

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

# DERBYSHIRE DALES DISTRICT COUNCIL

## STATEMENT OF ACCOUNTS 2022/23

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# **NARRATIVE STATEMENT**

## **INTRODUCTION**

Derbyshire Dales District Council is one of eight district and borough authorities within the county of Derbyshire employing approximately 223 individuals. It covers an area of 307 square miles with a population of 71,500 people. The northern half of Derbyshire Dales lies within the Peak District National Park between Manchester and Sheffield; the southern part borders the National Forest and the City of Derby. The rural market towns of Matlock, Ashbourne, Bakewell and Wirksworth are the main areas of population with the remaining residents living in surrounding parishes. The major industries are farming, mineral extraction and tourism, but public sector organisations, such as Derbyshire County Council, are also major employers.

The organisational management structure of the Council is headed by the Chief Executive who leads the Corporate Leadership Team consisting of six Directors of Service with responsibility for the following service areas:

- Community & Environmental Services
- Corporate & Customer Services
- Housing
- Regeneration & Policy
- Regulatory Services
- Resources

The purpose of this foreword is to provide a concise and understandable guide for the reader of the accounts of the most significant aspects of the Council's financial and non-financial performance, year-end financial position and cash flows.

## **THE ACCOUNTS**

The accounting treatments applied in the accounts are in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) applicable to local authorities. The information included within these accounts is presented as simply and clearly as possible. However, the accounts of a diverse organisation such as the District Council can contain both complex and technical elements, so this narrative explains some of the statements and provides a summary of the Council's performance for 2022/23.

## **SUMMARY OF THE 2022/23 FINANCIAL YEAR**

The Council incurs revenue and capital expenditure in the year. Revenue spending is generally on items that are consumed within a year and is financed from the council tax, government grants, business rates and various fees and charges. Capital expenditure has to have a benefit beyond one year and is financed by loans, grants, capital receipts or directly from revenue.

## General Fund revenue spending in 2022/23

The General Fund contains all services that the Council is responsible for providing. During 2022/23 the Council faced a number of challenges in successfully managing its financial position however a surplus of £1,956,828 has been achieved mainly as a result of the one-off variances below:

	<b>£ 000's</b>
Improved return on treasury investments	(574)
Additional S31 funding (grant) for Business Rates Relief	(448)
Staffing underspend	(281)
Income from default notices on waste contract	(387)
Other variances detailed in Appendix 2	(267)
<b>Total 2022/23 Surplus</b>	<b>(1,957)</b>

There remains uncertainty on the Government's plans for local government funding reform, including the fair funding review and changes to business rates retention, with the potential of a delay to the implementation of funding reforms. Inflationary pressures are also significant for 2023/24. It is proposed that the 2022/23 surplus be transferred into the Business Rates Fluctuations Reserve (£448,331), Waste Fluctuations Reserve (£386,928) and General Fund Reserve (£1,121,569) to support the Council in responding to future financial pressures.

Further information regarding the Council's 2022/23 out-turn is contained in the Provisional Revenue Out-turn Report 2022-23 reported to Council on 27th July 2023.

The revenue financial performance for the year is set out in the table below:

	Actual 2022/23	Original Budget 2022/23	Revised Budget 2022/23
Chief Executive	509,093	380,322	508,444
Community and Environmental Services	2,893,021	3,037,460	3,280,095
Corporate Services	2,040,227	2,052,177	2,071,082
Housing Services	50,069	410,117	131,631
Regeneration and Policy	535,958	937,410	605,718
Regulatory Services	282,061	1,241,473	492,355
Resources	2,740,618	2,903,859	2,826,229
<b>Net cost of Services</b>	<b>9,051,047</b>	<b>10,962,818</b>	<b>9,915,554</b>
Non-Service Items:			
Interest on Balances	(610,961)	(37,000)	(37,000)
Borrowing Interest Paid	225,227	225,000	225,000
Statutory Debt Repayment	100,849	100,849	100,849
Loan Premium Due	110,924	110,924	110,924
Income from Investment Properties	(102,185)	(102,556)	(102,556)
<b>Net Revenue Expenditure</b>	<b>8,774,902</b>	<b>11,260,035</b>	<b>10,212,771</b>
<b>Appropriations to / from Reserves</b>	<b>(690,955)</b>	<b>(1,738,219)</b>	<b>(690,955)</b>
<b>Funding Requirement</b>	<b>8,083,946</b>	<b>9,521,816</b>	<b>9,521,816</b>
<b>Funded by:</b>			
<b>External Funding</b>			
Retained Business Rates including S31 Grant, Payments to/from Pool	(3,860,887)	(3,412,804)	(3,412,804)
Business Rate Collection Fund (Surplus)/Deficit	2,087,317	2,087,317	2,087,317
CT Collection Fund (Surplus)/Deficit	20,859	20,838	20,838
Rural Services Delivery Grant	(420,990)	(420,990)	(420,990)
Lower Tier Services Grant	(76,631)	(76,631)	(76,631)
New Homes Bonus	(777,636)	(777,636)	(777,636)
Services Grant	(115,477)	(115,477)	(115,477)
Other Government Grants	(71,163)	(266)	(266)
<b>Total External Funding</b>	<b>(3,214,607)</b>	<b>(2,695,649)</b>	<b>(2,695,649)</b>
<b>District Council Tax Requirement</b>	<b>(6,826,167)</b>	<b>(6,826,167)</b>	<b>(6,826,167)</b>
<b>Total Funding</b>	<b>(10,040,774)</b>	<b>(9,521,816)</b>	<b>(9,521,816)</b>
<b>Out-turn</b>	<b>(1,956,828)</b>	<b>0</b>	<b>0</b>
<b>Proposed Transfers to/(from) Reserves</b>	<b>1,956,828</b>		
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Capital Spending in 2022/23

Capital expenditure can be defined as any expenditure to acquire or construct an asset that has a useful life of more than one year, or any continuing expenditure to enhance (not merely maintain) an asset. Capital expenditure may include:

- buying or building a new property
- work to improve or enhance the Council's properties.
- awarding grants for the above types of activity, for example, grants for facilities in disabled residents' homes.

The Capital budget for 2022/23 was set in March 2022 at £6,160,505. This was revised during the year to reflect progress on schemes and the addition of new schemes. The provisional outturn for 2022/23 is £4,233,274.

<b>Council Priority</b>	<b>2022/23 Budget £'000s</b>	<b>2022/23 Actual £'000s</b>	<b>2021/22 Actual £'000s</b>
People	18	8	5
Place	1,012	1,004	2,283
Prosperity	4,254	2,526	1,793
Other	877	695	370
<b>Total Capital Spending</b>	<b>6,161</b>	<b>4,233</b>	<b>4,451</b>

At 31st March 2023, there was an under-spend of £1,927,231 compared to the revised estimate. The material project under and overspends are within the key points below:

- Disabled Facilities Grants (funded by the Better Care Fund): overspent by £24,739. Spending of this grant is demand led. The overspend in 2022/23 is to be funded from DFG balances that were unspent in previous financial years and have been held in the capital grants reserve.
- Social Housing Scheme Calver (funded by grant): £44,000 under spent. This project has been slipped into 2023/24. This scheme is likely to increase in costs, therefore an extra amount of £26,000 is requested for 2023/24 to set the budget at £70,000.
- Housing Acquisitions in Tansley: £839,498 Underspent. Due to timing issues this was carried forward to 2023/24 and has now been spent in the first quarter of 2023/24.
- Eyam/Wirksworth/Matlock Site Appraisals: £55,600 Overspent. Originally profiled to be spent in 2023/24. The profiling has been adjusted to account for expenditure to date.
- LADS Scheme Phase 2: £175,000 Underspent. The budget included the amount to be returned to central government which was paid back in the year.
- Vehicle Replacement Scheme: £207,133 Underspent. Carried forward to 2023/24 as per the updated vehicle replacement programme.
- Capital Salaries: Overspent £29,416. The more ambitious capital programme has resulted in increased officer time on capital schemes.
- Climate Change Efficiency: Underspend £36,383. Project ongoing; underspend slipped to 2023/24.

- Energy Efficiency (off gas grid) HUG1: Underspend £265,042. Ongoing project – underspend to be spent in 2023/24.
- Energy Efficiency (on gas grid) LAD3: Underspend £159,665. Ongoing project – underspend to be spent in 2023/24.
- Wash Down facility: Overspend £37,440. Budget started ahead of schedule. The 2023/24 budget has been adjusted to account for profiling.
- Ashbourne Reborn – Highways and public realm: Underspent £95,032. Delayed start to the project has meant the allocated profiled budget for the year has underspent. The 2023/24 budget has been adjusted to account for this.
- Ashbourne Reborn – Communities: Underspend £117,672. Delayed start to the project has meant the allocated profiled budget for the year has underspent. The 2023/24 budget has been adjusted to account for this.
- Rural Innovation Grants (UKSPF): Underspend £30,000. The budgeted expenditure was profiled to begin in 2022/23. This will now commence in full in the year 2023/24. The budget has been reprofiled.
- Local Authority Housing Fund: Underspend £61,000. One property has been financed through this project within 2022/23. The budget has been reprofiled and will be spent in 2023/24.

## Capital Investment Plans

In July 2023 the Council approved an updated Capital Programme for 2023/24 to 2024/25 totalling £38.450m. The major elements are set out below, analysed by the new corporate plan priorities:

Priority	2023-24 £	2024-25 £	2025-26 £	2026-27 £	2027-28 £	Total Capital Programme £
People	5,199	-	-	-	-	5,199
Place	2,247,192	75,000	50,000	50,000	50,000	2,472,192
Prosperity	18,497,430	14,225,357	601,736	601,736	-	33,926,259
Other	976,727	446,000	198,000	426,000	-	2,046,727
	21,726,548	14,746,357	849,736	1,077,736	50,000	38,450,377

## Capital Resources

The Council has internal resources to finance its capital programme including its strategic reserves and the balance of its Capital Receipts Reserve, although these are depleting. Details of these can be found in the Notes to the Financial Statements. Also available is the use of external borrowing when required. Previously the Council borrowed in respect of Arc Leisure Centre Matlock and for the purchase of Wheeled Bins, which give rise to a Minimum Revenue Provision (see below). The Council has sufficient resources to fund its existing capital programme without further borrowing.



The following table shows how the capital spending in 2022/23 was financed and how it is proposed to finance the capital programme from 2023/24 to 2027/28:

	2022/23 (Out turn) £	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28	Totals £
Sources of Finance: -							
Capital Receipts Reserve	420,511	1,150,631	725,000	80,000	80,000	50,000	2,506,142
Capital Programme Reserve	354,467	925,409	-	-	-	-	1,279,876
S106 Contributions	1,014,563	5,773,352	260,000	-	-	-	7,047,915
Grants	1,940,955	12,353,191	13,375,357	601,736	601,736	-	28,872,975
Economic Development Reserve	10,000	48,000	-	-	-	-	58,000
IT Reserve	18,700	191,852	-	-	-	-	210,552
Invest to Save Reserve	-	562,510	-	-	-	-	562,510
Corporate Plan Priority Reserve	-	201,471	-	-	-	-	201,471
Vehicle Reserve	474,077	495,133	386,000	168,000	396,000	-	1,919,210
Insurance Reserve	-	25,000	-	-	-	-	25,000
<b>TOTAL</b>	<b>4,233,274</b>	<b>21,726,548</b>	<b>14,746,357</b>	<b>849,736</b>	<b>1,077,736</b>	<b>50,000</b>	<b>42,683,651</b>

## Collection Fund and Council Tax and Business Rates Collection

The Collection Fund statement reflects the Council's statutory requirement to maintain a separate account showing all transactions relating to Non-Domestic Rates and Council Tax.

Derbyshire Dales District Council collects council tax on behalf of Derbyshire County Council, Derbyshire Fire and Rescue Authority and Derbyshire Police Authority. Amounts collected, bad debts written off and any surplus or deficit on the collection fund are distributed according to precepts. In 2022/23 £60.9m (£59.3m in 2021/22) was collected from council taxpayers; this represents 95% of council tax that was due by 31 March (96% collected in 2021/22). The final year-end position on the Council Tax Collection Fund is a deficit of £1.55m, (2021/22 £0.41m deficit).

During 2022/23 the Council was part of a business rates pool with other Derbyshire Authorities, and business rates were collected on behalf of Derbyshire County Council and Derbyshire Fire and Rescue Authority. Amounts collected, bad debts written off and any surplus or deficit on the collection fund are distributed according to prescribed shares. In 2022/23, £15.7m was collected from business rate payers (£14.7m in 2021/22); this represents 94.9% of business rates that were due by 31 March, (96.7% collected in 2021/22). The final year-end position on the National Non-Domestic Rates (NNDR) Collection Fund is a deficit of £1m (2021/22 £8.6m deficit).

## Pensions

As part of its terms and conditions of employment the Council offers retirement benefits to its employees. Although these benefits will not actually be payable until the employees retire, the Council has a present commitment to make those payments when employees retire. Note 40 – Post Employment Benefits: Defined Benefit Pension Scheme gives further information and shows that the Council has a net liability of £0.454m at 31 March 2023 (£22.233m at 31 March 2022). This decrease in liability is mainly due to the decrease in the present value of funded liabilities. In calculating the

scheme assets and liabilities the fund actuaries make a number of assumptions about future events. The resulting calculations are subject to uncertainties on the outcome of future events and the value of investments held by the fund. The principal assumptions in relation to these accounts are disclosed in the supporting notes to the accounts.

## Treasury Management Performance

The Council continues to operate a cautious approach to its dealings in the financial markets and accordingly reviews its Treasury Management Strategy regularly. Derbyshire Dales District Council currently deals with commercial entities who have a minimum long-term credit rating of not less than A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice.

Interest credited to the Comprehensive Income and Expenditure Statement in 2022/23 was £611K (2021/22 £63K). The average rate of interest on investments was 4.04% (0.58% 2021/22).

The Council held investments of £22.5m at 31 March 2023 (£27.3m on 31 March 2022), this includes long and short-term investments as well as cash held in interest bearing current accounts.

## Reserves and Balances

The following table shows a summary of Reserves. The detailed position on reserves and balances is shown in Notes 24 and 25. It is important to appreciate that many of the reserves are earmarked for specific purposes, and accordingly these funds should not be regarded as being available for general use.

