	<b>Balance Brought Forward</b>	<b>(360,325)</b>
40,947	Actuarial (gains) or losses on pensions assets and liabilities	312,871
(665)	Added Years	(261)
(40,443)	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	(49,228)
15,228	Employer's pensions contributions and direct payments to pensioners payable in the year	17,323
<b>(360,325)</b>	<b>Balance Carried Forward</b>	<b>(79,620)</b>

### Collection Fund Adjustment Account

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

2021/22 £000		2022/23 £000
<b>(15,777)</b>	<b>Balance Brought Forward</b>	<b>(2,368)</b>
13,409	Amount by which council tax and Non Domestic Rate income credited to the CIES is different from council tax and Non Domestic Rate income calculated for the year in accordance with statutory requirements	645
<b>(2,368)</b>	<b>Balance Carried Forward</b>	<b>(1,723)</b>

### 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.

2021/22 £000		2022/23 £000
<b>(2,541)</b>	<b>Balance Brought Forward</b>	<b>(1,997)</b>
2,541	Settlement or cancellation of accrual made at the end of the preceding year	1,997
(1,997)	Amounts accrued at the end of the current year	(2,345)
<b>(1,997)</b>	<b>Balance Carried Forward</b>	<b>(2,345)</b>
544	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(348)

### 32. Revenue Expenditure Funded from Capital Under Statute

Revenue Expenditure funded from Capital under Statute is created when expenditure, classified as capital expenditure with respect to capital controls, does not result in the creation of a fixed asset. During 2022/23 expenditure on this totalled £12.533m. However, none of this expenditure created a benefit to the Authority beyond the financial year in which it was incurred. Consequently, the net cost has been transferred to the Capital Adjustment Account during the year.

### 33. Useable Capital Receipts Reserve

2021/22 £000		2022/23 £000
<b>0</b>	<b>Balance Brought Forward</b>	<b>0</b>
5,453	Capital receipts received during year	13,598
(5,453)	Less Capital receipts used for financing during year	(13,598)
<b>0</b>	<b>Balance Carried Forward</b>	<b>0</b>

The useable capital receipts reserve represents the capital receipts available to finance capital expenditure. The balance was nil at 31<sup>st</sup> March 2023.

### 34. 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 and PFI/PPP contracts),

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

2021/22 £000		2022/23 £000
<b>480,078</b>	<b>Opening Capital Financing Requirement</b>	<b>500,140</b>
	<b>Capital Investment</b>	
28,435	Property, Plant & Equipment	44,422
5,073	Investment Properties	15,800
1,830	Assets Held for Sale	485
1,137	Intangible Assets	0
23,245	Revenue Expenditure funded from Capital under Statute (REFCUS)	12,533
600	Long Term Investments	1,900
2,797	Capital Loans	2,190
140	Leased Vehicles	0
	<b>Sources of Finance</b>	
(5,453)	Capital Receipts	(13,598)
(1,899)	Finance Leases & De Minimis Capital Expenditure	(1,899)
(31,584)	Government Grants and Other Contributions	(36,852)
(4,259)	Revenue Provision (NB: includes MRP)	(4,434)
<b>500,140</b>	<b>Closing Capital Finance Requirement</b>	<b>520,687</b>
20,062	Movement for Year	20,547
	<b>Explanation of movements in the year</b>	
20,062	Increase in underlying need to borrow (unsupported by Government financial assistance)	20,547

The main items of capital expenditure during the year related to improving schools, roads, local housing improvements, ICT, Town Centre Regeneration, Property Investment Programme and Street Lighting, some of which would be classed as REFCUS.

### 35. Minimum Revenue Provision

The net amount charged to revenue in compliance with the statutory requirement to set aside a minimum revenue provision is as follows:

2021/22 £000		2022/23 £000
3,912	Principal Repayment of external loans	4,123
0	Adjustment for prior year overpayments	0
347	Principal Repayment of leases	311
<b>4,259</b>	<b>Total</b>	<b>4,434</b>

### 36. Cash Flow Statement – Adjustments to net surplus or deficit on the provision of services for non-cash movements

2021/22 £000		2022/23 £000
(18,488)	Impairment and depreciation of property, plant and equipment and intangible assets	(13,182)
(72)	(Increase)/decrease in interest creditors	(768)

2021/22 £000		2022/23 £000
(13,699)	(Increase)/decrease in creditors	13,143
(3)	Increase/(decrease) in interest/dividend debtors	(26)
7,578	Increase/(decrease) in debtors	7,388
(5)	Increase/(decrease) in inventories	(11)
(25,880)	Pension Liability	(32,166)
2,516	Contribution (to)/from provisions	(1,625)
(5,935)	Carrying amount of non-current assets sold	(8,314)
(8,453)	Movement in Investment Property Values	(4,156)
<b>(62,441)</b>	<b>Total</b>	<b>(39,717)</b>

**37. Cash Flow Statement – Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities**

2021/22 £000		2022/23 £000
23,875	Capital grants credited to surplus or deficit on the provision of services	33,417
0	Proceeds from sale of short and long term investments	0
5,453	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	13,598
<b>29,328</b>	<b>Total</b>	<b>47,015</b>

**38. Cash Flow Statement – Investing Activities**

2021/22 £000		2022/23 £000
29,753	Purchase of property, plant and equipment, investment property and intangible assets	62,846
600	Purchase of short-term and long-term investments	1,900
2,797	Other payments for investing activities	2,493
(10,996)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(10,997)
0	Proceeds from short-term and long-term investments	0
(25,527)	Other receipts from investing activities	(41,042)
<b>(3,373)</b>	<b>Net cash flows from investing activities</b>	<b>15,200</b>

**39. Cash Flow Statement – Financing Activities**

2021/22 £000		2022/23 £000
(109,000)	Cash receipts of short and long term borrowing	(126,340)
(10,846)	Other (receipts)/charges from financing activities	(2,040)
2,448	Appropriation to/from Collection Fund Adjustment Account	(1,423)
107,342	Repayments of short and long term borrowing	61,861
3,470	Cash payments in relation to finance leases and PFI agreements	3,433
<b>(6,586)</b>	<b>Net cash flows from financing activities</b>	<b>(64,509)</b>

**40. Cash Flow Statement – Operating Activities**

The cash flow for operating activities includes the following items:



2021/22 £000		2022/23 £000
(2,226)	Interest received	(2,319)
10,520	Interest paid	11,340
(163)	Dividend Received	(188)
<b>8,131</b>	<b>Net cash flows from operating activities</b>	<b>8,833</b>

#### 41. Grant Income

The Authority credited the following grants to the Comprehensive Income and Expenditure Statement:

2021/22 £000		2022/23 £000
	<b>Credited to Taxation and Non Specific Grant Income</b>	
10,027	Revenue Support Grant	10,336
5,028	Non Domestic Rates Top Up Grant	5,267
9,118	Section 31 Grant	7,644
<b>24,173</b>	<b>Total – Credited to Taxation and Non Specific Grant Income</b>	<b>23,247</b>
	<b>Credited to Services</b>	
106,786	Dedicated Schools Grant	112,157
47,641	Mandatory Rent Allowances Subsidy	46,546
12,808	Public Health Grant	13,168
5,991	Adult Social Care	8,124
6,819	Improved Better Care Fund	6,962
6,507	Pupil Premium Grant	6,150
3,493	New Home Bonus	3,721
-	Local Household Support Grant	3,052
-	Service Grant	2,671
-	Homes for Ukraine	2,454
-	Afghan Resettlement Programme	2,065
-	Schools Supplementary Grant	2,023
1,410	Universal Free School Meals	1,464
-	Asylum Seekers	1,220
-	COVID19 (Catch Up) Recovery Premium	1,001
33,098	Other grants (balances less than £1m as at 31 March 2023)	18,623
<b>224,553</b>	<b>Total Credited to Services</b>	<b>231,401</b>
<b>248,726</b>	<b>Total Grant Income</b>	<b>254,648</b>

The following government grants have been treated as 'Agent' in line with the CIPFA Code of Practice and have therefore been credited to the Balance Sheet and not the Comprehensive Income and Expenditure Statement:

	Opening Creditor £000	Receipts £000	Payments £000	Closing Creditor £000
Small Business Grant Fund and Retail, Hospitality & Leisure Grant	357	0	0	357
Other COVID 19 Lock Down Business Grants	1,055	0	(1,040)	15
Energy Rebates - Council Tax Band A to D	0	10,386	(10,331)	55



	Opening Creditor £000	Receipts £000	Payments £000	Closing Creditor £000
Energy Bill Support Scheme (EBSS) Alternative Funding	0	650	(201)	449
Alternative Fuel Payments	0	130	(4)	126
<b>Total</b>	<b>1,412</b>	<b>11,166</b>	<b>(11,576)</b>	<b>1,002</b>

The Authority has received a number of grants that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver if the conditions are not met. The balances at the year-end are as follows:

2021/22 £000		2022/23 £000
	<b>Capital Grants Receipts in Advance</b>	
0	Standards Fund	1,611
400	Midlands Energy Hub	855
0	Air Quality Grant	100
0	Sustainable modes of transport	1,896
<b>400</b>	<b>Total</b>	<b>4,462</b>

#### **42. Market Undertaking and Investment Property**

The Council no longer operates any markets. The responsibility for these has passed to Parish and Town Councils.

The Council operates Investment Properties whose financial results were as follows:

2021/22 £000		2022/23 £000
8,515	Income from rents	8,831
1,372	Other income	2,264
8,221	Net gains/(losses) on revaluation of property	(4,137)
(3,112)	Direct operating expenses	(3,901)
<b>14,996</b>	<b>(Deficit)/Surplus taken to General Fund</b>	<b>3,057</b>

#### **43. Pooled Budgets**

The Better Care Fund is a pooled fund governed by a Section 75 agreement. The parties to this joint arrangement are Telford & Wrekin Council and Telford & Wrekin Clinical Commissioning Group. The fund was established for the first time in 2015/16 in order to meet the Government's requirement to encourage closer working and integration between health and care services and to improve outcomes for Patients and Service Users and Carers. There are performance targets regarding the reductions in non-elective admissions to hospital and to deliver more care in the community helping people to remain independent.

#### **Better Care Fund where Telford & Wrekin Clinical Commissioning Group was the host in 2022/23**

The revenue fund is hosted by the Telford & Wrekin Clinical Commissioning Group and a Section 75 pooled budget agreement governs how it is to be operated and reported and includes a risk sharing agreement which details how risks are to be managed and shared. These risks arise from the management of overspends and underspends from Commissioned

Services and the delivery of performance metrics. The relevant funding contributions are reported below, but the contribution by NHS Shropshire, Telford and Wrekin Integrated Care Board includes revenue funding targeted to the protection of Adult Social Care for which the local authority commissions services. The expenditure and associated contributions in 2022/23 reflect the impact on demand of Coronavirus Pandemic.

The net surplus will be retained in the fund and carried forward by the Council into 2023/24.

<b>2021/22 £000</b>	<b>Better Care Fund Revenue Pooled Budget</b>	<b>2022/23 £000</b>
<b>380</b>	<b>Surplus Brought Forward</b>	<b>472</b>
11,019	Funding from Telford & Wrekin Council	10,287
14,674	Funding from Telford & Wrekin Clinical Commissioning Group	23,145
(19,549)	Expenditure met from pooled budget Telford & Wrekin Council	(26,996)
(6,052)	Expenditure met from pooled budget Telford & Wrekin Clinical Commissioning Group	(6,372)
<b>472</b>	<b>Net Surplus/(Deficit) arising on Pooled budget carried forward</b>	<b>536</b>

### **Better Care Fund where Telford & Wrekin Council was the host in 2022/23**

The capital fund is hosted by Telford & Wrekin Council, and a section 75 Pooled Budget agreement governs how it is to be operated and reported and includes a risk sharing agreement which details how risks are to be managed and shared. These risks arise from the management of overspends and underspends from Commissioned Services and the delivery of performance metrics.

The expenditure has been incurred in the year entirely on local authority commissioned services. The relevant funding contributions are reported below, and the underspend in 2022/23 will be retained in the fund and carried forward by the council into 2023/24.

<b>2021/22 £000</b>	<b>Better Care Fund Capital Pooled Budget</b>	<b>2022/23 £000</b>
<b>33</b>	<b>Surplus Brought Forward</b>	<b>30</b>
2,307	Funding from Telford & Wrekin Council	2,307
(2,310)	Expenditure met from pooled budget Telford & Wrekin Council	(2,307)
0	Capital Grant Adjustment	0
<b>30</b>	<b>Net Surplus/(Deficit) arising on Pooled budget carried forward</b>	<b>30</b>

### **Transforming Care Partnership (TCP) Revenue Pooled Budget**

TCPs are made up of clinical commissioning groups, NHS England's specialised commissioners and local authorities. They work with people with a learning disability, autism or both and their families and carers to agree and deliver local plans for the programme.

In England there are 48 TCPs who are changing services in a way that is making a real difference to the lives of local people. This includes making community services better so that people can live near their family and friends, and making sure that the right staff with the right skills are supporting people.

Shown below is the summary for the Section 75 Pooled budget movements arising from the joint working of Telford & Wrekin Council and NHS Shropshire, Telford and Wrekin Integrated Care Board, part of the Shropshire footprint of the TCP.

2021/22 £000	Transforming Care Partnership (TCP) Revenue Pooled Budget	2022/23 £000
<b>2,105</b>	<b>Surplus Brought Forward</b>	<b>979</b>
238	Funding from Telford & Wrekin Council	229
1,947	Funding from Telford & Wrekin Clinical Commissioning Group	2,322
(247)	Expenditure met from pooled budget Telford & Wrekin Council	(521)
(3,064)	Expenditure met from pooled budget Telford & Wrekin Clinical Commissioning Group	(2,261)
<b>979</b>	<b>Net Surplus/(Deficit) arising on Pooled budget carried forward</b>	<b>748</b>

#### **44. Members' Allowances**

The Authority paid the following amounts to members of the Council and Co-optees during the year.

2021/22 £000		2022/23 £000
831	Allowances	870
0	Expenses	0
<b>831</b>	<b>Total</b>	<b>870</b>

#### **45. Senior Officers' Remuneration & Employee Remuneration in Bands**

This note shows the amounts paid to Senior Officers in 2022/23 and comparative payments for 2021/22. Senior Officers are defined as:

- named employees whose annualised salary is £150,000 or more; and
- posts where the annualised salary is £50,000 or more and who are either: statutory chief officers (per the Local Government and Housing Act 1989); or non-statutory chief officers who report directly to the Head of Paid Service (Chief Executive); or posts which have responsibility for management of the Authority, whether solely or collectively.

2022/23

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Post Holder Information (Post title)	Note	Annualised salary £	Salary, Fees & Allowances £	Compensation for Loss of Office £	Total Remuneration excluding Pension contributions 2022/23 £	Pension contributions £	Total Remuneration including pension contributions 2022/23 £
<b>Current Posts</b>							
<b>Chief Executive (David Sidaway)</b>		163,577	169,852	0	<b>169,852</b>	25,845	<b>195,697</b>
<b>Executive Director: Adult Social Care, Health Integration &amp; Wellbeing</b>			123,992	0	<b>123,992</b>	19,591	<b>143,583</b>
<b>Executive Director: Children's &amp; Family Services</b>		132,290	139,013	0	<b>139,013</b>	21,964	<b>160,977</b>
<b>Executive Director: Housing, Communities &amp; Customer Services</b>			123,992	0	<b>123,992</b>	19,591	<b>143,583</b>
<b>Director: Finance &amp; Human Resources</b>	1	104,130	99,757	0	<b>99,757</b>	15,843	<b>115,600</b>
<b>Director: Prosperity &amp; Investment</b>			95,619	0	<b>95,619</b>	15,108	<b>110,727</b>
<b>Director: Education &amp; Skills</b>			95,619	0	<b>95,619</b>	15,108	<b>110,727</b>
<b>Interim Director: Children's Safeguarding &amp; Family Support</b>			95,619	0	<b>95,619</b>	15,108	<b>110,727</b>
<b>Director: Health &amp; Wellbeing</b>	2		97,425	0	<b>97,425</b>	14,010	<b>111,435</b>
<b>Director: Adult Social Care</b>	3	97,941	89,196	0	<b>89,196</b>	14,093	<b>103,289</b>
<b>Director: Communities, Customer &amp; Commercial Services</b>			104,130	0	<b>104,130</b>	16,453	<b>120,583</b>
<b>Director: Neighbourhood &amp; Enforcement Services</b>			95,619	0	<b>95,619</b>	15,108	<b>110,727</b>
<b>Director: Housing, Employment &amp; Infrastructure</b>			95,619	0	<b>95,619</b>	15,108	<b>110,727</b>
<b>Director: Policy &amp; Governance</b>			95,011	0	<b>95,011</b>	15,012	<b>110,023</b>
<b>Assistant Director: Communications &amp; External Affairs</b>			68,674	0	<b>68,674</b>	10,851	<b>79,525</b>
			<b>1,589,137</b>	<b>0</b>	<b>1,589,137</b>	<b>248,793</b>	<b>1,837,930</b>

*Notes*

Those roles shown in bold above represent the current posts.