Reserves	Balance at 31 March 2022 £	Contribution in 2022/23 £	Used in 2022/23 £	Balance at 31 March 2023 £
Revenue Reserves	(4,034,146)	(1,113,234)	369,980	(4,777,400)
Capital Reserves	(2,813,808)	(3,588,036)	2,523,216	(3,878,628)
Earmarked Reserves	(17,739,385)	(5,383,300)	6,251,309	(16,871,376)
<b>Total</b>	<b>(24,587,339)</b>	<b>(10,084,570)</b>	<b>9,144,505</b>	<b>(25,527,405)</b>

Following the transfer of the surplus for 2022/23 into the reserves, revenue balances carried forward at 31 March 2023 total £4,777,400 (31 March 2022 £4,034,146). This balance is significant as it reflects the revenue balances that are generally available for new expenditure. The Council has determined that it is prudent to maintain a working balance of £1m to meet emergencies and contingencies, and to assist with cash flow. This balance may also be required in the event that the Council does not achieve the savings required to balance the budget in any financial year after the use of relevant reserves.

The Council holds a number of earmarked reserves to finance future capital and revenue expenditure. The value of earmarked reserves held at 31 March 2023 is £16,871,376 (£17,739,385 at 31 March 2022).

Provisions are made when an event has taken place that gives the Council an obligation that most likely requires settlement, but where the timing or amount are uncertain. The Council has an insurance provision and a provision for Business Rate Appeals, which has grown during 2022/23 based on the latest information received relating to likely appeals. The Business Rate Retention regime places a liability on the Council and other precepting Authorities to refund ratepayers who

successfully appeal against the rateable value of their property on the rating list. The provision represents the Council's estimated share of such liabilities as at the 31st March 2023.

The Balance Sheet demonstrates that net worth has increased by £30.9m during the year to £98.2m, which can be seen on the face of the balance sheet. There is a note to the accounts for every aspect of the balance sheet, which can be viewed to provide further clarity of the movements in year.

## **NON-FINANCIAL PERFORMANCE**

The key document that frames the actions of the Council is the Corporate Plan. The Corporate Plan sets out the District Council's priorities and areas for improvement. These priority areas are:

1. People – Providing you with a high-quality customer experience (2 actions)
2. Place – Keeping the Derbyshire Dales clean, green and safe (10 actions)
3. Prosperity – Supporting better homes and jobs for you (14 actions)

The Corporate Plan 2020-24 identifies a number of priority targets relating to the specific activities to be undertaken this year. These targets are assigned annually to specific teams and service areas for action. They set out how the Council will meet its annual Corporate Plan targets.

In addition, there are 12 Key Performance Indicators (KPIs) that measure the District Council's general organisational health. They cover service areas such as determining planning applications in good time, paying bills on time, collecting Council Tax efficiently, and paying benefits claims promptly.

The table below sets out headline progress against the Council's Corporate Plan actions:

<b><u>Action 2022/23</u></b>	<b><u>Progress Against Key Target</u></b>
<p><b>People</b></p> <ul style="list-style-type: none"> <li>• Complete Annual online survey of residents to establish customer satisfaction and priorities by Oct 2022 and report to Council by Jan 2023.</li> <li>• Develop a sustainable Medium Term Financial Plan by 31 March 2023.</li> </ul>	<ul style="list-style-type: none"> <li>• Survey complete, draft report received from external consultants 20 April 23. Results to inform the development of the Corporate Plan.</li> <li>• A revised MTFP was approved at Council on 2 March 2023 as part of the budget setting process.</li> </ul>
<p><b>Place</b></p> <ul style="list-style-type: none"> <li>• Implement energy efficiency and heat decarbonisation measures at Matlock Town Hall, Northwood Depot and ABC by March 2023.</li> <li>• Complete feasibility studies for the installation of ground mounted solar PV arrays on Derbyshire Dales District Council land by June 2022.</li> <li>• Undertake community engagement and provide advice to rural communities through the use of 4 'Fantastic Homes' exhibitions by March 2023.</li> <li>• Deliver 1 'green exhibition' to showcase solutions to the climate crisis by September 2022.</li> <li>• To provide options and any associated costs for Members to make a decision on the way forward with a view to introduce more publicly accessible EV charging points within public car parks by March 2023.</li> <li>• Develop and implement a recycling education and promotional programme and identify further opportunities by March 2023.</li> <li>• Develop a COVID-19 remembrance tree planting scheme by March 2023.</li> </ul>	<ul style="list-style-type: none"> <li>• Contracts awarded and equipment ordered. Project re-scoped due to budgetary increases - LED light replacement complete at Town Hall. Main works due to begin in Q1 23/24.</li> <li>• Viability of project dependent on removal of restrictive covenant on land – negotiations ongoing.</li> <li>• All four visits have been successfully completed.</li> <li>• Event took place in Hall Leys Park – 30th July 2022.</li> <li>• Capital funding for £64,000 was approved at Council in November (dependent on the outcome of the feasibility study which has yet to take place).</li> <li>• Development of recycling education and promotional programme complete, All Primary and Junior Schools contacted within the Derbyshire District.</li> <li>• Plans for a community tree planting scheme in Ashbourne on Fishpond Meadow Feb/March 2023.</li> </ul>

<ul style="list-style-type: none"> <li>• Commence implementation of Clean and Green review action plan by March 2023.</li> <li>• Complete work and submit Green Flag application for Ashbourne Recreation Ground by March 2023.</li> <li>• Work with partners to adopt an Air Quality action plan and start to implement the measures identified therein by March 2023.</li> </ul>	<ul style="list-style-type: none"> <li>• To be presented to Council on 16 March, if approved, implementation will start immediately after that.</li> <li>• Application for Green Flag will be submitted in January 2023.</li> <li>• Draft AQAP accepted for public consultation with the inclusion of additional action points. Consultation on hold due to local elections. Go live in May 23 for 6 weeks.</li> </ul>
<p><b>Prosperity</b></p> <ul style="list-style-type: none"> <li>• Finalise the masterplan for the Phase 1 site and promote the initial development of Ashbourne Business Park by March 2023.</li> <li>• Implement Regeneration Service restructure by July 2022 to drive investment in brownfield and other key strategic housing/employment sites.</li> <li>• Prepare a Levelling Up Fund bid and submit to the Government by the round 2 deadline of 6<sup>th</sup> July 2022.</li> <li>• Complete the shell construction for the redevelopment of the Bakewell Road, town centre site in Matlock by March 2023.</li> <li>• Minimum of 400 social media followers of Invest in Derbyshire Dales by March 2023.</li> <li>• Assist 75 small and medium sized businesses by March 2023.</li> </ul>	<ul style="list-style-type: none"> <li>• Negotiations continuing with landowners.</li> <li>• Options for recruitment to remaining posts under consideration.</li> <li>• Government announced Ashbourne Reborn LUF bid successful Jan 2023. MoU signed Feb 2023 and programme mobilisation underway.</li> <li>• Tenders undergoing evaluation. Contractor appointment subject to acceptable tender.</li> <li>• Opportunities to boost follower numbers being considered for 2023/24.</li> <li>• Achieved – the service has also assisted 9 clients to secure £129,510 of external grant funding through direct support.</li> </ul>

<ul style="list-style-type: none"> <li>• The Council will acquire 10 additional homes and provide a further 33 affordable homes with our housing association partners in 2022/23 [note, likely to be a mix of rented, shared ownership, new build or acquisitions].</li> <li>• Provide adaptations to the homes of 70 disabled people by March 2023.</li> <li>• The Council will adopt the higher empty homes premiums in April 2022. From May 2022 the Empty Homes Officer will be in post and will contact all owners of empty homes vacant for more than 6 months.</li> <li>• Deliver a permanent site to meet identified Traveller needs by March 2023.</li> <li>• The district will accommodate 4 new refugee families by March 2023.</li> <li>• Amend our Contract Standing Orders and adopt social value principles within our new Sustainable Procurement Strategy by June 2022.</li> <li>• Commission consultants to undertake a more detailed assessment of options for delivery of a sustainable Derbyshire Dales by May 2023. Complete detailed assessment of options by May 2023 and submit Local Plan modifications to the Secretary of State and Commerce by April 2024.</li> <li>• The Council will enable and provide debt and welfare advice to 300 vulnerable households by March 2023.</li> </ul>	<ul style="list-style-type: none"> <li>• In 2022/23 a total of 9 homes are now owned by the Council and 15 new homes have been built via housing associations. A further 21 properties are due via Council ownership in quarter 1 of 2023/24. 6 properties owned by Housing Associations are due in quarter 1 of 2023/24.</li> <li>• 30 grants were completed in Q4, bringing the total to 68. Monthly monitoring of DFG approvals and completions continues.</li> <li>• Achieved: All Empty Homeowners contacted. Of the 237 properties that have responded, 86 of these properties are now no longer empty. 38 of the properties are in probate, 37 are listed for sale/auction, 20 have been sold awaiting completion, 7 are derelict/demolished and have been de-listed for council tax and 49 are undergoing renovation.</li> <li>• Work in progress – being led by Director of Housing.</li> <li>• Achieved – 6 families accommodated in total.</li> <li>• The delay in reviewing Financial Regulations led to the Contract Standing Orders not being considered by Council by June. These were considered and approved by the Council on 29 September 2022.</li> <li>• Currently on target to meet deadline of assessment of options by May 2023.</li> <li>• Achieved – we have provided debt and welfare advice to 381 cases.</li> </ul>
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## PERFORMANCE MANAGEMENT

The District Council's performance Management process is the means of measuring, monitoring and improving the Council's progress in achieving its targets. Targets include Corporate Plan Actions, KPIs and Service Specific objectives which are detailed in the Corporate Plan and Service Plans. Good performance and areas for improvement are identified through quarterly reporting processes.

By managing its performance, the District Council demonstrates that it knows:

- what its priorities are
- what its targets are
- actions it must take to achieve targets.
- measures progress
- informs where it is appropriate to take remedial action to address underperformance.

A traffic light system of reporting is used to signify the progress and success of actions:

**Green** = action achieved

**Amber** = signifies delay (action has been achieved later in the year than planned or will be completed soon after year end)

**Red** = actions not achieved in target time scale and not likely to be achieved in Q1 of 2023/24.

## COUNCIL PERFORMANCE – OUTTURN 2022/23

In summary, of the 26 Corporate Plan performance action indicators for the financial year 2022/23 for which data is available, 21 were fully or partially achieved, 3 indicators were still being progressed, as Table 1 shows. Table 1 also shows performance against KPIs, with nine being fully or partially achieved.

	Totals	Green	Amber	Red
Corporate Plan Actions	26	18	3	5
Key Performance Indicators	12	9	0	3
<b>TOTAL</b>	<b>38</b>	<b>27</b>	<b>3</b>	<b>8</b>

The number of Corporate Plan actions that were fully achieved is 18 (69%) compared to 9 (75%) of the Key Performance Indicator targets. 3 (11.5%) of the Corporate Plan actions are amber and zero KPI's are amber. These projects were either achieved later in the year than their target or soon after the 2023/24 year began. 5 (19%) of the Corporate Plan targets were not achieved and 3 (25%) of the KPI's. Corporate Plan actions tend to be more project based, one-off projects and involve a range of partners; they are therefore normally more complex and have a longer-term duration.

Of the Council's 12 **Key Performance Indicators**, 75% were fully achieved and 25% were not achieved. The table below summarizes outturns for 2022/23.

Service Area / CMT Lead	Description	2022/23 Target	Full Year
<b>Organisational Health</b>	% of undisputed invoices paid on time	99%	99.42%
	% of household waste which has been sent for reuse, recycling, composting or anaerobic digestion.	58.5%	53.7% average based on 3 quarters.
	Average no. working days lost due to sickness absence per FTE per annum is targeted at 9 days; per quarter the target is 2.25 days  (It is important to note that all Covid-19 related absence data has been recorded separately from the main sickness absence data up until July 2022. As a result, Covid-19 related sickness absence is not included in any of the reported District Council's sickness absences statistics in the period from April to June 2022. However, Covid-19 related sickness absence has been included within the figures from July 2022, so is or will be represented in quarters 2, 3 & 4).	2.25 per quarter	Q1= 2.437 Q2 = 2.56 Q3 = 3.09 Q4 = 1.65  Average: 2.43 days per quarter
<b>Housing</b>	The % of homeless households seeking assistance from the Council, for whom this intervention helped resolve their situation	75%	79.9%
<b>Planning</b>	% of major planning applications determined in 13 weeks or agreed extension of time period	>75%	96%
	% of minor planning applications determined in 8 weeks or agreed extension of time period	>77%	84%
	% of other planning applications determined in 8 weeks or agreed extension of time period	>90%	90.4%
	% of appeals allowed against the LA's decision to refuse planning permission	<30%	30%
<b>Revenues and Benefits</b>	% Council Tax collected within the year  (Collections have been impacted by the cost-of-living crisis. Collection of outstanding amounts will continue in 2023/24).	98.4%	97.8%
	% of Non-Domestic Rates collected within the year  (Collection of outstanding amounts will continue in 2023/24).	97.3%	97%



Service Area / CMT Lead	Description	2022/23 Target	Full Year
	Speed of processing new claims for housing benefit and Council Tax support	24 days	11.14 days
	Speed of processing: notifications of changes in circumstances	8 days	5.56 days

Notable successes include:

- Speed of processing new claims for Housing Benefit and Council Tax support is less than half the target length, at 11 days.
- 96% of major planning applications determined in 13 weeks or agreed extension of time period.

## **KEY EVENTS AND ISSUES FOR 2022/23 AND BEYOND**

### **Achieving a sustainable, balanced budget**

Looking ahead, the key issue facing Derbyshire Dales District Council is the need to produce a sustainable, balanced budget in the face of rising inflation and costs, declining government support, and significant uncertainty of how the future now looks.

While the outcome of the Financial Settlement for 2024/25 is awaited, officers are undertaking a review of budgets to identify the significant cost pressures and to develop options that could be considered by Members so that a balanced budget can be set for 2024/25. One option is to use reserves in 2024/25 while plans are developed further, but that will not be sustainable in the medium or long term.

It is hoped that from 2024/25 onwards the Government will issue financial settlements for more than one financial year, giving more certainty for financial planning.