- 1) This post holder works part time hours
- 2) Current post holder is part of the NHS Pension Scheme
- 3) This post holder left part way through the year

2021/22

Post Holder Information (Post title)	<i>Note</i>	Annualised salary £	Salary, Fees & Allowances £	Compensation for Loss of Office £	Total Remuneration excluding Pension contributions 2021/22 £	Pension contributions £	Total Remuneration including pension contributions 2021/22 £
<b>Current Posts</b>							
<b>Chief Executive (David Sidaway)</b>		161,652	170,816	0	<b>170,816</b>	25,541	<b>196,357</b>
<b>Executive Director: Adult Social Care, Health Integration &amp; Wellbeing</b>			121,313	0	<b>121,313</b>	19,167	<b>140,480</b>
<b>Executive Director: Children's &amp; Family Services</b>		124,329	122,318	0	<b>122,318</b>	19,326	<b>141,644</b>
<b>Executive Director: Housing, Communities &amp; Customer Services</b>			121,313	0	<b>121,313</b>	19,167	<b>140,480</b>
<b>Director: Finance &amp; Human Resources</b>		102,205	102,075	0	<b>102,075</b>	16,148	<b>118,223</b>
<b>Director: Prosperity &amp; Investment</b>			92,920	0	<b>92,920</b>	14,681	<b>107,601</b>
<b>Director: Education &amp; Skills</b>			92,920	0	<b>92,920</b>	14,681	<b>107,601</b>
<b>Interim Director: Children's Safeguarding &amp; Family Support</b>	<i>1</i>		47,369	0	<b>47,369</b>	7,484	<b>54,853</b>
<b>Director: Health, Wellbeing &amp; Commissioning</b>	<i>2</i>		92,920	0	<b>92,920</b>	13,362	<b>106,282</b>
<b>Director: Adult Social Care</b>		96,016	95,758	0	<b>95,758</b>	15,130	<b>110,888</b>
<b>Director: Communities, Customer &amp; Commercial Services</b>		102,205	93,544	0	<b>93,544</b>	14,780	<b>108,324</b>
<b>Director: Neighbourhood &amp; Enforcement Services</b>			92,920	0	<b>92,920</b>	14,681	<b>107,601</b>
<b>Director: Housing, Employment &amp; Infrastructure</b>			92,920	0	<b>92,920</b>	14,681	<b>107,601</b>
<b>Associate Director: Policy &amp; Governance</b>			82,111	0	<b>82,111</b>	12,974	<b>95,085</b>
<b>Assistant Director: Communications &amp; External Affairs</b>			66,729	0	<b>66,729</b>	10,543	<b>77,272</b>
Director: Children's Services & Family Support	<i>3</i>	92,920	79,412	27,629	<b>107,041</b>	8,549	<b>115,590</b>
Interim Director: Children's Safeguarding & Family Support	<i>4</i>	78,000	13,893	0	<b>13,893</b>	2,195	<b>16,088</b>
			<b>1,581,251</b>	<b>27,629</b>	<b>1,608,880</b>	<b>243,090</b>	<b>1,851,970</b>

*Notes*

Those roles shown in bold above represent the current posts.

- 1) This post holder was appointed part way through the year
- 2) Current post holder is part of the NHS Pension Scheme
- 3) This post holder left part way through the year
- 4) This post holder was only in post for part of the year

The number of employees whose remuneration, excluding pension contributions, but including redundancy payments, was £50,000 or more (excluding Senior Officers as shown above), in bands of £5,000 were:

Number of Employees 2021/22	Salary Band	Number of Employees 2022/23
39	£50,000 - £54,999	48
28	£55,000 - £59,999	36
31	£60,000 - £64,999	44
11	£65,000 - £69,999	16
8	£70,000 - £74,999	5
5	£75,000 - £79,999	2
2	£80,000 - £84,999	4
2	£85,000 - £89,999	3
0	£90,000 - £94,999	1
0	£95,000 - £99,999	0

The 2022/23 figures include 85 school based employees (66 in 2021/22). In 2022/23 there were no employees who left under redundancy or retired during the year compared to 2 in 2021/22).

#### 46. Exit Packages

The number of exit packages with total cost per band and the total cost of the compulsory and other redundancies included in the 2022/23 financial statements are set out in the table below.

Exit package cost band	Number of Compulsory Redundancies		Number of other Departures Agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
							£	£
£0 - £20,000	9	1	27	4	36	5	214,793	15,903
£20,001 - £40,000	1	1	7	3	8	4	227,181	99,855
£40,001 - £60,000	2	0	0	0	2	0	95,949	0
£60,001 - £80,000	0	0	2	0	2	0	157,938	0
£80,001 - £100,000	0	0	2	0	2	0	179,291	0
£100,001 - £150,000	0	0	1	0	1	0	130,991	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
£200,001 - £250,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>12</b>	<b>2</b>	<b>39</b>	<b>7</b>	<b>51</b>	<b>9</b>	<b>1,006,143</b>	<b>115,758</b>

<b>An analysis of the total cost of exit packages shows:</b>	<b>Redundancy etc. £</b>	<b>Pension Fund Charges* £</b>	<b>Total £</b>
Exit Packages agreed and charged to the Income & Expenditure Account during 2022/23	80,009	35,749	115,758
Provision Included in the Authority's Income & Expenditure Account for the cost of exit packages where the authority had made a commitment at 31 March 2023 (i.e. Employees who had received formal notice at 31 March 2023 and will leave during 2023/24)	0	0	0
<b>Total</b>	<b>80,009</b>	<b>35,749</b>	<b>115,758</b>

\* Charges made by Shropshire Pension Fund in respect of early payment of pensions.

Please note that majority of the exit packages charged to the Income & Expenditure Account during 2022/23 were subsequently funded from capital receipts under the Government's flexible use of capital receipts announced as part of the 2015 Spending Review (and subsequently extended).

#### **47. External Audit Costs**

The Council's accounts have been audited by Grant Thornton since 2018/19. The Council incurred the following fees relating to external audit and inspection:

<b>2021/22 £000</b>		<b>2022/23 £000</b>
147	Fees payable to Grant Thornton with regard to external audit services	148
0	Fees payable to Cabinet Office in respect of statutory inspection	4
20	Fees payable to Grant Thornton for the certification of grant claims and returns	19
0	Fees payable in respect of other services provided by the appointed auditor. Includes dealing with elector questions under statutory responsibilities.	0
(18)	Reimbursements from Public Sector Audit Appointments (PSAA)	0
0	Government Grant	(46)
<b>149</b>	<b>Total</b>	<b>125</b>

#### **48. Related Parties**

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

#### **Central Government**

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many



of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grant receipts are shown in Note 41.

## Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in Note 44. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the Council Offices during office hours.

During the year transactions with related parties arose as follows:

**Councillor Shaun Davies** is a Telford & Wrekin Council nominated – Non Executive Director of Wrekin Housing Group and a Director of the Local Government Association. The value of transaction between the Council and the two organisations are as follows –

Wrekin Housing Group	£1,819,726
Local Government Association	£ 40,734

**Councillor Richard Overton** is centre manager for Donnington Charitable Trust. The value of all financial transactions between Donnington Charitable Trust and Telford and Wrekin Council in 2022/23 is £29,705.

**Councillor's Rae Evans and Kelly Middleton** are Trustee's for Park Lane Centre as the Council's nominated representatives. The value of transactions in 2022/23 between the two organisations was £45,118.

**Councillor's Rae Evans** is a voluntary director of Meeting Point Trust and as such has no financial interest in the company. The Council makes payments to the Trust in relation to Room Hire at Meeting Point House and grants in relation to the Councils response to the Cost of Living crisis. During 2022/23 the Council made payments totalling £66,782.

**Councillor Kelly Middleton** works at Maninplace who provide supported and temporary accommodation and services relating to homelessness. The value of transactions between the Council and Maninplace during 2022/23 was £409,861.

**Councillor Carolyn Healy** is a Director of Red Kite Network Ltd who provided services as part of Horsehay Pool Management and tree and ecological surveys as part of the development of the New College site. The value of transactions between the Council and Red Kite Network Ltd in 2022/23 was £21,738.

**Councillor's Carolyn Healy and Chris Turley** are Council nominated directors of Severn Gorge Countryside Trust. The value of all financial transactions between the Trust and the Council is £299,835 which includes the payment of rental incomes, £288,822, collected by the Council on behalf of the Trust. Neither Councillor receives remuneration or personal benefit for this role.

**Councillor's Paul Watling** is a Trustee of Telford & Wrekin CVS who provide Information, Advice and Guidance Services for adults in Telford with regard to care and support needs. The value of transactions between the Council and the organisation in 2022/23 was £703,255.

**Councillor Gemma Offland** is Chair Person of the Leegate Centre CIC and **Councillor Rajesh Mehta** is a Director. The value of transactions between the Council and the CIC was £55,122 including grant funding of £49,860.

**Councillors Gemma Offland and Andy Burford** are Trustees at Telford & Wrekin Citizens Advice Bureau (CAB). The organisation received grant funding during 2022/23 totalling £252,000 to deliver advice and support services.