The Council will continue to explore commercial and investment opportunities to help it to achieve a sustainable financial future. The overall aim of this approach is that the Council will be far less reliant on government funding and will become more self-sufficient. The approach will focus on income generation and investment in economic development that will lead to growth. In the longer term, this approach will provide the Council with more financial resilience than depending on government grants.

There are ongoing major projects outlined below that are being undertaken that will significantly influence the Council's ability to balance its budget in the future. There is also a requirement for significant work and expertise to ensure that the best outcome for the Council and residents is achieved.

### **Council House Building Programme**

The Council is both an enabler and provider of affordable homes. The Council supports housing associations to identify suitable opportunities to develop or acquire new homes and can use its own capital finance to meet the development costs of affordable housing. Working with Nottingham Community HA as the Council's Development and Managing agent, the Council has a small but growing portfolio of new affordable homes which provides a new revenue stream to the Council. The Council continues to receive government grants for revenue and capital projects that both prevent homelessness and provide new homes. Some of these grants would normally have been passed on to third parties to deliver, but the Housing Department is now able to directly provide services, particularly in relation to refugees and homelessness support.

### **Climate Change Action Plan**

The Council's Climate Change Strategy and Action Plan was received in September 2020 and has since been supplemented with a delivery plan approved at Council. The Council have capital funding in place for the decarbonisation of Ashbourne Leisure Centre, Arc Matlock, Wirksworth Leisure Centre, Town Hall, and Agricultural Business Centre and are developing plans for the solar farm alongside preparing to deal with an electric fleet at the depot. In the future the Council aim to develop plans to decarbonise Bakewell Leisure Centre and Northwood Depot alongside additional work at the town hall. Externally significant capital funding has been levered in to retrofit housing in the area as part of the Government's Green Homes Grant Local Authority Delivery (LAD) and Homes Upgrade Grant (HUG) schemes.

### **Matlock Regeneration – Bakewell Road**

The Bakewell Road Regeneration Project, Matlock, will convert the unattractive, underutilised former indoor Market Hall to enable provision of a new indoor leisure attraction for Matlock (a two-screen cinema), and will enclose part of the covered legacy bus bay area to provide an

ancillary commercial use (a retail / food & beverage unit). The project's business case and capital investment has secured Council approval. It is intended that works will complete during 2023/24.

### **Local Plan Review**

A review of the Derbyshire Dales Local Plan was legally completed in January 2022. The Council determined that it would like to set out a new approach to the Local Plan and as such it is reviewing its priorities for the future. During 2023/24 future options are anticipated to be consulted upon. Examination and adoption is now likely to take place in 2025.

### **Ashbourne**

Ashbourne Airfield is the largest employment location in the Derbyshire Dales and the focus of the district's manufacturing economy. A new roundabout access and link road has been constructed opening up 9 hectares of new employment land and additional land for some 1,500 new homes. The District Council has been awarded £15 million Levelling Up Funding for the regeneration of Ashbourne Town Centre. The District Council is the accountable body for this programme which involves multiple delivery partners and contractors.

### **Other Corporate Plan Priorities**

During 2023/24, a new Corporate Plan is being developed. Priorities and plans in the new Corporate Plan must be fully costed and future decisions will need to take both revenue and capital finance into account.

## **STATUTORY STATEMENTS**

The Council's statutory statements comprise:

### **Statement of Responsibilities**

This statement sets out the respective responsibilities for the accounts of the authority under Local Government legislation and other requirements, and those of the Director of Resources, who is the Council's Chief Financial Officer. Under the Code of Practice, the Director of Resources must sign the Statement of Responsibilities stating that the accounts present a true and fair view of the financial position of the Council.

### **Annual Governance Statement**

This statement sets out the District Council's governance arrangements, within which financial control and risks of the authority are managed and reviewed. The statement identifies any significant control issues and action being taken to address them. This statement must be certified by the Chief Executive and the Leader of the Council.

### **Auditor's Report**

This report provides the independent auditor's opinion on the accounts.

## **FINANCIAL STATEMENTS**

The Statements required by the Code are explained in the notes below:

### **Comprehensive Income and Expenditure Statement**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount 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 both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

### **Movement in Reserves Statement**

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses and incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

### **Balance Sheet**

This is fundamental to the understanding of the Council's year-end financial position. The Balance Sheet shows the reserves at the Council's disposal, its long-term indebtedness, the assets employed in its operations and current liabilities. The Balance Sheet excludes Trust Funds.

### **Cash Flow Statement**

This statement summarises the inflows and outflows of cash arising from transactions with third parties for both revenue and capital purposes.

### **Notes to Financial Statements**

These are notes relating to the preceding financial statements which explain and provide additional information to figures included in the core statements.

### **Expenditure and Funding Analysis**

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

### **Collection Fund**

This reflects a statutory requirement to maintain a separate Collection Fund. It shows the transactions of the Council as a billing authority in relation to business rates and the council tax and illustrates the way these have been distributed to Central Government, precepting authorities and the General Fund.

# STATEMENT OF RESPONSIBILITIES

## **The Authority's responsibilities**

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority that officer is the Director of Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

## **The Director of Resources' responsibilities**

The Director of Resources is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code).

In preparing this Statement of Accounts, the Director of Resources has:

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

The Director of Resources has also:

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

## **DIRECTOR OF RESOURCES CERTIFICATE**

I certify that the accounts set out on pages 56 to 119 present a true and fair view of the financial position of the Council at 31 March 2023.

K Henriksen, C.P.F.A.

Director of Resources

Date: 15 February 2024

## **APPROVAL BY GOVERNANCE & RESOURCES COMMITTEE**

Councillor N Wilton

Chair of Governance & Resources

Date of Meeting: 15 February 2024

# ANNUAL GOVERNANCE STATEMENT 2022/23

## Introduction

This Annual Governance Statement explains how Derbyshire Dales District Council has complied with its own code of corporate governance and against guidance on best practice\*.

Corporate governance is about making sure that the council is run properly. It relates to the systems, processes, values and culture which ensure that the Council develops, delivers and reviews the services it provides, works collaboratively and engages with and leads the community it serves. It is about trying to achieve the Council's objectives while acting in the public interest at all times. This means carrying out business so that the Council:

- operates in a lawful, open, inclusive and honest manner;
- makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
- has effective arrangements for the management of risk;
- secures continuous improvements in the way that it operates.

Good corporate governance ensures that the Council meets its published objectives whilst also assessing whether those objectives have delivered the services at an appropriate cost. It consists of the systems, controls and procedures that ensure that certain desirable activities happen or that undesirable events are avoided. It cannot and does not set out to eliminate all risks in relation to the failure to deliver policies and objectives as this is neither achievable nor desirable. It can therefore only provide a reasonable level of assurance, based on an assessment of the likelihood and the potential impact of risk to the achievement of the Authority's stated objectives, balanced with the resources available to deliver those objectives.

The Authority has published a Code of Governance which sets out the seven key principles of good governance to which it aspires. It sets out the main principle of good governance and the means of demonstrating compliance for each of these principles. A copy of the current Code is available on the [governance page](#) of our website.

The processes being reviewed in this Statement have operated throughout the whole of the financial year ending 31 March 2023, except where stated, and will remain in operation up to the date of approval of the 2022/23 Statement of Accounts (expected by 15 February 2024). The key elements of the framework which are in place to meet the Council's responsibilities under the Code are set out in the following pages, together with an Action Plan (at the end of this statement) to identify any significant governance issues and explain how the Council will address them.

\*The guidance applicable to 2022/23 is the CIPFA/SOLACE publication "Delivering good governance in local government", issued in April 2016.

### How do we know that our arrangements are working?

The Council operates in a complex and constantly evolving financial, policy and legislative environment. The role, responsibilities and funding models of local government continue to be in a period of transition. The Council's Corporate Plan sets out its priority actions.

Every year a review of the effectiveness of the Council's governance framework is conducted by the Corporate Leadership Team, supported by officers from internal audit, financial services and legal. Consideration is also given to reports from internal and external audit and from other inspection bodies (e.g. the Local Government Ombudsman's Annual report and findings on individual complaints, Food Standards Agency assessments and peer reviews).

The focus of the review is to:

- collate and evaluate evidence of corporate governance arrangements;
- compare the evidence against the Council's Code of Corporate Governance and the CIPFA/SOLACE guidance\*;
- identify areas requiring action, which are highlighted in the Action Plan at the end of this statement.

The governance review process includes:

- The consideration of the Statement of Accounts;
- The Internal Audit Annual Report, which includes the Internal Audit Consortium Manager's opinion on the overall adequacy and effectiveness of the Council's control environment;
- A review of compliance with the Council's Local Code of Corporate Governance with reference to CIPFA/Solace Guidance;
- An assessment of compliance with CIPFA's Financial Management Code;
- Sign off by the Leader of the Council and the Chief Executive, once approved.

On the basis of our internal review of the operation of the Governance Framework and our assessment against the provisions of the CIPFA/SOLACE Code, the arrangements for the 2022/23 financial year have been assessed as **COMPLIANT, with some planned improvements required**. This indicates that, in general, strong systems are in place but that there are some processes where further action is required.

Details of the review are set out in the following pages of this statement.

A success during 2022/23 is indicated by



Areas for improvement are highlighted by






This year **five** governance issues have been identified; the action plan outlined at the end of this statement summarises the areas of governance focus needed to maintain an effective governance framework in respect of these issues.


## Did we meet the principles of Corporate Governance set out in our Code?


PRINCIPLE 1 - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law		
How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> <li>➤ We have set out our priorities in our Corporate Plan;</li> <li>➤ Our Codes of Conduct for members and employees set out clearly the standards that are expected, arrangements for reporting non-compliance and sanctions for any misconduct;</li> <li>➤ Our values have been embedded in policies and processes;</li> <li>➤ Our Contract Standing Orders require external organisations that provide services on behalf of the Council to act with integrity and in compliance with ethical standards expected by the Council;</li> <li>➤ We make sure that employees and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements;</li> <li>➤ We strive to optimise usage of the full powers available for the benefit of residents, communities and other stakeholders;</li> <li>➤ We deal with breaches of legal and regulatory provisions effectively;</li> <li>➤ We have effective arrangements to deal with incidents involving misuse of power;</li> <li>➤ We have effective arrangements for the discharge of the head of paid service function.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Corporate Plan</a></li> <li>• Councillors' Code of Conduct</li> <li>• Report to Council (26/01/23) on Members Allowances from the Independent Remuneration Panel</li> <li>• Employee Code of Conduct</li> <li>• Planning Code of Good Practice</li> <li>• Protocol on Employee/Member Relations – Constitution</li> <li>• <a href="#">Constitution</a></li> <li>• <a href="#">Sponsorship Guidelines</a> published on website</li> <li>• <a href="#">Risk Management Policy and Strategy</a></li> <li>• Risk assessments included in reports to committees and Council</li> <li>• Annual Complaints Report</li> <li>• Confidential Reporting (Whistleblowing) Policy</li> <li>• Anti-Fraud, Bribery and Corruption Policy</li> <li>• Corporate Enforcement Policy</li> <li>• Regulation of Investigatory Powers Act Surveillance Policy &amp; Annual Report</li> <li>• Protocol on the Management of the Civic Allowance (part of the Constitution)</li> <li>• Inductions for new members and employees</li> <li>• Annual Performance and Development Reviews</li> </ul>	<div style="font-size: 2em; color: green; margin-bottom: 20px;">✓</div> <p>A Corporate Plan setting out our vision and improvement priorities for 2020 – 2024 was approved in March 2020 and reviewed in March 2022 when 27 specific targets were set for 2022/23. Progress against targets is monitored quarterly.</p> <div style="font-size: 2em; color: black; margin-bottom: 20px;">⚠</div> <p>The Anti-Fraud, Bribery and Corruption Policy (including Money Laundering) was reviewed and updated during 2018/19. It was due for a review in 2020/21, but this has been deferred to 2023/24 due to resources being diverted to addressing the impact of coronavirus during 2020/21 and 2021/22 and subsequent backlog of work. A review is planned in 2023. This is not seen as a significant governance issue.</p>






	<ul style="list-style-type: none"> <li>• Job Evaluation Panel</li> <li>• Complaints Policy</li> <li>• Employee recruitment, interview and selection procedure</li> <li>• Job descriptions</li> <li>• Compliance with CIPFA’s “Statement on the Role of the Role of the Head of Internal Audit”</li> <li>• Compliance with CIPFA’s “Statement on the Role of the Chief Financial Officer in Local Government”</li> <li>• Records of legal advice provided by officers</li> <li>• Monitoring Officer provisions</li> <li>• Procurement Strategy and Sustainable Procurement Policy</li> <li>• Information Governance Framework</li> <li>• Data Protection Policy</li> <li>• Contracts with service providers.</li> <li>• Reports from the Local Government Ombudsman &amp; Annual Report to Governance &amp; Resources Committee</li> <li>• Audit reports issued by Food Standards Agency (none issued in 2022/23)</li> <li>• Food Law Enforcement Service Business Plan (reported to Committee in September 2022)</li> <li>• The Chief Executive is the Council’s Head of Paid Service, who is supported in this role by the Corporate Leadership Team and the Human Resources Manager.</li> </ul>	<p>Our internal audit reviews in 2022/23 have not identified any incidents of fraud. However, the number of reviews carried out has been fewer than usual due to vacant posts within internal audit. This means that that an audit opinion cannot be provided.</p> <p style="text-align: center;"></p> <p>In September 2022 we approved a revised Procurement Strategy and a new Sustainable Procurement Policy for the period to 2026 to meet the Council’s commitments under the Climate Change Action Plan</p> <p style="text-align: center;"></p> <p>It has been identified that there is a lack of awareness amongst some employees of what is required to ensure compliance with Financial Regulations. Following the review of financial regulations and contract standing orders that will be raised and training, guidance and support provided.</p> <p style="text-align: center;"></p> <p>It has been identified that the Information Governance Framework and Data Protection Policy need a review.</p>
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## PRINCIPLE 2 – Ensuring openness and comprehensive stakeholder engagement