**Councillor Rajash Mehta** is Chair of the Telford & Wrekin Interfaith Council. The value of transactions during 2022/23 between the Council and the Interfaith Council was £77,431, including grant funding of £75,577.

**Councillor Eileen Callear** is a Board Member at Telford Trust. The value of transactions between the Trust and the Council during 2022/23 was £3,000.

**Councillor Lee Carter** is a Council nominated Director of The Marches Local Enterprise Partnership (The LEP) and receives no remuneration for this role. The value of transaction between the Council and The LEP during 2022/23 was £45,821 and related to the Councils annual contribution to the LEP, the LEPs profit share from the HE Land Deal and sponsorship and fees received from the LEP towards the Telford Apprentice and Employment Show.

**Councillor Janice Jones** is a member of the Anstice Trust. The value of transaction between the Council and the Trust during the year was £10,681.

**Councillor Angela McClements** is a Director of YMCA Wellington and a Trustee of Arleston Community Centre. The value of transactions between the Council and YMCA Wellington were £99,582 and between the Council and Arleston Community centre were £10,803.

**Councillor Stephen Burrell** is a Director of Peace of Mind Homecare a company that provided services to the Council through service contracts and received £449,937 in 2022/23.

**Councillor Stephen Bentley** manages Waters Upton Stores in Telford which receives 100% Rural Rate Relief in line with national legislation and Council Policy.

### **Parish and Town Councils**

A number of the Councils Members are also Members of Parish and Town Councils within the Borough with which Telford & Wrekin Council has had a significant number of transactions. The total value of all transactions is £1,152,175 which includes –

- £246,947 on Grants provided by the Council to Parish and Town Councils, and
- £674,340 on service procured by Parish and Town Councils from Telford & Wrekin Council.

### **Other Public Bodies (subject to common control by Central Government)**

The Authority has pooled budget arrangements with Telford & Wrekin Clinical Commissioning Group. Transactions and balances outstanding are detailed in Note 43.

### **Subsidiaries**

NuPlace Ltd is a Wholly Owned Company for the provision of market rented housing in the Borough. For 2022/23 the company had a Profit Before Taxation of £0.573m (£0.565m in 2021/22) and Net Assets of £40.194m (£35.416m in 2021/22). There are 3 Council employees, James Dunn, Katherine Kynaston and Kate Callis, who are Directors of NuPlace Ltd and receive no remuneration or benefit for this role. The Council produces Group Accounts in relation to NuPlace Ltd and these can be found on page 147.

The Council has previously entered into three loan agreements for secured loan facilities of up to £40m up to £10m and up to £5m respectively with Nuplace Ltd. At the end of 2022/23 £44,832,334 (2021/22: £42,642,574) had been drawn down. Interest repayments of £2,235,453 were made by Nuplace Ltd in 2022/23. The loans are interest only and repayable at the end of their term.

The Council had acquired £18,800,000 equity in Nuplace Ltd by the end of 2022/23 (2021/22: £16,900,000) and received a dividend in year of £188,000.

During 2022/23 Nuplace Ltd purchased £0.819m service from the Council, (2021/22: £0.861m).

#### **49. Leases**

##### Finance Leases

During 2022/23 the no vehicles or plant and equipment were acquired under finance lease. Finance lease rentals of £231k were paid during the year. Total outstanding obligations net of financing costs at the end of the year were as follows:

	<b>Within 1 Year £000</b>	<b>2 to 5 years £000</b>	<b>Over 5 years £000</b>	<b>Total £000</b>
Outstanding Obligations	61	58	0	119

The aggregate amount of finance charges in respect of finance leases was £4,184 for 2022/23 (£7,334 for 2021/22).

The value of assets held, which have been financed by, is shown within Vehicles, Plant and Equipment (see note 15a)

##### Operating Leases

Operating lease rentals of £4,549 were paid during the year. Total outstanding obligations at the end of the year were as follows:

	<b>Within 1 Year £000</b>	<b>2 to 5 years £000</b>	<b>Over 5 years £000</b>	<b>Total £000</b>
Outstanding Obligations	5	9	0	14

##### Hire Purchase Contracts

During 2022/23 no hire purchase payments were made to lessors. No new hire purchase agreements were entered into during the year and the total obligation outstanding at the end of the year was zero.

##### Building Leases

The Council owns a number of industrial units, commercial premises and offices throughout the Borough. The Council acts as lessor in respect of these properties which are rented out at commercial rates, these are classified as operating leases. The rental and other income received from these properties for 2022/23 amounted to £11.095m (£9.887m for 2021/22). See also Note 42 Market Undertaking and Industrial Units and Note 15b in respect of the valuation of these assets as Property Portfolio.

#### **50. Contingent Liabilities**

At 31<sup>st</sup> March 2023, the Authority had no known material contingent liabilities.

#### **51. Contingent Assets**

At 31<sup>st</sup> March 2023, the Authority had no material contingent assets.

## 52. Special Fund Revenue Account

Net Expenditure 2021/22 £000		Gross Expenditure 2022/23 £000	Income 2022/23 £000	Net Expenditure 2022/23 £000
	<b>Expenditure on Services</b>			
(65)	Cemeteries	223	(305)	(82)
512	Highways – footway lighting	746	(53)	693
<b>447</b>	<b>Total expenditure on services</b>	<b>969</b>	<b>(358)</b>	<b>611</b>
	<b>Income</b>			
(574)	Council Tax			(591)
<b>(127)</b>	<b>(Surplus) or deficit for year</b>			<b>20</b>
	<b>Special Fund Balances</b>			
1,179	Balance at beginning of the year			1,147
(159)	Approved use of Reserve for the year			(397)
127	Surplus or (deficit) for year			(20)
<b>1,147</b>	<b>Balance at end of year</b>			<b>730</b>

The Special Fund covers the cost of providing footway lighting and cemetery services in the former unparished areas of the Borough (excluding the parishes of Lawley & Overdale, Oakengates, St Georges & Priorslee and Wrockwardine Wood & Trench which have taken over responsibility for the footway lighting in their parishes). The above costs for footway lighting relate to the remaining parishes of Great Dawley, Dawley Hamlets, Hollinswood & Randlay, Madeley, Stirchley & Brookside, The Gorge and Wellington.

## 53. Soft Loans

During 2013/14 the Council extended for 10 years a loan to the Ironbridge Gorge Museum Trust of £500,000 at an interest rate of 2.85% which was below the market rate and therefore constitutes a Soft Loan in the accounting statements. Part of this has been repaid during 2022/23 and the balance at 31<sup>st</sup> March is £171,210. This is shown as a debtor on the Balance Sheet at a Fair Value of £131,272 and a notional £39,938 has been charged to the I&E account, in accordance with accounting requirements (rather than to indicate any expectation of a shortfall in repayment), to reflect the preferential rate given. During 22/23, the end date of the loan was rescheduled to 31 March 2031. There is however a financial guarantee in place from The Ironbridge (Telford) Heritage Foundation Limited, which covers the outstanding amount of the loan.

During 2015/16 the Council advanced a loan for 40 years to AFC Telford United of £45,000 at an interest rate of 4.66%, which was below the market rate and therefore constitutes a Soft Loan in the accounting statements. Part of this has been repaid during 2022/23 and the balance at 31<sup>st</sup> March is £41,790. This is also shown as a debtor in the Balance Sheet at a fair value of £19,044 and a notional £22,746 has been charged to the I&E account, in accordance with accounting requirements (rather than to indicate any expectation of a shortfall in repayment), to reflect the preferential rate given. The Council owns the freehold of the ground and the loan was provided to fund a new fire alarm system at the ground.

In March 2022 the Council advanced a loan for 25 years to Telford Hockey Club for £50,000 at an interest rate of 1.86%, which was below the market rate and therefore constitutes a Soft Loan in the accounting statements. The first repayment was made in 2022/23 and balance as 31<sup>st</sup> March 2023 is £48,519. This is also shown as a debtor in the Balance Sheet at a Fair Value of £16,330 and a notional £32,189 has been charged to the I&E account, in accordance with accounting requirements (rather than to indicate any expectation of a shortfall in repayment), to reflect the preferential rate given. The loan was provided to fund the replacement of the playing surface at the club.

#### 54. **Building Control Account**

<b><u>Expenditure</u></b>	<b>Chargeable</b>	<b>Non-Chargeable</b>	<b>Total Building Control</b>
	<b>2022/23 £000</b>	<b>2022/23 £000</b>	<b>2022/23 £000</b>
Employee Expenses	210	253	463
Support Services	220	265	485
	<b>430</b>	<b>518</b>	<b>948</b>
<b><u>Income</u></b>			
Building Regulation Charges	(429)	(1)	(430)
<b>(Surplus)/Deficit</b>	<b>1</b>	<b>517</b>	<b>518</b>
<b>(Surplus)/Deficit B/Fwd</b>	<b>(51)</b>		
<b>(Surplus)/Deficit C/Fwd</b>	<b>(50)</b>		

Note the Building Control Account is not covered by the Audit Opinion.