How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> <li>➤ Our Committee and Council meetings are open to the public and agendas, reports, minutes and video recordings are available on our website;</li> <li>➤ The minutes of our meetings provide clear reasoning and evidence for decisions;</li> <li>➤ The Council is compliant with the Openness of Local Government Bodies Regulations 2014;</li> <li>➤ On our website we publish key performance indicators, financial information and details of the earnings, interests and activities of our Members and senior managers.</li> <li>➤ We consult widely on our plans and use feedback to inform our decisions; we provide information in response to Freedom of Information requests wherever possible to do so under relevant law and outline any exceptions to this policy. We publish our Freedom of Information Policy and procedures.</li> <li>➤ We operate clear and accessible arrangements for procuring supplies and services.</li> <li>➤ We have regular meetings with larger Town and Parish Councils to ensure that we work more closely.</li> <li>➤ We have a programme of forums / workshops to engage with local businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Constitution</a></li> <li>• <a href="#">Corporate Plan</a></li> <li>• Reasoned decisions at quasi- judicial meetings</li> <li>• FOI Publication Scheme</li> <li>• Details of spending over £250 on website</li> <li>• Regulation of Investigatory Powers Act 2000 Policy</li> <li>• Data Protection Policy</li> <li>• Council and Committee decisions</li> <li>• Report templates with specific reasons for exemptions from publication</li> <li>• Web casting and recording of meetings</li> <li>• Public Participation Scheme</li> <li>• Area Community Forums</li> <li>• Market Traders Forums</li> <li>• Town and Parish Council Conference</li> <li>• Matlock Bath Illuminations Group</li> <li>• Council website</li> <li>• Calendar of meetings</li> <li>• Communications Strategy</li> <li>• Community &amp; Engagement Strategy</li> <li>• Equality, Consultation and Engagement Plan</li> <li>• Equality and Diversity Policy</li> <li>• Annual Equality and Consultation Plan</li> <li>• Residents' Panel</li> <li>• Business Engagement Programme</li> <li>• <a href="#">Statement of Community Involvement</a></li> </ul>	<div style="text-align: center;">  </div> <p>During 2022/23 we received 716 Freedom of Information requests (up from 662 in 2021/22 and 621 in 2020/21). We responded to 600 FOI requests (84%), redirected 109 (15%) to Derbyshire County Council and 7 requests (1%) were withdrawn. Where requests were covered by exemption, we gave details of the exemption in our response; the most common reason for exemption (9 requests) was that the information was already accessible by other means.</p> <p>Contract Standing Orders and Financial Regulations were reviewed and updated in September 2022.</p> <p>The Equality and Consultation and Engagement Plan provides structured frameworks for the District Council's equality, consultation and engagement activities. Progress is reported to Council annually. A Residents Survey was undertaken throughout October and November 2021, using online and postal surveys, face to face interviews and responses from the Online Residents Panel. 1,818 responses were received, which is an increase of over 400% from 2020.</p>

	<ul style="list-style-type: none"> <li>• Record of consultations and use of feedback from consultations</li> <li>• Contract standing orders</li> <li>• Financial Regulations</li> <li>• Procurement Strategy</li> <li>• Reasons for decisions recorded in all regulatory and quasi-judicial matters</li> <li>• All reports include options, consultations and risk assessments</li> <li>• Procurement decisions require a clear audit trail including reasons</li> <li>• All recruitment decisions are reasoned and recorded</li> </ul>	<div style="text-align: center;">  </div> <p>The Local Government Association Peer Challenge team reported that the district council has a good understanding and appreciation of its local context and is focusing on continually improving local community relationships. The Council is also regarded as an effective leader of the district by partners who attest to the authority being a good partner to work with.</p> <p>The Local Government Association Peer Challenge team made several recommendations to address a series of challenges. In July 2020 the Council approved a Peer Challenge Action Plan to address these issues. Progress on implementing some aspects of the Action Plan has been delayed owing to officers focusing on other higher priority work during the coronavirus pandemic. However, the Peer Review Action Plan was reviewed and updated at Council on 25th November 2021 and in September 2022.</p>
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**PRINCIPLE 3 – Defining outcomes in terms of sustainable economic, social and environmental benefits**

How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> <li>➤ We have set out our priorities, aims, vision and values in our Corporate Plan;</li> <li>➤ We set key performance indicators for each year and monitor actual performance against targets;</li> <li>➤ We have a medium-term financial strategy to ensure our financial sustainability;</li> <li>➤ We operate an effective system of risk management;</li> <li>➤ Our reports include options, consultation and timetables along with assessments of implications relating to policy, financial, resources, legal, equalities, climate change and risk management;</li> <li>➤ We carry out equality impact assessments to ensure fair access to services.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Plan &amp; Priorities</li> <li>• Service Plans</li> <li>• Community &amp; Engagement Strategy</li> <li>• Equality, Consultation and Engagement Plan</li> <li>• Risk Management Strategy</li> <li>• Medium Term Financial Strategy</li> <li>• Annual Revenue Budget</li> <li>• Capital Programme &amp; Prudential Indicators</li> <li>• Annual Governance Statement (part of the Statement of Accounts)</li> <li>• Annual Audit Report from external auditor includes as assessment of Value for Money;</li> <li>• Financial Regulations – Constitution</li> <li>• Contract Standing Orders – Constitution</li> <li>• Asset Management Plan</li> <li>• Climate Change Strategy and Action Plan</li> <li>• Equality Impact Assessments</li> <li>• Area Community Forums</li> <li>• Planning: Material Considerations</li> <li>• Committee Reports</li> <li>• Consultation feedback is taken into account at the point of decisions</li> </ul>	<p style="text-align: center;"></p> <p>We have a target to pay 99% of non-disputed supplier invoices within 30 days. In 2022/23 we paid 99.4% of non-disputed supplier invoices within 30 days – only 28 undisputed invoices were paid late.</p> <p style="text-align: center;"></p> <p>Working with our partner, Chesterfield Borough Council, we supported 22,404 households by paying a £150 energy rebates, totalling £3.36m</p> <p style="text-align: center;"></p> <p>There are risks associated with the Accountable Body status for the Levelling Up and UKSPF schemes. These risks are significant and have been assessed as ‘high’. Moreover, the staffing implications of managing the finances of such a large programme cannot be underestimated. To reflect this, a Programme Manager is in place for Ashbourne Reborn and UKSPF to co-ordinate required activities and reporting requirements for the Council. Further support is anticipated through the recruitment of a Claims and Monitoring Officer that will have appropriate LUF support responsibilities in addition to UKSPF activities.</p>

**PRINCIPLE 4 - Determining the interventions necessary to optimise the achievement of intended outcomes.**

How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> <li>➤ Our reports include options, consultation and timetables along with implications relating to policy, financial, resources, legal, equalities, climate change and risk management;</li> <li>➤ We consult and use feedback from residents and service users when making decisions about significant service changes;</li> <li>➤ We have strategic and operational plans, including a medium, term financial strategy, annual budgets, and service plans, that support the aims set out in the corporate plan;</li> <li>➤ We set key performance indicators (KPIs) to identify how the performance of services and projects is measured. We include financial penalties in outsourced contracts that can be used when KPIs are not achieved.</li> <li>➤ We consider and monitor risks facing each partner when working collaboratively, including shared risks</li> <li>➤ We review service quality regularly</li> <li>➤ Our medium term financial strategy integrates and balances service priorities, affordability and other resource constraints</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation and review of feedback including Area Community Forums</li> <li>• Risk Management Group &amp; Risk Registers</li> <li>• Key Performance Indicators</li> <li>• Service Plans</li> <li>• Medium Term Financial Strategy Medium Term Financial Plan Budget preparation in accordance with agreed strategy and MTFP.</li> <li>• Budget guidance and processes, including revised estimates</li> <li>• Capital Programme process and working group</li> <li>• Annual Audit Report from external auditor</li> <li>• Confidential Reporting (Whistleblowing) Policy</li> <li>• Anti-Fraud, Bribery and Corruption Policy</li> <li>• Regulation of Investigatory Powers Act Surveillance Policy</li> <li>• Annual Review of Complaints</li> <li>• Calendar of meetings</li> <li>• Communications Strategy</li> <li>• Minutes of regular monitoring meetings with outsourced service providers including details of compliance with Key Performance Indicators</li> </ul>	<div style="text-align: center;">  </div> <p>We updated our Medium-Term Financial Strategy in March 2021 and our Medium-Term Financial Plan in March 2023. This was less frequently than usual owing to staff vacancies. The reduced frequency 2022/23 was not viewed as a significant governance issue. However, the Council's Medium Term Financial Plan needs to be updated more regularly during 2023/24 to reflect the impact of rising inflation and to show how the Council plans to address the budget gap for future years. See Principle 6 for further information.</p> <div style="text-align: center;">  </div> <p>The Local Government Association Peer Challenge team reported that through focused and prudent management, the Council has a strong financial position which provides a foundation for the council's future ambition.</p> <p>The draft External Audit Annual Report, issued in July 2022, did not identify a significant weakness in arrangements to identify significant financial pressures, to bridge funding gaps and identify achievable savings and to managing risks and gaining assurance over the effective operation of internal controls, including the prevention and detection of fraud.</p>

<p>➤ We aim to achieve 'social value' through service planning and commissioning.</p>		<p>In 2020/21 we made a Declaration of Air Quality Management Area (AQMA) for nitrogen dioxide in relation to Buxton Road and St John's Street in Ashbourne. We continued to monitor air quality levels in 2021/22 and 2022/23. An action plan in response to the AQMA in Ashbourne has been in development and has been reported through the Community &amp; Environment Committee. Public consultation on the draft action plan has been completed and will be reported to the Community &amp; Environment Committee in September</p> <p>We have regular meetings with contractors who provide outsourced services.</p> <p>The leisure management contract with Freedom Leisure is monitored monthly for service standards and to discuss the monthly report. Quarterly meetings take place to discuss the overall contract performance. The year-end figure for participation was at 95% of normal operations, up from 91% in 2021/22, Ashbourne is up to 105% with ongoing work taking place to increase participation across all sites. No penalties were issued to Freedom in 2022/23.</p> <p>The revenues and benefits service is delivered by Chesterfield Borough Council under a Service Level Agreement. Monthly meetings are held to discuss key performance indicators and service issues. In 2022/23 Chesterfield Borough Council achieved all the key performance indicators in the Revenues and Benefits contract, except for those relating to in-year and prior year collection of council tax. These were impacted by the coronavirus pandemic and the Council's decision to take a light touch to debt recovery from March 2020 to August 2021.</p>
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There was a suspension of KPIs on the waste and recycling contract, in line with the suspension of services. This suspension of services related to the collection of food waste, which was suspended from 1 – 10 April 2022, so KPIs for food waste were suspended during this period.

Due to the disruption experienced on the contract, meetings and reviews of service performance are taking place on a more frequent basis than stipulated in the contract specification, including members of both District Council's and Serco's senior management team. Monthly Contract reviews with additional weekly reviews remain in place.


In addition, because of underperformance in 2022/23, the Council has applied the maximum number of financial deductions to the contract, and those penalties are yet to be paid as the Council has not received Year 3 billing data for approval to date.


A review of the arrangements for letting the waste contract was undertaken by an independent consultant during 2021/22. The findings were reported to Council in February 2022. The report recommendations include the following governance issues:


- To maintain and extend dialogue with the
- contractor to help manage contract behaviour and address outstanding issues and under performance;
- To resolve issues relating to incomplete management information and round optimisation;

		<ul style="list-style-type: none"> <li>• That the Corporate Leadership Team re-establishes a corporate approach to overseeing the critical success factors of implementing the contract, reacting to unsatisfactory performance and advising Members of on-going options for future delivery;</li> <li>• That a review of the corporate management capacity is undertaken to ensure that future transformational and modernisation projects are adequately resourced.</li> </ul> <p>The report recommendations were implemented during 2022/23.</p> <p>A review of In-house feasibility of the waste contract was undertaken by an independent consultant during 2022/23. The findings are being considered by officers and are yet to be reported to Council in 2023.</p> <p style="text-align: center;"></p> <p>In 2022/23 we carried out public consultation exercises on:</p> <ul style="list-style-type: none"> <li>• Conditions and outcomes for private landlords and tenants</li> <li>• Budget 2023/24</li> <li>• Biodiversity Project</li> <li>• Customer satisfaction with three parks</li> <li>• Electric vehicle charging points</li> <li>• Residents' survey for Corporate Plan</li> <li>• Public Space Protection Orders</li> <li>• Community Safety</li> <li>• Car Parking</li> <li>• Matlock Bath Illuminations customer satisfaction.</li> <li>• Polling districts and polling places.</li> </ul>
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		 <p>We have recognised that the loss of corporate organisational knowledge and experience aligned to increased staff turnover resulted in some budget monitoring policies and procedures not being implemented as robustly as is required during 2022/23. However, at the time of writing this AGS all senior posts in financial services had been filled. Engagement with budget holders is now more frequent and meaningful and improved budget monitoring reports are to be launched during 2023/24.</p>
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<b>PRINCIPLE 5 - Developing the entity's capacity including the capability of its leadership and the individuals within it</b>		
How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> <li>➤ We recognise the benefits of partnerships and collaborative working;</li> <li>➤ All employees have an induction and an annual Performance and Development Review;</li> <li>➤ We have a Member Code of Conduct, inductions and a Member Training and Induction Programme to ensure that elected and appointed leaders</li> </ul>	<ul style="list-style-type: none"> <li>• Constitution</li> <li>• Scheme of Delegation</li> <li>• Member Development Scheme</li> <li>• Employee Development Scheme</li> <li>• Member Training and Development Programme</li> <li>• Annual corporate and vocational training plan agreed by CLT</li> <li>• Insight – Internal management development programme</li> <li>• Member Induction</li> <li>• Member Representative roles</li> </ul>	 <p>We work collaboratively with other partners as follows:</p> <ul style="list-style-type: none"> <li>• Chesterfield Borough Council delivers our revenues and benefits service and Internal Audit Management.</li> <li>• North East Derbyshire District Council provides our ICT service.</li> </ul>

<p>understanding their roles and the Council's objectives</p> <ul style="list-style-type: none"> <li>➤ Our Constitution includes a Scheme of Delegation that sets out clearly the decisions that are delegated to officers</li> <li>➤ The leader and the chief executive have clearly defined and distinctive leadership roles</li> <li>➤ We take steps to consider the leadership's own effectiveness and to ensure leaders are open to constructive feedback e.g., from peer review and inspections</li> <li>➤ We encourage shared learning, including lessons learned from governance weaknesses both internal and external;</li> <li>➤ There is a public participation session at the beginning of Council and Policy Committee meetings,</li> <li>➤ We have arrangements in place to support the health and wellbeing of our employees.</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Induction</li> <li>• Job Descriptions and Person Specifications</li> <li>• Arrangements for succession planning</li> <li>• Annual review of Scheme of Delegation, Contract Standing Orders and Financial Regulations</li> <li>• LOLA – internal training programme</li> <li>• Peer Reviews</li> <li>• Efficient use of systems and technology</li> <li>• Shared Learning: Notes of Management Meetings, Peer Reviews, Hubs, Benchmarking, Networking with other local authorities &amp; through membership of organisations such as the Local Government Association.</li> <li>• Human Resource Policies</li> <li>• Employee counselling service</li> <li>• Work of Health &amp; Safety Committee</li> <li>• Active Workplace Programme</li> <li>• Employee Group</li> <li>• Senior Management Team</li> <li>• Trade union recognition and consultation.</li> <li>• Carbon Literacy Training</li> </ul>	<ul style="list-style-type: none"> <li>• Derbyshire Building Control Partnership, which is made up of 8 local authorities, to deliver the local authority building control function.</li> </ul> <p style="text-align: center;"></p> <p>Our Performance and Development Review action plans are linked to the priorities set out in our Corporate Plan.</p> <p>During 2022/23 the following mandatory training was undertaken by employees:</p> <table border="1" data-bbox="1350 608 2103 971"> <thead> <tr> <th>Course Title</th> <th>Numbers Attended</th> </tr> </thead> <tbody> <tr> <td>Safeguarding and Child Protection</td> <td>30</td> </tr> <tr> <td>Safeguarding Adults at Risk</td> <td>32</td> </tr> <tr> <td>Managing Health &amp; Safety</td> <td>33</td> </tr> <tr> <td>Equality Act 2010</td> <td>32</td> </tr> <tr> <td>Display Screen Equipment</td> <td>20</td> </tr> <tr> <td>Data Protection (Foundation) 2020</td> <td>29</td> </tr> <tr> <td>Data Protection (Data Security) 2020</td> <td>30</td> </tr> <tr> <td>Prevent (Counter Terrorism (2021)</td> <td>32</td> </tr> </tbody> </table> <p>In addition:</p> <ul style="list-style-type: none"> <li>• 15 new and aspiring managers undertook an in-house Management Development Programme (Dales Insight);</li> <li>• Circling Squares provided development to the Corporate Leadership Team;</li> <li>• The Corporate Leadership Team supported staff development through vocational and corporate training.</li> </ul>	Course Title	Numbers Attended	Safeguarding and Child Protection	30	Safeguarding Adults at Risk	32	Managing Health & Safety	33	Equality Act 2010	32	Display Screen Equipment	20	Data Protection (Foundation) 2020	29	Data Protection (Data Security) 2020	30	Prevent (Counter Terrorism (2021)	32
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The member training programme for 2022/23 was delivered containing the following items:



Course Title	Numbers Attended
Annual Planning Training	13
Licensing and Appeals Training	7
Modern.Gov App and Extranet Training	17
Safeguarding Training	6
Scrutiny Training	8
Data Protection Training	11


In 2021/22 we had 18 leaders/senior officers and 3 councillors certified as Carbon Literate by the Carbon Literacy project. We have a programme in place for carbon literacy continuing training. In 2022/23 a further 6 senior leaders/Members attended Carbon Literacy training.



ICT security awareness ICT security awareness training is mandatory for new employees who use ICT and it has to be refreshed every 2 years by all ICT users. In 2022/23 216 ICT users, including staff and Members completed the ICT Security Awareness training. Reminders have been sent to the 31 officers and 17 councillors who have not yet completed the training.

**PRINCIPLE 6 - Managing risks and performance through robust internal control and strong public financial management**

How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> <li>➤ We have robust arrangements for risk management including a Risk Management Group that meets regularly to review Strategic Risks;</li> <li>➤ Our risk management strategy and policies on internal control are aligned with corporate priorities;</li> <li>➤ The risks associated with delivering services through third parties are set out in our risk registers;</li> <li>➤ We have arrangements in place to prevent fraud, bribery and corruption;</li> <li>➤ We encourage effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making</li> <li>➤ We provide members and senior managers with regular reports on service plans and on progress against Key Performance Indicators;</li> <li>➤ We report on a consistent basis between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).</li> <li>➤ The Internal Audit Consortium Manager produces an Annual Report that provides an opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control;</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management Strategy</li> <li>• Risk Management Group</li> <li>• Strategic and Service Risk Registers</li> <li>• Risk Management Annual Report</li> <li>• Risk assessment of all Committee/Council decisions</li> <li>• Internal audit and reports</li> <li>• External audit and reports</li> <li>• Annual Governance Statement</li> <li>• Financial Regulations</li> <li>• Contract Standing Orders</li> <li>• Transparency &amp; Open Source Data</li> <li>• Medium Term Financial Strategy &amp; Medium Term Financial Plan</li> <li>• Anti-Fraud, Bribery and Corruption Policy</li> <li>• Treasury Management Strategy</li> <li>• Regular budget reporting and income monitoring (revenue and capital)</li> <li>• Regular reporting on service plans and performance against KPIs</li> <li>• Information Governance Framework &amp; Strategy</li> <li>• Designated Data Protection Officer</li> <li>• Data protection policies and procedures</li> <li>• Information sharing agreements</li> <li>• Data Privacy Impact Assessments</li> </ul>	<div style="text-align: center; margin-bottom: 10px;">  </div> <p>The external auditor's Annual Report for 2021/22 was issued in June 2023. In respect of Value for Money arrangements, the report states "No significant weaknesses in arrangements were identified and there are no recommendations from our work."</p> <p>During 2022/23 we made improvements to our budget monitoring reports and monitoring related to the capital programme.</p> <p>During 2022/23 the Corporate Leadership Team received monthly reports showing major revenue income streams against budget.</p> <div style="text-align: center; margin: 10px 0;">  </div> <p>The External Auditor's Audit Completion Report for 2021/22, presented to the Governance and Resources Committee in July 2023 identifies three significant audit risks:</p> <ul style="list-style-type: none"> <li>• Management override of controls;</li> <li>• Risk of an error in the valuation of the net defined benefit pension liability;</li> <li>• Risk of an error in the valuation of property, plant and equipment.</li> </ul>

<ul style="list-style-type: none"> <li>➤ The Governance and Resources Committee provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment;</li> <li>➤ The Governance &amp; Resources Committee monitors the implementation of recommendations from internal audit reviews.</li> <li>➤ The Council has an Information Governance Framework and Strategy that sets out the arrangements to ensure effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</li> <li>➤ We review and audit the quality and accuracy of data used in decision making and performance monitoring</li> <li>➤ Our financial management arrangements support both long term achievement of outcomes and short-term financial and operational performance</li> <li>➤ All reports to Council and policy committees include a financial risk assessment.</li> </ul>	<ul style="list-style-type: none"> <li>• Procedure for Data Protection Security Breaches</li> <li>• Checks on access to data and systems</li> <li>• ICT systems patched regularly &amp; kept up to date</li> </ul>	<p>At the time of writing this AGS, the testing has not been completed and there is no evidence to show that controls are not effective.</p> <p style="text-align: center;"></p> <p>A report to the Governance &amp; Resources Committee in July 2023 indicated that the audit plan for 2022/23 has not been fully completed (see principle 7 below). This follows a similar report for 2021/22. The reduced number of audits completed was because the work of the senior auditor was redirected onto business support grant work during and after the coronavirus pandemic in 2021/22, followed by the resignation of the two employees in internal audit in June / July 2022 and subsequent difficulties in filling the vacant posts. A Senior Auditor was appointed from May 2023 and an Auditor from July 2023. While the team is now fully staffed, the delivery of the 2023/24 audit plan will be adversely impacted. Therefore, a revised audit plan for 2023/24 is due to be presented to the Governance &amp; Resource Committee in November 2023</p>
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The Council's Medium-Term Financial Plan identifies a potential budget gap in future years. To mitigate this risk, the Council has a Medium-Term Financial Strategy and Medium-Term Financial Plan in place. However, the Council's Medium Term Financial Plan needs to be updated to show how it plans to address the budget gap for future years. Rising inflation will significantly increase the budget gap, though this could be partially offset by increased income from investments arising from higher interest rates and improved treasury management. Therefore, the MTFP will be kept under review by the Corporate Leadership Team and an action plan will be developed to maintain a sustainable balanced budget.

Significant changes in Local Government finances are due to take place over the next few years, which will culminate in a major change in the way Local Government is financed in future. It is expected that the Local Government Finance Settlement, due in late 2023, will bring more certainty for 2024/25 but there will still be uncertainties and difficulties in financial planning in the medium term. A parliamentary election is due in 2024, bringing more uncertainty. It is now expected that the outcome of the government reviews - Fair Funding Review and the Business Rates Retention Baseline Review - will be delayed by government and changes will not be introduced until 2026/27. The Medium-Term Financial Plan will be updated. As a further mitigation measure, the Council has reserves and

balances that could be used to balance the budget for 2024/25 and 2025/26 while a savings plan is developed and the Medium-Term Financial Plan is updated to ensure that subsequent budgets are financially sustainable over the medium term.





The standards set out in CIPFA's Financial Management Code apply from 2021/22. A baseline assessment reported to the Governance and Resources Committee in March 2021 indicated that there were six principles / standards identified as less strong, with a need for improvement and action; an action plan is in place, but little progress was made in 2021/22 due to staffing resources being diverted to additional work arising from the coronavirus pandemic and in 2022/23 due to vacant posts. It is expected that the outstanding actions will be addressed in 2023/24. None of the issues have been identified as significant governance issues. See separate section below.




In 2022/23 weaknesses were identified in the arrangements for ensuring that systems are in place to meet grant conditions. In September 2022 Financial Regulations were strengthened in this regard. However, employee awareness still needs to be raised.

		<p>We have recognised that the loss of corporate organisational knowledge and experience aligned to increased staff turnover resulted in some budget monitoring policies and procedures not being implemented as robustly as is required during 2022/23. However, at the time of writing this AGS all senior posts in financial services had been filled. Engagement with budget holders is now more frequent and meaningful and improved budget monitoring reports are to be launched during 2023/24.</p>
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**PRINCIPLE 7 - Implementing good practices in transparency, reporting and audit to deliver effective accountability**

How we meet this principle	Source of assurance	Successes and Areas for Improvement
<ul style="list-style-type: none"> <li>➤ Our reports are written in a style avoids jargon and can be understood by the public;</li> <li>➤ Our reports and minutes of meetings are available on our website;</li> <li>➤ We prepare an Annual Governance Statement that reports on compliance against our corporate governance framework;</li> <li>➤ Our financial statements are prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations</li> <li>➤ The Governance &amp; Resources Committee undertakes the core functions of an audit committee and ensures that recommendations for corrective action made by external audit are acted upon</li> <li>➤ We have an effective internal audit service where the Internal Audit Consortium Manager has direct access to</li> </ul>	<ul style="list-style-type: none"> <li>• Annual report on Service plans and performance management</li> <li>• Annual review of Corporate Governance framework</li> <li>• Annual Governance Statement</li> <li>• Review of actions recommended by internal audit service</li> <li>• Statement of Accounts</li> <li>• Audit Strategy Memorandum and Annual Audit Letter from External Auditor</li> <li>• Anti-fraud, bribery and corruption policy and reporting</li> <li>• Data Protection Officer and two Information Governance Officers in place</li> <li>• Compliance with CIPFA’s Statement on the Role of the Head of Internal Audit</li> <li>• Compliance with Public Sector Internal Audit Standards</li> </ul>	<div style="text-align: center;">  </div> <p style="text-align: center;">We report to Members regularly on performance against targets.</p> <div style="text-align: center;">  </div> <p style="text-align: center;">In 2022/23 only 3 out of 26 (11.5%) of audits planned at the start of the year were completed. Two audit areas received substantial assurance and one gave reasonable assurance. There were</p>



<p>members to provide assurance with regard to governance arrangements and that recommendations are acted upon</p> <ul style="list-style-type: none"> <li>➤ We welcome peer challenge, reviews and inspections from regulatory bodies</li> <li>➤ We have clear governance arrangements in place for partnership arrangements</li> </ul>	<ul style="list-style-type: none"> <li>• Minutes of meetings from Partnership Board Meetings and Operational Review Meetings.</li> <li>• Annual Complaints Report to Governance &amp; Resources Committee</li> </ul>	<p>no reports in 2022/23 with limited or inadequate assurance.</p> <p>Significant governance issues raised during the audit reviews are disclosed elsewhere in this annual governance statement.</p> <p>The implementation of some internal audit recommendations was delayed in 2021/22 and 2022/23 due to staff resources being redirected during the coronavirus pandemic and subsequent delays. Such delays related to asset management and data protection. A report is due to be presented to the Governance &amp; Resources Committee in November to show that most of these outstanding recommendations have been implemented.</p> <div style="text-align: center;">  </div> <p>An internal audit report has identified opportunities to strengthen our arrangements for data protection (see action plan). Whilst 8 data breaches, incidents or near misses were identified in 2022/23 (down from 24 in 2021/22), none were serious enough to be reportable to the Information Commissioner's Office (ICO). In March 2023 a Data Protection Audit identified that the Council is not fully meeting 20% of expectations within the ICO's Accountability Tracker, which covers 13 broad areas across all of the criteria. To address these areas and to meet ICO expectations, the Information</p>
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Governance needs additional support and resources.

Reporting of data security incidents is actively encouraged; incidents are reviewed by the Information Governance Board to identify lessons to be learned and areas for improvement. The Information Governance Officer has utilised the staff intranet to promote data privacy awareness and best practice amongst colleagues.



The Local Government Association Peer Challenge team made several recommendations. In July 2020 the Council approved a Peer Challenge Action Plan to address these issues. Progress on implementing some aspects of the Action Plan has been delayed owing to officers focusing on other higher priority work during the coronavirus pandemic. However, the Peer Review Action Plan was reviewed and updated at Council in November 2021 and September 2022.

## **How the Council operates**

### **The Council**

During 2022/23 the Council was composed of 39 councillors elected every four years; the number reduced to 34 following the elections held in May 2023. Prior to that elections were last held in May 2019. Councillors are democratically accountable to the residents of their respective wards. The overriding duty of councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them.

Councillors must agree to follow the Council's Code of Conduct to ensure high standards in the way they undertake their duties. The Council's Monitoring Officer trains and advises them on the Code.