#### 55. **Insurance Reserves**

The Council has insurance reserves on its General Fund and specifically for Education.

The reserves are in existence for the following purposes:

- to enable the Council to move towards an element of self-insurance and risk management to mitigate premium increases.
- to provide for unbudgeted potentially significant increases in annual premiums and late premium adjustments in a volatile insurance market.
- to meet any potential liabilities resulting from the winding up of MMI.

An analysis of the reserves for 2022/23 indicates the following:

	<b>General Fund</b>		<b>Education</b>	
	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>
Balance b/f	1,821	1,807	500	500
Charges in the Year	(288)	(435)	0	0
Transfers to other reserves	0	(500)	0	0
Contributions	274	274	0	0
<b>Balance c/f</b>	<b>1,807</b>	<b>1,146</b>	<b>500</b>	<b>500</b>

The charges relate to additional premium costs and excesses and the contributions to interest as well as contributions from services.

For 2022/23 self-insurance relates to the first £100,000 of each and every loss for all non-Education property claims, £250,000 in relation to Education property claims, £10,000 in relation to Investment property claims and £50,000 on each public liability claim, employers liability, libel and slander and officials' indemnity claims.

## **56. West Mercia Energy Joint Committee**

West Mercia Energy (WME) is a Purchasing Consortium (formerly West Mercia Supplies (WMS) established in 1987) which is constituted as a Joint Committee (JC). Telford & Wrekin Council is one of four constituent authorities, the other three Councils are Worcestershire County Council, Herefordshire Council and Shropshire Council. On 19<sup>th</sup> April 2012, the stationery division of WMS - JC was sold with only the energy division being retained by the four member authorities. The energy division trades under the name "West Mercia Energy".

Telford & Wrekin Council has reviewed the accounting treatment that should be applied and has concluded that WME is a Joint Venture. Under International Accounting Standards, Group Accounts should be prepared unless it is considered not to be material.

The conclusion of the Council is that the exclusion of its share of WME's assets, liabilities, income, expenditure and cash flows from the Council's own accounts will not be material to the fair presentation of the financial position and transactions of the Council and to the understanding of the Statement of Accounts by a reader.

However, in the interests of transparency and accountability the unaudited 2022/23 balances of WME - JC are included below, along with an analysis of this Council's proportion of those balances based on an estimated share of 20.24%. The WME balance sheet has been provided by Shropshire Council, in their capacity as provider of the Section 151 role to the joint committee.

<b>Extract from WME Balance Sheet</b>	<b>2022/23 £000</b>	<b>Telford &amp; Wrekin Share £000</b>
<b>Long Term Assets</b>		
Property, Plant & Equipment	8	2
Other Long Term Assets	793	160
<b>Current Assets</b>		
Short Term Debtors	23,804	4,819
Cash and Cash Equivalents	15,525	3,143
<b>Current Liabilities</b>		
Short Term Creditors	(36,090)	(7,306)
<b>Long Term Liabilities</b>		
Other Long Term Liabilities	0	0
<b>Total Assets Less Liabilities</b>	<b>4,040</b>	<b>818</b>
<b>Financed By</b>		
General Fund	1,126	228
Net Operating surplus	2,113	428

<b>Extract from WME Balance Sheet</b>	<b>2022/23 £000</b>	<b>Telford &amp; Wrekin Share £000</b>
Capital Adjustment Account	8	2
Pension Reserve	793	160
	<b>4,040</b>	<b>818</b>
<b>Turnover</b>	<b>134,946</b>	<b>4,115</b>

## **57. Apprentice Levy**

The Apprentice Levy came into effect in April 2017. It is a Government tax which aims to deliver new apprenticeships. All UK employers who have a total employee pay bill above £3m must pay the levy. The levy rate is 0.5% of the pay bill and includes schools. The money is collected by HMRC and is held in a Digital Apprenticeship Service (DAS) account which can be accessed to fund apprentice training. The levy has been treated as an employee expense in the CIES. The total amount paid in 2022/23 was £0.599m.

**2022/23**  
**COLLECTION FUND ACCOUNT**



## Collection Fund Account 2022/23

	<b>Business Rates £000</b>	<b>Council Tax £000</b>	<b>Total £000</b>
<b>INCOME</b>			
Council Tax Receivable		106,225	106,225
Business Rates Receivable	70,319		70,319
Transition Protection Payments Receivable	(677)	0	(677)
	<b>69,642</b>	<b>106,225</b>	<b>175,867</b>
<b>EXPENDITURE</b>			
<b>Apportionment of prior year surplus / (deficit)</b>			
Central Government	(4,224)		(4,224)
Telford & Wrekin Council	(4,140)	3,861	(279)
West Mercia Police Authority		613	613
Shropshire & Wrekin Fire Authority	(84)	263	179
	<b>(8,448)</b>	<b>4,737</b>	<b>(3,711)</b>
<b>Precepts &amp; Demands</b>			
Central Government	34,691		34,691
Telford & Wrekin Council	33,997	77,516	111,513
West Mercia Police Authority		13,484	13,484
Shropshire & Wrekin Fire Authority	694	5,739	6,433
Parish / Town Councils		5,157	5,157
	<b>69,382</b>	<b>101,896</b>	<b>171,278</b>
<b>Charges to Collection Fund</b>			
Write offs of uncollectable amounts	280	430	710
Increase/(decrease) in provision	3,959	389	4,348
Cost of collection	215	488	703
	<b>4,454</b>	<b>1,307</b>	<b>5,761</b>
<b>Surplus / (Deficit) arising during the year</b>	<b>4,254</b>	<b>(1,715)</b>	<b>2,539</b>
Surplus / (Deficit) b/fwd 1 <sup>st</sup> April 2022	(11,795)	4,151	(7,644)
<b>Surplus / (Deficit) c/fwd 31<sup>st</sup> March 2023</b>	<b>(7,541)</b>	<b>2,436</b>	<b>(5,105)</b>

## Notes To Collection Fund Accounts

### CF1. Income Collectable from Business Rate Payers

2021/22 £000		2022/23 £000
125,668	Effective Non-Domestic Rateable Value for the year	127,521
51.2p	Uniform Business Rate for the year	51.2p
64,342	Gross yield for the year	65,291
(5,184)	Adjustments for Reductions & Transitional Relief	4,351
<b>59,158</b>	<b>Total</b>	<b>69,642</b>

The rateable value was £179,604,364 at 31<sup>st</sup> March 2023 (£180,789,328 at 31<sup>st</sup> March 2022)

### CF2. Allocation of Fund Balance (NDR)

2021/22 £000		2022/23 £000
(5,780)	Telford & Wrekin Council	(3,695)
(118)	Shropshire Fire Service	(75)
(5,897)	Central Government	(3,771)
<b>(11,795)</b>	<b>Total Surplus / (Deficit)</b>	<b>(7,541)</b>

### CF3. Council Tax Base for 2022/23

2021/22 Equivalent Band D Dwellings		Number of Dwellings	Discounted Dwellings	Net Dwellings	2022/23 Equivalent Band D Dwellings
11,364.3	Band A	26,073	(8,606)	17,467	11,638.2
12,768.7	Band B	21,329	(4,450)	16,879	13,128.1
9,593.1	Band C	12,887	(1,620)	11,267	10,015.3
8,300.5	Band D	9,189	(714)	8,475	8,474.4
5,722.1	Band E	5,196	(311)	4,885	5,970.8
3,113.2	Band F	2,339	(106)	2,233	3,224.7
1,679.2	Band G	1,107	(70)	1,037	1,728.9
71.5	Band H	45	(7)	38	76.0
<b>52,612.6</b>	<b>TOTAL</b>	<b>78,165</b>	<b>(15,884)</b>	<b>62,281</b>	<b>54,256.4</b>
(234.6)	Adjustments for growth and losses				(247.0)
52,378.0	Tax base for year				54,009.4
£1,861.54	Average Council Tax for year				1,886.63

2021/22 £000		2022/23 £000
97,503	Gross Yield	101,896
0	Less Benefits and Transitional Relief	0
4,183	Add increase in debit net of exemptions and reliefs	4,329
<b>101,686</b>		<b>106,225</b>

**CF4. Allocation of Fund Balance (Council Tax)**

<b>2021/22 £000</b>		<b>2022/23 £000</b>
3,389	Telford & Wrekin Council	1,966
530	West Mercia Police Authority	332
232	Shropshire Fire Authority	137
<b>4,151</b>	<b>Total Surplus / (Deficit)</b>	<b>2,435</b>

**CF5. Spreading Collection Fund Deficits**

In response to the anticipated Collection Fund Deficits resulting from the Coronavirus pandemic and the impact on the setting of budgets for 2022/23, the Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 were enacted during 2021/22. This means that where there are estimated collection fund deficits arising in 2020-21 these have to be spread over the three years 2021-22 to 2023-24. As there were estimated deficits on both the Council Tax and NDR Collection Funds this spreading mechanism is applicable to the Collection Fund.