All Councillors meet as the Council. Meetings of the Council are normally open to the public. Here Councillors decide the Council's overall strategies and policies and set the budget and council tax each year. The Council holds the policy committees to account and is itself a policy development body. There is an opportunity at Council meetings for members of the public to participate by putting their questions to Councillors. There is provision for public participation and meetings are live-streamed on the internet. The Civic Chair of the District of Derbyshire Dales reports to each meeting and the Leader of the Council has an opportunity to address the Council meeting on issues concerning the District of Derbyshire Dales at Council and his attendance at meetings with significant partners.

### **The Council's Constitution**

Derbyshire Dales District Council has adopted a Constitution that sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose.

The Constitution is divided into 13 Articles that set out the basic rules governing the Council's business. More detailed procedures and codes of practice are provided in separate rules and protocols within the Constitution.

The Constitution is kept under review and amendments are approved at the Annual Meeting of the Council in May each year, or at other times as necessary.

### **How decisions are made**

Most day-to-day decisions are made by policy committees. The Council has two policy committees called 'Governance and Resources' and 'Community and Environment'. Committees also carry out a number of regulatory functions, including dealing with planning applications, licensing and most other regulatory business.

Meetings of the Council's policy and other committees are open to the public except where personal or confidential matters are being disclosed. There is provision for public participation where residents can present their views to councillors in person.

In addition, senior officers of the Council make decisions under delegated authority. The level of delegation is recorded in the Council's Constitution.

### **The role of the Governance and Resources Committee**

The purpose of the Governance and Resources Committee is to consider specific issues or aspects of policy, procedure or service relating to specific services. The main services within the Committee's remit include asset management, central support services, data protection, digital transformation and ICT, electoral administration and registration, financial governance, human resources, legal and corporate governance, member support and development, procurement, revenues and benefits and risk management.

The Governance and Resources Committee takes the statutory role of an "Audit Committee" and provides independent review, challenge and assurance of the adequacy of the risk management framework and the associated control environment.

Here are some of the key tasks that the Council has delegated to this Committee:

- To have an overview of the Governance framework and to develop and review supporting policies and procedures;
- To approve and review the Council's Code of Corporate Governance and other supporting material;
- To approve the Annual Governance Statement and the Annual Statement of Accounts;
- To consider the External Auditor's reports on issues arising from the Audit of Accounts, the External Audit Plan, the Annual Audit Letter etc.
- To approve and review the internal audit plan, consider major findings of internal audit investigations and management's response, and promote co-ordination between the internal and external auditors;
- To keep under review the effectiveness of internal control systems, to receive the External Audit Management Letter on behalf of the Council and any representations and refer any issues requiring attention to the relevant committee and/or officer;
- To consider the appointment of the external auditor, the audit fee, the provision of any non-audit services by the external auditor and any questions of resignation or dismissal of the external auditor;
- To approve the Council's Risk Management Policy and Strategy and consider the annual monitoring report as part of considering the effectiveness of Risk Management, including the risks of bribery, fraud and Corruption.
- To be responsible for the effective management of the Council's land, buildings and property holdings;
- To act as the main "financial committee" to regulate and control the finances of the Council as defined in the Local Government Act 1972;
- To determine policy in relation to the Council's duties and responsibilities as an "employer" and in relation to human resources, employee training and development and industrial relations issues;
- To determine policy and oversee arrangements in relation to the Council's duties and responsibilities under the Data Protection Act;
- To undertake the role of the standards committee.

### **The role of the Community & Environment Committee**

The purpose of the Community & Environment Committee is to consider specific issues or aspects of policy, procedure or service relating to specific services. The main services within the Committee's remit include Waste Collection and Recycling, Parks, Street Cleansing, Car Parking, Leisure Services, Public Conveniences, Cemeteries, Climate Change, Environmental Health, Public Health and Safety, Economic Development and Housing.

## **The scrutiny committee**

The purpose of the scrutiny committee is to provide an independent review of Council decisions either before or after they have been made; to provide an independent review of decisions made by certain partner authorities and to make recommendations regarding the decisions made.

## **Area Community Forums**

To give local people a greater say in Council affairs, there are 3 Area Community Forums. These cover the Northern, Central and Southern areas of the District and are intended to act as a focus point for mutual communication and consultation between the local community, stakeholders and Councillors from all local councils in their area. They are held in public at various meeting venues throughout the District.

## **The Council's employees**

The Council has people working for it to give advice, implement decisions and manage the day to day delivery of its services. Some employees have a specific duty to ensure that the Council acts within the law and uses its resources wisely. A Protocol governs the relationships between employees and members of the Council. The Protocol is part of the Constitution. Employees are required to follow the Council's Employee Code of Conduct to ensure high standards in the way they undertake their duties. The Council's Monitoring Officer provides guidance and advice on the Code.

## **Citizens' Rights**

Citizens have a number of rights in their dealings with the Council. These are set out in more detail in Article 3 of the Constitution. Some of these are legal rights, whilst others depend on the Council's own processes. The local Citizens' Advice Bureau can advise on individuals' legal rights. Where members of the public use specific council services, for example as a leisure centre user or as an applicant for planning permission, they have additional rights. These are not covered in the Constitution.

Citizens have the right to:

- Vote at local elections if they are registered
- Contact their local councillor
- Obtain a copy of the Constitution
- Attend meetings of the Council and its committees except where, for example, personal or confidential matters are being discussed
- Petition to request a referendum on a mayoral form of executive
- Participate in the Council's Public Participation Scheme
- Attend committee and Council meetings where key decisions are being discussed or decided
- See reports and background papers, and any record of decisions made by the Council and its committees.
- Complain to the Council about the exercise of any of its functions through the Complaints Scheme.
- Complain to the Council's Monitoring Officer about the behaviour of one of its Councillors or the behaviour of a local Parish/Town Councillor

- Complain to the Ombudsman if they think the Council has not followed its procedures properly. However, they are recommended to do this after using the Council's own complaints process
- Inspect the Council's accounts and make their views known to the external auditor.

### **The Corporate Plan**

The Corporate Plan sets out the vision and improvement priorities for Derbyshire Dales District over the four years following an election. It is the key strategy from which the District Council's Budget and Service Plans cascade. There are 3 broad priority areas:

- People - providing you with a high quality customer experience
- Place - keeping the Derbyshire Dales Clean, Green and Safe; and
- Prosperity - supporting better homes and jobs for you.

### **Managing Key Risks**

All Councillors and Managers are responsible for ensuring that risks are considered in the decisions they take. The Council has a Risk Management Policy and Strategy that is usually reviewed every two years. It is the Council's policy to proactively identify, understand and manage the risks inherent in our services and associated within our plans and strategies, to encourage responsible, informed risk taking.

### **Whistleblowing**

People working for the Council are often the first to realise that there may be something wrong within the Council. However, they may feel unable to express their concerns for various reasons, including the fear of victimisation. The Council has a Whistleblowing Policy that advises staff and others who work for the Council how to raise concerns about activities in the workplace.

### **Monitoring Officer**

The Director of Corporate and Customer Services is the Council's appointed Monitoring Officer. The Monitoring Officer is responsible for maintaining the Constitution, ensuring lawfulness and fairness of decision-making, promoting high ethical standards and has a personal duty to report to the Council any breaches in the rule of law.

### **Chief Financial Officer**

The Director of Resources is the Council's appointed Chief Financial Officer (also known as the Section 151 Officer). This is a statutory post, responsible for ensuring lawfulness and prudence of financial decision-making and the administration of the Council's financial affairs. The role of Chief Financial Officer conforms with the good practice requirements within the CIPFA statement on "The Role of the Chief Financial Officer in Local Government". The Council's Chief Financial Officer is a full member of the Corporate Leadership Team and is supported by appropriately qualified and experienced staff.

The Director of Resources has taken a key role in reviewing corporate governance and in preparing this Annual Governance Statement. She is satisfied with the arrangements currently in place for financial management, though these will be improved when the action plan for CIPFA's Financial Management Code has been fully implemented. While the internal audit provision has been limited in 2021/22 and 2022/23 as explained in this Statement, and it has not been possible for the Head of Internal Audit to give an opinion on the effectiveness of the control framework, no matters of significance that have been identified to the Director of Resources have been omitted from this statement.

### **Managing Finances**

Internal financial control is based on a framework of management information that includes the Financial Regulations, Contract Standing Orders, our accounting procedures and key financial systems. These include established budget planning procedures and quarterly budget reports to Council or Governance and Resources Committee. The Corporate Leadership Team monitors key income streams on a monthly frequency. The Corporate Leadership Team monitors performance against the annual budget, capital programme and medium-term financial plan.

A system of budgetary control is in place, which is enforced by the Corporate Leadership Team. Budget holders are identified for each revenue service or capital project and they are provided with monthly budget monitoring reports. Training, support and guidance is provided by the Financial Services Team.

Capital projects are only put forward for Committee/Council approval after the Corporate Leadership Team has approved a business case, which ensures projects support the Council's priorities and that they are fully resourced and planned before spending can commence.

**The Council has a Medium-Term Financial Strategy that shows the overall direction of the Council's financial position over the next five years. This includes a Medium-Term Financial Plan which indicates that a budget gap will arise over the next few years due to an expected reduction in government funding. The Council has a good track record of delivering savings. However, we face a challenge in producing a sustainable budget over the medium term in the face of rising inflation and further potential reductions in government funding. The Council has reserves and balances that could be used in the short term to address any savings requirements for 2024/25 and 2025/26 while a thorough review of income and expenditure is undertaken, and an action plan developed. Given the amount set aside in usable revenue reserves, the timing of the required savings, and the uncertainty surrounding council funding (arising mainly from the outcome of the anticipated level of the government's Fair Funding Review and its review of the Business Rates Retention scheme), the Council's approach to meeting the Corporate Savings Target and closing the budget gap has been to refrain from significant service reductions until the outcome of the government reviews is known. However, the Council's Medium Term Financial Plan now needs to be updated to show how it plans to address impact of rising inflation and address the widening budget gap in future years. Therefore, the MTFP will be kept under review by the Corporate Leadership Team and an action plan will be developed to maintain a sustainable balanced budget over the medium term.**

There is a separate section (below) relating to the CIPFA Financial Management Code.

### **Internal Audit**

The Council receives substantial assurance from Internal Audit work who (through an agreed programme of testing – the Internal Audit Plan) review the adequacy of the controls and governance that operate throughout all areas of the Council.

Management of Internal Audit is provided by the Bolsover, Chesterfield and North East Derbyshire District Councils' Internal Audit Consortium. The Internal Audit Service has been managed and delivered in accordance with Public Sector Internal Audit Standards (PSIAS). The Governance and Resources Committee approved an Internal Audit Charter in 2022, which is due for review in the event of any significant changes being made to the PSIAS. The Charter sets out the role of internal audit and its responsibilities and clarifies its independence.

The Head of the Internal Audit Consortium prepares an Annual Report for the Governance and Resources Committee. The Annual Report includes an opinion on the adequacy and effectiveness of the Council's control environment. The results of internal audit work concluded during the year are presented in the annual report.

In 2022/23 only 3 out of 26 (11.5%) of audits planned at the start of the year were completed. Two audit areas received substantial assurance and one reasonable assurance. There were no 'limited' or 'inadequate' assurance levels reported in 2022/23.

Where weaknesses have been identified through internal audit review, management have agreed appropriate corrective actions and a timescale for improvement. Reports are presented to the Governance & Resources Committee to inform them of the outcome of audit reviews and progress on implementing recommendations.

The Internal Audit Annual Report sets out the Head of the Internal Audit Consortium's opinion relating to the adequacy and effectiveness of the Council's control environment. For 2022/23, it is considered by the Head of the Internal Audit Consortium that insufficient assurance work has been carried out to allow her to form an opinion on the adequacy and effectiveness of Derbyshire Dales District Council's governance, risk and control arrangements.

The lack of an internal audit annual opinion is a breach of the Public Sector Internal Audit Standards has been reported to the Governance and Resources Committee and identified as a significant governance issue in the annual governance statement.

During 2020/21 to 2022/23, the implementation of some internal audit recommendations was delayed due to staff resources being redirected during the coronavirus pandemic and a subsequent backlog of work. Such delays related to asset management and data protection. A report is due to be presented to the Governance & Resources Committee in November to show that most of these outstanding recommendations have been implemented.

At the time of writing this report both the Senior Auditor and the Internal Auditor positions have now been filled and work on the internal audit plan for 2023/24 has commenced, with a focus on high and medium risk areas. While the team is now fully staffed, the delivery of the 2023/24 audit plan will be adversely impacted by the vacancies in the first part of the year. Therefore, a revised audit plan for 2023/24 is due to be presented to the Governance & Resource Committee in November 2023.



An external review of Internal Audit was undertaken in 2021. The independent report concludes that current services are assessed to 'generally conform' with the PSIAS and compare favourably with peers; there are no areas where the service does not comply with the standards. The recommendations arising from the review have now been meaning that Members can have confidence in the quality of service provided by internal audit.

### **External Audit & Other Inspections**

The Council's external auditor is Mazars LLP.

In June 2023 Mazars issued a draft unqualified opinion in relation to the Council's 2021/22 statutory financial statements. In the Audit Completion Report relating to the Council's financial statements for 2021/22 the External Auditor made an internal control recommendation (low priority) that management should review and strengthen controls relating to the preparation of the grants note. This recommendation has been accepted and has been addressed as part of the preparation of the grants note for the 2022/23 financial statements.

In June 2023 the external auditor issued his draft Annual Audit Report in respect of 2021/22. The report indicates that the external auditor reviewed the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2021. No significant weaknesses in arrangements were identified and there were no recommendations arising from the work.

### **Local Government Association (LGA) Peer Challenge**

The LGA Corporate Peer Challenge review was undertaken in 2019 and the final feedback report was received and circulated to all Members on 21st January 2020.

The Local Government Association Peer Challenge team made several recommendations to address a series of challenges. In July 2020 the Council approved a Peer Challenge Action Plan to address these issues. Progress on implementing some aspects of the Action Plan has been delayed owing to officers focusing on other higher priority work during the coronavirus pandemic. However, the Peer Review Action Plan was reviewed and updated at Council on 25th November 2021 and in September 2022.

### **Compliance with the Financial Management Code**

**The Chartered Institute of Public Finance and Accountancy (CIPFA) has published The Financial Management Code (FM Code), which provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively.**

**The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management, which is an essential part of ensuring that public sector finances are sustainable.**

Full implementation of the CIPFA's Financial Management Code was expected from 2021/22. A baseline assessment reported to the Governance and Resources Committee in March 2021 indicated that there were six principles / standards identified as less strong, with a need for improvement and action. An action plan was approved to address these issues during 2021/22. As a result of staff vacancies and the additional workload during the coronavirus pandemic, little progress was made during 2021/22 and the first part of 2022/23. Some progress has been made in the last twelve months. The following actions have not yet been fully addressed:

**E: The financial management style of the authority supports financial sustainability**

**G: The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members**

**M: The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.**

**N: The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.**

It is expected that the outstanding actions will be addressed during 2023/24. None of these outstanding actions have been identified as significant governance issues.

## Significant governance issues and action plan

### a) Update on issues raised in last year's (2021/22) Annual Governance Statement

	Issue	Action Identified in last year's statement	Target date in last year's statement	Current status	Lead Officer
1	<p>There is a budget gap for future years as identified in the Medium-Term Financial Plan, which will be exacerbated by rising inflation.</p>	<p>Ensure that there are effective processes to manage and monitor budgets and to plan and monitor savings.</p> <p>Review the MTFP to reflect the impact of rising inflation, the outcome of the Local Government Finance Settlement for 2023/24 and 2024/25 and following outcome of government's reviews of fair funding and business rates retention.</p> <p>Develop an action plan to maintain a sustainable balanced budget.</p>	<p>Updated Medium Term Financial Plan &amp; Balanced Budget for 2023/24: by 1 March 2023</p>	<p><b>Partially achieved:</b></p> <p>A balanced budget was set for 2023/24 on 2 March 2023. An updated Medium -Term Financial Plan (MTFP) reflecting rising inflation was approved at the same Council meeting.</p> <p>Best and worst case MTFPs were included in the budget report for 2023/24.</p> <p>The MTFP is to be further reviewed in 2023/24 to reflect the outcome of the Local Government Finance Settlement for 2024/25.</p> <p>It is now expected that the outcome of government's reviews of fair funding and business rates retention baselines will not come into effect before 2026/27; the MTFP will be updated to reflect this, which has the effect of pushing back the potential £3m budget gap from 2025/26 to 2026/27.</p> <p>The development of an action plan to maintain a sustainable balanced budget is on hold awaiting the outcome of these government reviews.</p>	<p>Director of Resources</p>

2	An internal audit review has identified that our arrangements for asset management need to be strengthened	Address the outstanding recommendation to reconcile assets of the property and financial systems and use a common property identifier on both systems.	31 March 2023	<b>In Progress:</b>  Work was delayed due to a lack of resources in Legal and Resources (mainly); it is now underway.	Director of Regulatory Services
3	An internal audit review of data protection arrangements has identified areas where improvements are required.	Address the implementation of outstanding recommendations from the internal audit review.	31 March 2023	<b>In Progress:</b>  External audit of Council position against the ICO Accountability Tracker has been undertaken and identified 13 areas for immediate improvement.  An action plan is being developed which will include reviewing and updating policies and procedures, as well as increasing awareness of duties in respect of data protection amongst all employees and Members	Director of Corporate & Customer Services and the Director of Resources (Data Protection Officer)
4	Internal audit resources have been insufficient to complete the internal audit plan	Ensure that appropriately trained auditors are in place to deliver the audit plan.	31 December 2022	<b>In progress:</b>  Audit resources returned to full strength from July 2023. Appropriate training is being undertaken. The audit plan for 2023/24 is being reviewed and will be reported to Committee for approval in November 2023.	Director of Resources
5	Weaknesses have been identified in arrangements for procurement and contract management	Implement the recommendations from the independent review of waste management;	31 December 2022	<b>Complete:</b> Recommendations implemented in full	Corporate Leadership Team

		Carry out a review of financial regulations and contract standing orders and, following that, raise employee awareness and provide training, guidance and support.		<b>Complete:</b> Contract Standing Orders and Financial Regulations updated in September 2022 with training delivered to all senior managers in October 2022. Procurement and Contracts Officer appointed in April 2023.	
6	Arrangements for ensuring that systems are in place to meet grant conditions need to be strengthened	Review and strengthen Financial Regulations relating to grant conditions and raise employee awareness.	31 December 2022	<b>Partially complete:</b> Financial Regulations updated in 2022. Employee awareness to be raised following update of Financial Regulations in 2023.	Director of Resources

**b) Annual Governance Statement issues arising from 2022/23 review, to be actioned in 2023/24**

	Issue	Action	Expected Outcome	Lead Officer (s)	Target Date
1	There is a budget gap for future years as identified in the Medium-Term Financial Plan, which will be exacerbated by rising inflation.	<p>Ensure that there are effective processes to manage and monitor budgets and to plan and monitor savings.</p> <p>Review the MTFP to reflect the impact of rising inflation and interest rates, the outcome of the Local Government Finance Settlement for 2024/25 and following outcome of government's reviews of fair funding and business rates retention.</p> <p>Following the outcome of the government reviews, develop an action plan to maintain a sustainable balanced budget.</p>	Balanced budget for 2024/25 and Medium-Term Financial Plan to be updated to address budget gap for future years.	Director of Resources	Updated Medium Term Financial Plan & Balanced Budget for 2024/25: by 11 March 2024

2	An internal audit review has identified that our arrangements for asset management need to be strengthened	Address the outstanding recommendation to reconcile assets of the property and financial systems and use a common property identifier on both systems.	Completion of reconciliation	Directors of Regulatory Services, Corporate & Customer Services and Resources	31 March 2024
3	Internal and external reviews of data protection arrangements have identified areas where improvements are required.	Address the implementation of outstanding recommendations from the internal audit review and the external review.	Compliance with legislation and ICO guidance, reducing the risk of sanctions for non-compliance;  Raised awareness for employees and councillors;  Improved record keeping.	Director of Corporate & Customer Services	31 March 2024
4	Internal audit resources have been insufficient to complete the internal audit plan and for an opinion to be given on the adequacy and effectiveness of Derbyshire Dales District Council's governance, risk and control arrangements.	Ensure that appropriately trained auditors are in place to deliver the audit plan.	Ensure that the new auditors are suitably trained.  Review the internal audit plan.	Director of Resources	30 November 2023
5	Arrangements for ensuring that systems are in place to meet grant conditions need to be strengthened	Raise employee awareness of updated Financial Regulations.	Improved monitoring of compliance with grant conditions, reducing the risk of claw back or non-payment of grant,	Director of Resources	31 December 2023

We propose over the coming year to take steps to address the significant governance issues identified in section 6b of this statement to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Approved at a meeting of the Governance and Resources Committee held on 14 September 2023.

Signed



Councillor Steve Flitter  
**Leader of the Council**



Paul Wilson  
**Chief Executive**

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council does not have material items of Other Comprehensive Income and Expenditure which would subsequently be reclassified to the Surplus or Deficit on the Provision of Services when specific conditions are met.

2021/22				2022/23		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000s	£000s	£000s		£000s	£000s	£000s
435	(4)	431	Chief Executive	578	-	578
12,980	(6,877)	6,103	Community and Environmental Services	12,726	(6,959)	5,767
2,718	(406)	2,312	Corporate Services	2,527	(149)	2,378
2,585	(1,249)	1,336	Housing Services	3,070	(1,324)	1,746
2,731	(1,334)	1,397	Regeneration and Policy	950	(189)	761
2,708	(869)	1,839	Regulatory Services	3,011	(1,848)	1,163
11,876	(9,857)	2,019	Resources	11,566	(9,321)	2,245
<b>36,033</b>	<b>(20,596)</b>	<b>15,437</b>	<b>Cost Of Services</b>	<b>34,428</b>	<b>(19,790)</b>	<b>14,638</b>
1,826	(598)	1,228	Other Operating Expenditure (Note 9)	1,893	(312)	1,581
422	(164)	258	Financing and investment income and expenditure (Note 10)	996	(713)	283
	(14,221)	(14,221)	Taxation and Non-Specific Grants (Note 11)	-	(18,065)	(18,065)
<b>38,281</b>	<b>(35,579)</b>	<b>2,702</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>37,317</b>	<b>(38,880)</b>	<b>(1,563)</b>
		(1,393)	Surplus or deficit on revaluation of non-current assets			(1,928)
		(8,542)	Re-measurements of the net defined benefit liability			(23,627)
		<b>(9,935)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(25,555)</b>
		<b>(7,233)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(27,118)</b>



## MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year.

	General Fund* Balance £000s	Earmarked Fund* Balance £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Total Usable Reserves £000s	Unusable Reserves £000s	Total Authority Reserves £000s
<b>31st March 2021</b>	<b>(2,000)</b>	<b>(20,968)</b>	<b>(2,557)</b>	<b>(1,263)</b>	<b>(26,788)</b>	<b>(33,215)</b>	<b>(60,003)</b>
Total Comprehensive Income and Expenditure	2,702	-	-	-	2,702	(9,935)	(7,233)
Adjustments from income and expenditure charged under the accounting basis to funding basis (Note 8)	(1,505)	-	634	370	(501)	501	0
Transfer (to) / from Reserves (Note 19)	(3,231)	3,231	-	-	-	-	-
<b>2021/22</b>	<b>(2,034)</b>	<b>3,231</b>	<b>634</b>	<b>370</b>	<b>2,201</b>	<b>(9,434)</b>	<b>(7,233)</b>
<b>31st March 2022</b>	<b>(4,034)</b>	<b>(17,737)</b>	<b>(1,923)</b>	<b>(893)</b>	<b>(24,587)</b>	<b>(42,649)</b>	<b>(67,236)</b>
Total Comprehensive Income and Expenditure	(1,563)	-	-	-	(1,563)	(25,555)	(27,118)
Adjustments from income and expenditure charged under the accounting basis to funding basis (Note 8)	1,686	-	(55)	(1,008)	623	(623)	-
Transfer (to) / from Reserves (Note 19)	(866)	866	-	-	-	-	-
<b>2022/23</b>	<b>(743)</b>	<b>866</b>	<b>(55)</b>	<b>(1,008)</b>	<b>(940)</b>	<b>(26,178)</b>	<b>(27,118)</b>
<b>31st March 2023</b>	<b>(4,777)</b>	<b>(16,871)</b>	<b>(1,978)</b>	<b>(1,901)</b>	<b>(25,527)</b>	<b>(68,827)</b>	<b>(94,354)</b>

## 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.

31st March 2022 £000s		Notes	31st March 2023 £000s
76,041	Property, Plant and Equipment	12	77,684
1,637	Investment Property	13	1,655
149	Intangible Assets		138
1,048	Long Term Investments	14	885
<b>78,875</b>	<b>Long Term Assets</b>		<b>80,362</b>
12	Inventories		2
13,326	Short Term Debtors	15	7,867
26,287	Cash and Cash Equivalents	16	19,647
-	Short Term Investments	14	2,001
<b>39,625</b>	<b>Current Assets</b>		<b>29,517</b>
(6)	Short Term Borrowing	14	(6)
(1,964)	Provisions	18	(970)
(21,579)	Short Term Creditors	17	(8,610)
<b>(23,549)</b>	<b>Current Liabilities</b>		<b>(9,586)</b>
(31)	Long term Provisions	18	(34)
(5,450)	Long Term Borrowing	14	(5,450)
(22,233)	Other Long Term Liabilities	33	(454)
<b>(27,714)</b>	<b>Long Term Liabilities</b>		<b>(5,938)</b>
<b>67,237</b>	<b>Net Assets</b>		<b>94,355</b>
(24,587)	Usable reserves	20	(25,527)
(42,650)	Unusable Reserves	21	(68,828)
<b>(67,237)</b>	<b>Total Reserves</b>		<b>(94,355)</b>

The financial statements were approved for issue on 15 February 2024 by the Director of Resources.

## 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.

31st March 2022 £000s		31st March 2023 £000s
(2,702)	Net surplus or (deficit) on the provision of services	1,563
10,991	Adjustments to net surplus or (deficit) on the provision of services for non-cash movements (Note 22)	(3,602)
(1,829)	Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities (Note 22)	(3,414)
6,460	Net cash flows from Operating Activities	(5,453)
(755)	Investing Activities (Note 23)	(1,202)
-	Financing Activities (Note 24)	15
5,705	Net increase or (decrease) in cash and cash equivalents	(6,640)
20,582	Cash and cash equivalents at the beginning of the reporting period	26,287
<b><u>26,287</u></b>	<b>Cash and cash equivalents at the end of the reporting period (Note 20)</b>	<b><u>19,647</u></b>

# NOTES TO THE ACCOUNTS

## 1. ACCOUNTING POLICIES

### a) General principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2022/23* (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

Where figures disclosed in the Statement of Accounts have been rounded to the nearest £'000, there is the potential for rounding errors and minor inconsistency when cross referencing due to inter-dependencies across different disclosures. These have been minimised as far as reasonably possible, whilst ensuring the robustness of values carried forwards and disclosures within the Core Statements carrying prominence.

### b) Accruals of income and expenditure

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

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

### c) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

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

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

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

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

#### **e) Charges to revenue for non-current assets**

Services accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirements (equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance). Depreciation, revaluation and impairment losses or amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### **f) Contingent liabilities**

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

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

#### **g) Council Tax and Non-Domestic Rates (NDR) income**

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 (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of council tax and non-domestic rates. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

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

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

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

### **h) Employee benefits**

#### **Benefits payable during employment.**

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

#### **Termination benefits**

Termination benefits are amounts payable because of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Authority can no longer withdraw the offer of those benefits. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

#### **Post-employment benefits**

The Council's employees are part of the Local Government Pension Scheme, administered by Derbyshire County Council (Derbyshire pension fund). The scheme provides defined benefits to members (in the form of retirement lump sums and pensions), earned as employees work for the Council.

- The liabilities of the Derbyshire pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit cost method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices. The discount rate is based on the indicative rate of return on high quality corporate bonds.
- The assets of Derbyshire pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price.

- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.
- The change in the net pension liability is analysed into the following components.
  - **Service cost comprising:**
    - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
    - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
    - net interest on the net defined benefit liability i.e., net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
  - **Re-measurement comprising:**
    - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - contributions paid to the Derbyshire pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

### **Discretionary benefits**

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

### **i) Events after the balance sheet date**

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

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

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

## **j) Financial instruments**

The term ‘financial instrument’ covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

### **Financial Liabilities**

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, 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 Comprehensive Income and Expenditure Statement 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 cash flow 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.