# **2022/23**

# **GROUP ACCOUNTS**

# Group Accounts

## Introduction

During 2015/16 the Council established a Wholly Owned Company (NuPlace Ltd) for the provision of market rented housing in the Borough. The company was set up primarily to improve standards in the private rented sector and to offer homes for life to tenants operated by a responsible and responsive landlord. The standard financial statements consider the Council only as a single entity, accounting for its interests in other organisations only to the extent of its investment, and not current performance and balances. Thus a full picture of the Council's economic activities, financial position, service position, accountability for resources and exposure to risk is not presented in the Council's single entity financial statements.

As a result, group financial statements are produced to reflect the extent of Telford & Wrekin Council's involvement with its group undertakings in order to provide a clearer picture of the Council's activities as a group. The group accounts contain core financial statements similar to those included in the Council's single entity statements, consolidated with figures from organisations considered to be part of the group.

The following pages include:

- Group Expenditure and Funding Analysis
- Group Comprehensive Income and Expenditure Statement
- Reconciliation of the Single Entity Deficit to the Group Deficit
- Group Movement in Reserves Statement
- Group Balance Sheet
- Group Cash Flow Statement
- Notes to the Group Accounts where they differ from the notes to the Single Entity Accounts

The Narrative Report has not been replicated in the Group Accounts as the overview below provides a summary of NuPlace performance for 2022/23.

The group financial statements are presented in accordance with the IFRS based Code.

NuPlace Ltd's property assets were valued on 31<sup>st</sup> March 2023 by Registered Valuer's of Telford & Wrekin Council. The valuations were in accordance with the required valuation standards. The valuation of each property was on the basis of current value, which equates to the Market Value. Investment property is initially valued at cost, and recognised once the entire development has been completed, and then revalued annually. Investment properties are not depreciated as they are anticipated to appreciate in value.

Accounting policies are aligned between the group members.

The Group Accounts will be audited by Grant Thornton who also audit the Council's accounts.

## NuPlace – 2022/23 Overview

Nuplace Limited was incorporated on 1 April 2015. NuPlace is a wholly owned subsidiary of Telford and Wrekin Council, limited by shares.

The principal activity of the company is the procurement of the construction and management of private and affordable residential property for rent. In addition, the company aims to:

- Raise the standard of rental provision, both in terms of the quality of the rental homes and the landlord service.
- Deliver added value and stimulate local economic growth through supply chain engagement, offering skills and employment opportunities and working with the community.
- Develop brownfield and stalled sites in order to deliver widespread regeneration benefits.

2022/23 was the eighth year of operation for Nuplace Ltd, the Council's wholly owned housing investment company. It was set up primarily to improve standards in the private rented sector and to offer homes for life to tenants operated by a responsible and responsive landlord. The principal activity of which is the procurement of the construction and management of private and affordable residential property for rent. During 2021/22, Nuplace established the sub brand known as Telford & Wrekin Homes, intended to acquire and refurbish existing housing stock, to provide a further product within the private rental sector, continuing to raise the bar in terms of property and tenancy management.

Nuplace's housing portfolio now comprises of 485 homes of which 64 are available to let at affordable rents, 19 are built to accessible standards, and 46 have been built to meet the new Building Regulation requirements regarding low carbon design. The programme has resulted in over 23 acres of brownfield land being regenerated, addressing sites that might otherwise blight communities, with a further 37.66 acres currently being regenerated at Wilk Walk, Muxton. The programme is also delivering added value in terms of local employment, apprenticeships, supply chain development and the delivery of a range of community projects.

Nuplace's growing portfolio now provides a range of homes across the Borough with houses available within North and South of Telford, including properties in Newport. Nuplace now have circa 1,200 people living in properties across ten sites and the Telford & Wrekin Homes portfolio.

Works are ongoing at Southwater Way, Telford, Nuplace's low carbon Town Centre scheme of 46 housing units and the first 19 Telford & Wrekin Homes properties underwent refurbishment, including the installation of new kitchens, bathrooms, full redecoration, new carpentry and flooring, landscaping and external works, whilst also addressing issues such as damp and electrical issues. Work commenced on site at the Gower, St Georges where 10 new build dwellings are being delivered alongside 3 within the retained listed building. The proposals, delivered under the Telford & Wrekin Homes sub brand, will bring an important heritage asset, which has lain vacant for a number of years, back into sustainable use.

3 additional planning consents have been granted at sites across the borough.

In accordance with the Company's accounting policy, the housing portfolio was revalued at the year end, which has resulted in an increase in value of 3.28% (£2.8m) over the nine completed sites.

Nuplace Ltd is a separate legal entity and as such will prepare its own Statement of Accounts and comply with company regulations. The accounts will be independently audited by Dyke Yaxley. NuPlace Ltd's audited accounts will be published on the Council's website once finalised.

As Nuplace is wholly owned by Telford & Wrekin Council, the Council is required to prepare Group Accounts as part of its Statement of Accounts for 2022/23 which will consolidate the Council and Nuplace's financial position. The consolidated Group Accounts will be audited by Grant Thornton.

Nuplace distributed a final dividend of £0.01 per ordinary share registered on 20<sup>th</sup> March 2023 2022, totalling £188,000. The company reported an operating profit before taxation of £0.573m, £0.316m after tax. It should be noted that the Council has received income totalling £1.9m from Nuplace during 2022/23 net of additional interest and other costs which is a combination of interest paid relating to the loan agreement, dividend income and services Nuplace purchased from the Council. The Council will also benefit from additional Council Tax, and New Homes Bonus as Nuplace properties are completed. The financial benefits that arise from Nuplace are invested in providing front line services such as providing Adult Social Care and have helped to reduce the budget savings that would otherwise have had to been made as a result of Government grant cuts.

**2022/23**  
**GROUP EXPENDITURE &**  
**FUNDING ANALYSIS**



## Group Expenditure & Funding Analysis

The EFA is not a Primary Financial Statement and as such should be treated as a note to the accounts. The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the local authority in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. See Expenditure and Funding Analysis, Note 1 of the single entity accounts.

2021/22			SERVICE	2022/23		
Net Expenditure Chargeable to the General Fund Balance	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement
51,841	(534)	51,307	Adult Social Care	61,858	976	62,834
39,230	(316)	38,914	Children's Safeguarding & Family Support	46,493	(197)	46,296
2,477	7,767	10,244	Communities, Customer & Commercial Services	2,735	8,120	10,855
42	684	726	Corporate Communications	(28)	1,258	1,230
(1,162)	(9,094)	(10,256)	Council Wide	(16,729)	5,233	(11,496)
8,588	(8,743)	(155)	Education & Skills	8,820	(13,743)	(4,923)
7,086	21,353	28,439	Finance & Human Resources	9,272	12,539	21,811
2,160	1,168	3,328	Health, Wellbeing & Commissioning	1,857	509	2,366
2,060	285	2,345	Housing, Employment & Infrastructure	2,465	1,212	3,677
24,755	(10,085)	14,670	Neighbourhood & Enforcement Services	25,919	(5,341)	20,578
1,424	3,382	4,806	Policy & Governance	807	6,618	7,425
(12,501)	26,873	14,372	Prosperity & Investment	(11,403)	16,378	4,975
<b>126,000</b>	<b>32,740</b>	<b>158,740</b>	<b>Net Cost Of Services</b>	<b>132,066</b>	<b>33,562</b>	<b>165,628</b>
(131,089)	(5,491)	(136,580)	Other Income & Expenditure	(135,255)	6,484	(128,771)
<b>(5,089)</b>	<b>27,249</b>	<b>22,160</b>	<b>(Surplus) or Deficit</b>	<b>(3,189)</b>	<b>40,046</b>	<b>36,857</b>
<b>12,051</b>			<b>Opening General Fund Balance</b>	<b>16,981</b>		
5,089			Surplus of (Deficit) for year	3,189		
(159)			Other approved uses	(397)		
<b>16,981</b>			<b>Closing General Fund Balance</b>	<b>19,773</b>		

**2022/23**  
**GROUP CORE**  
**FINANCIAL STATEMENTS AND**  
**ACCOMPANYING NOTES**

## Group 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 regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

SERVICE	2021/22 Gross Expenditure £000	2021/22 Income £000	2021/22 Net Expenditure £000	2022/23 Gross Expenditure £000	2022/23 Income £000	2022/23 Net Expenditure £000
Adult Social Care	88,168	36,861	51,307	105,355	42,521	62,834
Children's Safeguarding & Family Support	43,221	4,307	38,914	55,047	8,751	46,296
Communities, Customer & Commercial Services	74,737	64,493	10,244	76,286	65,431	10,855
Corporate Communications	764	38	726	1,277	47	1,230
Council Wide	8,860	19,116	(10,256)	5,378	16,874	(11,496)
Education & Skills	132,454	132,609	(155)	139,369	144,292	(4,923)
Finance & Human Resources	27,307	(1,132)	28,439	22,566	755	21,811
Health, Wellbeing & Commissioning	15,178	11,850	3,328	12,896	10,530	2,366
Housing, Employment & Infrastructure	9,681	7,336	2,345	11,273	7,596	3,677
Neighbourhood & Enforcement Services	33,912	19,242	14,670	42,947	22,369	20,578
Policy & Governance	6,046	1,240	4,806	8,319	894	7,425
Prosperity & Investment	37,652	23,280	14,372	33,841	28,866	4,975
<b>Net Cost of Services</b>	<b>477,980</b>	<b>319,240</b>	<b>158,740</b>	<b>514,554</b>	<b>348,926</b>	<b>165,628</b>

Other Operating Expenditure	5,615	(29)
Financing and Investment Income and Expenditure	(4,804)	12,415
Taxation & Non Specific Grant Income and Expenditure	(137,391)	(141,157)
<b>(Surplus) or deficit on provision of services</b>	<b>22,160</b>	<b>36,857</b>
(Surplus) or deficit on revaluation of Property, Plant and Equipment Assets	(34,477)	(28,977)
(Surplus) or deficit on revaluation of Available For Sale Financial Assets	0	0
Re-measurements of the net defined benefit pension liability	(40,947)	(312,871)
<b>Other Comprehensive Income &amp; Expenditure</b>	<b>(75,424)</b>	<b>(341,848)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(53,264)</b>	<b>(304,991)</b>

## Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Group, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance & reserves	Capital Grants Unapplied	Total Useable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of the reserves of the subsidiary	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31<sup>st</sup> March 2021 Brought forward</b>	<b>127,608</b>	<b>23,892</b>	<b>151,500</b>	<b>(147,103)</b>	<b>4,397</b>	<b>14,393</b>	<b>18,790</b>
Total Comprehensive Income and Expenditure	(27,201)	0	(27,201)	75,422	<b>48,221</b>	5,043	<b>53,264</b>
Adjustments between accounting basis & funding basis under regulations	20,988	(7,709)	13,279	(13,279)	<b>0</b>	0	<b>0</b>
<b>Increase/ (Decrease) in 2021/22</b>	<b>(6,213)</b>	<b>(7,709)</b>	<b>(13,922)</b>	<b>62,143</b>	<b>48,221</b>	<b>5,043</b>	<b>53,264</b>
<b>Balance at 31<sup>st</sup> March 2022 carried forward</b>	<b>121,395</b>	<b>16,183</b>	<b>137,578</b>	<b>(84,960)</b>	<b>52,618</b>	<b>19,436</b>	<b>72,054</b>
Total Comprehensive Income and Expenditure	(40,034)	0	(40,034)	341,848	<b>301,814</b>	3,177	<b>304,991</b>
Adjustments between accounting basis & funding basis under regulations	22,064	(3,435)	18,629	(18,629)	<b>0</b>	0	<b>0</b>
<b>Increase/ (Decrease) in 2022/23</b>	<b>(17,970)</b>	<b>(3,435)</b>	<b>(21,405)</b>	<b>323,219</b>	<b>301,814</b>	<b>3,177</b>	<b>304,991</b>
<b>Balance at 31<sup>st</sup> March 2023 carried forward</b>	<b>103,425</b>	<b>12,748</b>	<b>116,173</b>	<b>238,259</b>	<b>354,432</b>	<b>22,613</b>	<b>377,045</b>

It should be noted that of the total useable reserves, £116.173m, only £4.722m is uncommitted general fund balances. The remainder includes earmarked reserves and school balances. There are also unusable reserves.

## Group Balance Sheet

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

31 March 2021 £000		Note	31 March 2022 £000
594,072	Property, Plant & Equipment		644,750
202,767	Investment Properties	4	227,355
2,390	Intangible Assets		1,305
0	Long Term Investments		0
284	Long Term Debtors		588
<b>799,513</b>	<b>Total Long Term Assets</b>		<b>873,998</b>
276	Inventories		266
42,930	Debtors		52,566
9,851	Assets Held for Sale		2,238
37,811	Cash and Cash Equivalents		39,681
<b>90,868</b>	<b>Current Assets</b>		<b>94,751</b>
(14,400)	Provisions		(16,148)
(51,430)	Short term Borrowing		(107,209)
(111,430)	Creditors		(98,568)
<b>(177,260)</b>	<b>Current Liabilities</b>		<b>(221,925)</b>
<b>(86,392)</b>	<b>Net Current Assets/(Liabilities)</b>		<b>(127,174)</b>
(231,313)	Less Long Term Borrowing		(240,013)
(49,029)	Less Long Term Creditors		(45,684)
(360,325)	Less Pensions Liability		(79,620)
(400)	Capital Grants Receipts in Advance		(4,462)
<b>(641,067)</b>	<b>Long Term Liabilities</b>		<b>(369,779)</b>
<b>72,054</b>	<b>Net Assets</b>		<b>377,045</b>
142,394	Useable Reserves		119,399
(70,340)	Unusable Reserves		257,646
<b>72,054</b>	<b>Net Reserves</b>		<b>377,045</b>

## Group Cash Flow Statement

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

<b>2021/22 £000</b>		<b>2022/23 £000</b>
22,160	Net (surplus) or deficit on the provision of services	36,857
(58,610)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(37,224)
29,328	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	47,015
<b>(7,122)</b>	<b>Net cash flows from Operating Activities</b>	<b>46,648</b>
(2,336)	Investing Activities	15,830
(6,651)	Financing Activities	(64,348)
<b>(16,109)</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>(1,870)</b>
21,702	Cash and cash equivalents at the beginning of the reporting period	37,811
37,811	Cash and cash equivalents at the end of the reporting period	39,681

# Notes to the Group Financial Statements

## Group Note 1. Accounting Policies

### a) General

The single entity accounting policies are detailed on pages 63 - 77 have been adopted and applied to the group accounts.

### b) Reasons for Consolidation

Nuplace Ltd is wholly owned by Telford & Wrekin Council. As the Council has significant influence and control over the company, in line with the CIPFA Code of Practice Group Accounts are produced which consolidate Telford & Wrekin single entity accounts and Nuplace accounts.

### c) Basis for Consolidation

Nuplace has been included in the accounts as a subsidiary under the requirements of IFRS 10 (Consolidated Finance Statements) by means of a line-by-line consolidation of the Comprehensive Income and Expenditure Statement and Balance Sheet. Figures have been consolidated based on the statement of accounts for 31<sup>st</sup> March 2022. Where figures in the group accounts differ materially from the Council's single entity accounts, the relevant explanatory notes have been prepared.

### d) Investment Property Recognition and Measurement

Nuplace Ltd's property assets are valued by Registered Valuer's of Telford & Wrekin Council in accordance with the required standards. The valuation of each property (site) is on the basis of fair value, which equates to the Market Value. Property is initially valued at cost and recognised at fair value once the construction has commenced on the development and subsequently revalued annually. Investment properties are not depreciated as it is anticipated that they will appreciate in value.

## Group Note 2. Reconciliation of the Single Entity Deficit on Provision of Services to the Group Deficit

2021/22 £000		2022/23 £000
27,201	<b>Deficit/(Surplus) from the Single Entity Accounts (page 58)</b>	<b>40,034</b>
(406)	Deficit/(Surplus) contained within Subsidiary Accounts	(315)
(41)	Removal of Trading Surpluses from Single Entity Accounts	(112)
(4,594)	Revaluation (Gain)/Loss on Investment Property	(2,750)
<b>22,160</b>	<b>Deficit/(Surplus) in Group Accounts (page 152)</b>	<b>36,857</b>

## Group Note 3. Investment Property

The Council has established a Wholly Owned Company (NuPlace Ltd) for the provision of market rented housing in the Borough. The company was set up primarily to improve standards in the private rented sector and to offer homes for life to tenants operated by a responsible and responsive landlord. Continued investment has allowed Nuplace Ltd to strengthen and grow and is being used to develop a number of brownfield sites within the borough which have historically been problematic within communities. NuPlace Ltd has

been able to generate additional income for the Council through the procurement of services, the payment of interest and a dividend and from additional Council Tax.

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

<b>2021/22 £000</b>		<b>2022/23 £000</b>
<b>179,220</b>	<b>Balance Brought Forward</b>	<b>202,767</b>
9,503	Additions	20,520
0	Revaluation increase/(decrease) recognised in the revaluation reserve	0
13,049	Revaluation increase/(decrease) recognised in the Surplus/Deficit on the Provision of Services	(1,406)
(508)	Disposals	(164)
	Transfer:	
1,003	to/(from) Property, Plant & Equipment	5,638
500	to/(from) Assets Held for Sales	0
<b>202,767</b>	<b>Balance Carried Forward</b>	<b>227,355</b>

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

<b>2021/22 £000</b>		<b>2022/23 £000</b>
(13,374)	Rental income from investment property	(15,039)
3,211	Direct operating expenses arising from investment property	3,366
<b>(10,163)</b>	<b>Net Operational (gain)/loss</b>	<b>(11,673)</b>
(12,817)	Net (gain)/loss on revaluation of properties	1,387
<b>(22,980)</b>	<b>Total Net (gain)/loss</b>	<b>(10,286)</b>

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



## Glossary

Academy Schools	A school that chooses to opt out of Local Authority control and receives its funding direct from the Education Funding Agency
Accounting Policies	The accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 issued by the Chartered Institute of Public Finance & Accountancy and comply with the International Financial Reporting Standards (IFRS) approved by the Financial Reporting Advisory Board.
Accruals	The concept that items of income and expenditure are recognised as they are earned or incurred, not as money is received or paid
Balances	See Reserves and Balances.
Balance Sheet	A statement of recorded assets and liabilities at a given point in time i.e. 31 <sup>st</sup> March for Local Authorities.
Business Rates	This is the income collected from business premises in respect of National Non Domestic Rates. Also known as Non Domestic Rates (NDR) and Retained Business Rates.
Business Rates Retention	Local Government Funding scheme under which councils retain 50% of business rates revenue locally.
Budget	The financial statement reflecting the Council's policies over a period of time i.e. what the Council is going to spend to provide services.
Capital Expenditure	Expenditure on items that have a life of more than one year, such as buildings, land, major equipment.
Capital Financing Requirement	A measure of an authority's underlying need to borrow or finance for a capital purpose.
Capitalisation	The means by which Government, exceptionally, permits local authorities to treat revenue costs as capital costs. Permission is given through capitalisation directions issued by the Secretary of State.
Capital Receipts	The proceeds from the disposal of land or buildings, or other assets. These can be used to finance new capital expenditure.
Capping	The Government has the power to tell Councils to set a lower council tax requirement if it thinks the year on year increase is excessive.
CIPFA	The Chartered Institute of Public Finance and Accountancy.
CIPFA Code of Practice	Code of Practice on local authority accounting in the United Kingdom which specifies the principles and practices required to be followed when preparing the Statement of Accounts
CIPFA/SOLACE	CIPFA/SOLACE Delivering Good Governance in Local Government - Framework - CIPFA - the Chartered Institute of

	Public Finance and Accountancy, have worked with SOLACE - the Society of Local Authority Chief Executives and Senior Managers, to develop the good governance framework for local authorities based on the "The Good Governance Standards for Public Services" produced by the Office for Public Management.
Collection Fund	A separate statutory fund maintained by the Council, as billing authority, which records council tax and non-domestic rates collected, together with payments to precepting authorities (Police, Fire, Parishes), the Government and the Council's own General Fund.
Comprehensive Income & Expenditure Statement (CIES)	Summarised income and expenditure during the year by service area. Includes both revenue and capital items.
Council Tax	The main source of local taxation to local authorities. Council tax is levied on dwellings within the local authority area by the billing authority.
Creditors	Represent the amount that the Council owes other parties, shown on the balance sheet at year end.
Debtors	Represents the amounts owed to the Council, shown on the balance sheet at year end.
Depreciation	The accounting term used to describe the write off of the reduction in value of a fixed asset due to wear and tear, passing of time.
Dedicated Schools Grant (DSG)	Specific ring-fenced grant allocated by the Department for Education for the funding of schools.
Defined Benefit Pension Scheme	Pension scheme in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.
Discounts	The benefit obtained from re-scheduling debt.
Financial Year	The local authority financial year commences 1 April and ends on the 31 March
General Fund	A statutory fund which summarises the cost of all services provided by the Council (with the exception of Special Fund detailed below). The General Fund balance is the reserve held by the Council for general purposes
Group Accounts	Group Accounts have to be produced where a Council has an interest in another organisation, such as Nuplace, unless the interest is considered not material. Group Accounts consolidate the financial position of the Council and all organisations it has an interest in (subject to materiality).
Heritage Assets	Assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained by the Council principally for their contribution to knowledge and culture.

International Accounting Standard 19 (IAS19)	Accounting for Retirement Benefits – local authorities are required to reflect the true value of the assets and liabilities relating to the Pension Fund in their financial statements. This creates a notional amount in the balance sheet and does not impact on council tax.
Impairment	A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet.
Infrastructure Assets	Assets where there is no prospect of sale or alternative use, for example roads and footpaths.
Intangible Assets	An asset that does not exist in a physical sense but has a value to the Council, for example software licenses
Investment Properties	Property (land or building) which is held for economic regeneration purposes which also earn rentals or capital appreciation.
Leases	A method of funding expenditure by payment over a defined period of time. An <b>operating lease</b> is similar to renting, the ownership of the asset remains with the lessor and the transaction does not fall within the capital control system. <b>Finance leases</b> are more akin to borrowing and do fall within the capital system, further a finance lease transfers substantially all of the risks and rewards of ownership of the asset to the lessee
LOBO	A LOBO is a market loan to the Authority. LOBO stands for Lenders Option Borrowers Option. What this means is that the loan has a fixed interest rate but the lender has the option to increase that rate at specified intervals. If they exercise that option then the Authority has an option to either accept the new rate or repay the loan.
Materiality	A matter is material if its omission would reasonably influence the reader of the accounts. Materiality is authority-specific and is dependent on the nature and magnitude of the items to which the information relates.
MRP	Minimum Revenue Provision – This is the amount charged against the Income and Expenditure Account for the year in relation to the repayment of debt on borrowing in order to fund capital expenditure.
Net Book Value	The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.
Non Domestic Rates (NDR)	This is the income collected from business premises in respect of National Non Domestic Rates (NNDR). Also known as Non Domestic Rates (NDR), Business Rates and Retained Business Rates.
Outturn Pension Fund	Actual Expenditure and Income within a particular year. An employee's pension fund is maintained in order to make pension payments on retirement to participants. It is financed

	from contributions from the employing authority (The Council), the employee and investment returns.
Post Balance Sheet Events	Events, both favourable and unfavourable, which occur between the Balance Sheet date and the date the Statement of Accounts is signed by the Section 151 Officer.
Precept	Precepting authorities do not collect Council Tax and Business Rates directly, but instruct the Billing Authority to do so. Major preceptors include Shropshire & Wrekin Fire & Rescue Authority and West Mercia Police and Crime Commissioner. Parishes and Town Councils are local precepting authorities.
Premia	A penalty payment that may be incurred when debt is repaid early.
Private Finance Initiative (PFI)	A central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. PFI are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services belongs to the PFI contractor. The authority is deemed to own the assets at the end of the contract and the assets are therefore carried on the Balance sheet as part of PPE.
Provisions	Amounts set aside for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise is uncertain.
Prudential Borrowing	The system which governs local authority borrowing, based on the requirement that capital expenditure plans are affordable, sustainable and prudent, as prescribed in CIPFA's prudential code.
Public Works Loans Board (PWLB)	A Government agency providing long and short term loans to local authorities at interest rates only slightly higher than those at which Government itself can borrow.
Reserves	Sums set aside in reserve for specific future purposes
Revenue Expenditure	Expenditure on the day to day running costs of the Council, such as salaries, wages, utility costs, repairs and maintenance.
Revenue Expenditure funded from Capital under Statute	Legislation allows some expenditure to be classified as capital although it does not result in the creation of a fixed asset. Examples of this are grants, advances and financial assistance to others, costs of stock issues, expenditure on properties not owned by the authority and amounts directed by the Government.
Revenue Support Grant (RSG)	The main Government grant given to Local Authorities to assist in paying for local services. The amount of RSG paid is calculated on the basis of a Settlement Funding Assessment, also determined by Government.

Reserves & Balances	Amounts set aside to meet future expenditure. Every local authority must maintain general balances as a matter of prudence.
Section 151	Section 151 of the Local Government Act 1972 requires that Council's nominate an officer to be responsible for the proper administration of their financial affairs (The Chief Financial Officer). For Telford & Wrekin this is the Director Finance and Human Resources.
Soft Loan Special Fund Revenue Account	A loan granted at lower than the prevailing interest rate Included in the Income And Expenditure Account but specifically summarises the cost of providing some specific services that in some areas are provided by Parish Councils but in others are provided by the Council.
Special Purchaser	A particular buyer for whom a certain asset has special value because of advantages arising from its ownership that would not be available to general buyers in the market.
Trading Services	A service run in a commercial style and provides services that are mainly funded from fees and charges levied on users.
Variance	The difference between budgeted expenditure and actual outturn. Also referred to as an over or under spend.
Virement	A switch of resource from one budget head to another. The rules concerning virement are contained in the Financial Regulations.

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