Any gains and losses that arise on 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**

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. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

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

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provision 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.

And gains and losses that arise on 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.

## **Loans and Receivables**

Loans and receivables are recognised in 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 carried at their amortised cost. Annual credits to the Financing Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement. The Council has not made any loans at less than market rates (soft loans).

## **k) Government grants and other contributions**

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

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

- The grants or contributions will be received.

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

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

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

### **l) Heritage Assets**

The Council has a small number of heritage assets which are maintained for their historic value. Due to the lack of reliable historic information and lack of comparable data a meaningful value is not possible. Any future assets will be held on the balance sheet at historic cost. The Council has adopted a £25,000 de-minimis level for heritage assets and any assets identified below this level are not separately identified on the balance sheet and remain in their existing categories. The Council's identified heritage assets include War Memorials and Churchyard Gates. These assets have indefinite lives and so are not depreciated.

### **m) Intangible assets**

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

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

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in

the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

#### **n) Inventories and long-term contracts**

Inventories are included on the Balance Sheet at the lower of cost and net realisable value, calculated separately for each category of inventory. The cost of inventories is assigned using the First In, First Out costing formula.

The Council does not have any trading activities that generate income from long-term contracts.

#### **o) Investment property**

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

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 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 in the Comprehensive Income and Expenditure Statement. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

#### **p) Leases**

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

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

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

### **The Authority as Lessee**

#### *Finance Leases*

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

Lease payments are apportioned between:

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

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

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

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

### *Operating Leases*

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

### **The Authority as Lessor**

#### *Finance Leases*

The Authority does not grant any finance leases for property, plant and equipment.

#### *Operating Leases*

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

### **q) Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

### **r) Property, plant and 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 accrual's 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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the 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.

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

- Infrastructure and Community assets – depreciated historical cost.
- Assets under construction – cost.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective. Where there is no market-based evidence in an active market of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).
- The council has a £10,000 de minimis gross cost limit and does not recognise items below this threshold.

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end. The minimum frequency required by the Code of Practice is every five years, but Derbyshire Dales District Council’s policy is to complete these revaluations every 3 years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### **Impairment**

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

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

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

## **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without 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:

- 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, as advised by a suitably qualified officer.
- Infrastructure Assets – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer. The range of asset lives currently used for these assets are:

Sewage Treatment plants - 20/25 years  
 Cemetery paths (Bakewell) – 25 years  
 Bus station – 50 years  
 Bridges and unadopted or access roads – 50 years  
 Bakewell ABC access road bridge – 100 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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 on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## **Disposals and Non-current Assets Held for Sale**

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

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure 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.

Infrastructure assets are de-recognised at nil value in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. These receipts are required to be credited to 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)). 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 fixed 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.

### **s) Provisions**

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

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

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

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

### **t) Reserves**

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

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

### **u) Revenue expenditure funded from capital under statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement

in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

#### **v) Value Added Tax (VAT)**

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

#### **w) Fair Value Measurement**

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

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

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

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

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

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

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

## **2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2022/23 Code.

The standards introduced by the 2023/24 Code and relevant for additional disclosures that will be required in the 2022/23 financial statements are:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

The Council does not currently anticipate that any of the above will have a material impact on the financial statements.



### 3. 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:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment	Assets are depreciated on a straight-line basis 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 an asset is reduced, depreciation increases and the carrying amount of the asset falls.  It is estimated that the annual depreciation charge for buildings would increase by £144,000 for every year that useful lives had to be reduced.
Pensions Liability	The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	See Pension Note.

### 4. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Director of Resources on 8 August 2023. Events taking place after this date are not reflected in the financial statements or notes.

The Council is not aware of any events that occurred between the 31<sup>st</sup> March 2023 and this authorisation date that would require disclosure.

## 5. EXPENDITURE AND FUNDING ANALYSIS

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

Net Expenditure Chargeable to the General Fund Balance	2021/22 Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	2022/23 Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000s	£000s	£000s		£000s	£000s	£000s
340	91	431	Chief Executive	509	69	578
2,542	3,561	6,103	Community and Environmental Services	2,894	2,873	5,767
1,828	483	2,312	Corporate Services	2,040	338	2,378
781	555	1,336	Housing Services	50	1,696	1,746
1,843	(446)	1,397	Regeneration and Policy	536	225	761
854	985	1,839	Regulatory Services	281	882	1,163
2,512	(493)	2,019	Resources	2,742	(497)	2,245
<b>10,701</b>	<b>4,737</b>	<b>15,437</b>	<b>Net Cost of Services</b>	<b>9,052</b>	<b>5,586</b>	<b>14,638</b>
(9,506)	(3,229)	(12,735)	Other income and expenditure	(8,929)	(7,272)	(16,201)
<b>1,195</b>	<b>1,508</b>	<b>2,703</b>	<b>(Surplus) / Deficit</b>	<b>123</b>	<b>(1,686)</b>	<b>(1,563)</b>
<b>(22,968)</b>			<b>Opening General Fund Balance</b>	<b>(21,773)</b>		
<b>1,195</b>			<b>Less/Plus (Surplus) or Deficit on General Fund Balance in Year</b>	<b>123</b>		
<b>(21,773)</b>			<b>Closing General Fund Balance at 31st March</b>	<b>(21,650)</b>		

## 6. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund Balance to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

<b>2022/23</b>				
<b>Adjustments between Funding and Accounting Basis</b>				
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>	<b>Adjustments for Capital Purposes £000's</b>	<b>Net change for the Pensions Adjustments £000's</b>	<b>Other Differences £000's</b>	<b>Total Adjustments £000's</b>
Chief Executive	-	69	-	69
Community and Environmental Services	2,020	856	(3)	2,873
Corporate Services	27	313	(2)	338
Housing Services	1,580	116	-	1,696
Regeneration and Policy	137	95	(7)	225
Regulatory Services	570	314	(2)	882
Resources	31	(531)	3	(497)
	-	-	-	
<b>Net Cost of Services</b>	<b>4,365</b>	<b>1,232</b>	<b>(11)</b>	<b>5,586</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(5,236)</b>	<b>616</b>	<b>(2,652)</b>	<b>(7,272)</b>
<b>Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services</b>	<b>(871)</b>	<b>1,848</b>	<b>(2,663)</b>	<b>(1,686)</b>

2021/22

**Adjustments between Funding and Accounting Basis**

**Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts**

	<b>Adjustments for Capital Purposes £000's</b>	<b>Net change for the Pensions Adjustments £000's</b>	<b>Other Differences £000's</b>	<b>Total Adjustments £000's</b>
Chief Executive	2	80	9	91
Community and Environmental Services	2,793	1,027	(259)	3,561
Corporate Services	60	349	75	483
Housing Services	1,367	112	(924)	555
Regeneration and Policy	12	106	(564)	(446)
Regulatory Services	597	322	66	985
Resources	28	(490)	(31)	(493)
<b>Net Cost of Services</b>	<b>4,859</b>	<b>1,505</b>	<b>(1,627)</b>	<b>4,737</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(1,823)</b>	<b>589</b>	<b>(1,995)</b>	<b>(3,229)</b>
<b>Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services</b>	<b>3,036</b>	<b>2,094</b>	<b>(3,622)</b>	<b>1,508</b>

**Adjustments for Capital Purposes**

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the service 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 these 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.

### **Net Change for the Pensions Adjustments**

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related income and expenditure:

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

### **Other Differences**

Other differences 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 differences column recognises adjustments to the General Fund for 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.
- Movements in Fair Value of investments through Financing and Investment Income and Expenditure.
- Accumulated Absence – value of untaken annual leave and lieu time.

## 7. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2021/22 £000's	Expenditure/Income	2022/23 £000's
	<b>Expenditure</b>	
9,896	Employee benefits expenses	10,233
24,034	Other service expenses	22,788
2,302	Depreciation, amortisation, impairment	2,177
223	Interest payments	225
1,826	Precepts and levies	1,893
<b>38,281</b>	<b>Total expenditure</b>	<b>37,316</b>
	<b>Income</b>	
(9,447)	Fees, charges and other service income	(9,254)
(63)	Interest and investment income	(713)
(11,311)	Income from council tax and non-domestic rates	(13,187)
(14,160)	Government grants and contributions	(15,414)
(598)	Gain on disposal of assets	(312)
<b>(35,579)</b>	<b>Total income</b>	<b>(38,880)</b>
<b>2,702</b>	<b>(Surplus) / Deficit on the Provision of Services</b>	<b>(1,564)</b>

## 8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made in the Movement in Reserves Statement 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.

2022/23	General Fund £'000s	Capital Receipts £'000s	Capital Grants £'000s	Unusable Reserves £'000s
<b>Adjustments involving the Capital Adjustment Account:</b>				
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
Charges for depreciation and impairment of non-current assets	(2,075)	-	-	2,075
Amortisation of Intangible Assets	(51)	-	-	51
Revaluation losses	(327)	-	-	327
Revaluation gains matched to prior years impairments	257	-	-	(257)
Capital grants and contributions applied	-	-	1,928	(1,928)
Revenue expenditure funded from capital under statute	(2,168)	-	-	2,168
Movement in fair value of investment properties	18	-	-	(18)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(165)	-	-	165
Assets acquired at less than fair value	-	-	-	-
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</i>				
Statutory provision for the repayment of debt	103	-	-	(103)
Capital expenditure charged against the General Fund Balance	1,885	-	-	(1,885)
<b>Adjustments involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the CIES	2,936	-	(2,936)	-
<b>Movement in reserves during 2022/23</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Capital Receipts Reserve	476	(476)	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	421	-	(421)
<b>Adjustments involving the Financial Instrument Adjustment Account and Financial Instrument Revaluation Reserve</b>				
Premiums and Discounts	111	-	-	(111)
Movement in fair value of financial instruments	(173)	-	-	173
<b>Adjustments involving the Pensions Reserve:</b>				
Amount by which pension costs calculated in accordance with IAS19 are different from the contributions due under the pensions scheme regulations	(1,848)	-	-	1,848
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax and NDR income included in the CIES is different from the amount taken to the General Fund balance	2,697	-	-	(2,697)
<b>Adjustments involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration payable in the year	10	-	-	(10)
<b>Total Adjustments</b>	<b>1,686</b>	<b>(55)</b>	<b>(1,008)</b>	<b>(623)</b>

2021/22

	General Fund £'000s	Capital Receipts £'000s	Capital Grants £'000s	Unusable Reserves £'000s
<b>Adjustments involving the Capital Adjustment Account:</b>				
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</i>				
Charges for depreciation and impairment of non-current assets	(2,410)			2,410
Amortisation of Intangible Assets	(80)			80
Reversal of previous impairments/revaluation losses	(528)			528
Capital grants and contributions applied			1,594	(1,594)
Revenue expenditure funded from capital under statute	(1,862)			1,862
Movement in fair value of investment properties	187			(187)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(6)			6
Assets acquired at less than fair value				-
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</i>				
Statutory provision for the repayment of debt	101			(101)
Capital expenditure charged against the General Fund Balance	1,612			(1,612)
<b>Adjustments involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the CIES	1,224		(1,224)	-
<b>Movement in reserves during 2019/20</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	605	(605)		-
Use of the Capital Receipts Reserve to finance new capital expenditure		1,238		(1,238)
<b>Adjustments involving the Financial Instrument Adjustment Account and Financial Instrument Revaluation Reserve</b>				
Premiums and Discounts	111			(111)
Movement in fair value of financial instruments	204			(204)
<b>Adjustments involving the Pensions Reserve:</b>				
Amount by which pension costs calculated in accordance with IAS19 are different from the contributions due under the pensions scheme regulations	(2,094)			2,094
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax and NDR income included in the CIES is different from the amount taken to the General Fund balance	1,418			(1,418)
<b>Adjustments involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration payable in the year	13			(13)
<b>Total Adjustments</b>	<b>(1,505)</b>	<b>634</b>	<b>370</b>	<b>501</b>



## 9. OTHER OPERATING EXPENDITURE

2021/22 £'000s		2022/23 £'000s
1,826	Parish Precepts	1,893
(598)	(Gains) losses on the disposal of non-current assets	(312)
<u>1,228</u>		<u>1,581</u>

## 10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2021/22 £'000s		2022/23 £'000s
223	Interest payable on debt	225
589	Net interest on the pensions net defined benefit liability	616
(63)	Interest receivable and similar income	(611)
(101)	Income and expenditure in relation to investment properties	(102)
(187)	Movement in fair value of investment property	(18)
(204)	Movement in fair value of financial instruments	173
<u>257</u>		<u>283</u>

## 11. TAXATION AND NON-SPECIFIC GRANT INCOME

2021/22 £'000s		2022/23 £'000s
(8,388)	Council tax income	(8,559)
(2,923)	Non-domestic rates distribution	(4,628)
	<i>Non-Ring-fenced Grants:</i>	
(72)	Lower Tier Services Grant	(77)
(398)	New Homes Bonus	(777)
(421)	Rural Services Delivery Grant	(421)
(796)	Other Non-ring-fenced grants	(172)
(602)	Disabled Facilities Grants	-
(622)	Capital grants and contributions	(3,431)
<u>(14,222)</u>		<u>(18,065)</u>

## 12. PROPERTY, PLANT AND EQUIPMENT

<b>Property, Plant and Equipment</b>	Land and	Vehicles,	Community	Infrastructure	Surplus	Assets Under	Total
<b>31st March 2023</b>	Buildings	Plant,	Assets	Assets	Assets	Construction	£'000
-	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
1st April 2022	64,179	9,225	6,797	2,091	181	42	82,515
Additions	1,307	496	121	31	-	70	2,025
Accumulated Depreciation & Impairment written off to gross carrying amount	(452)	-	-	-	(8)	-	(460)
Revaluation increases/(decreases) to Revaluation Reserve	1,930	-	-	-	4	-	1,934
Revaluation increases/(decreases) to (Surplus)/Deficit on provision of services	(64)	-	-	-	(6)	-	(70)
De-recognition - Disposals	-	(273)	(122)	-	-	-	(395)
<b>31st March 2023</b>	<b>66,900</b>	<b>9,448</b>	<b>6,796</b>	<b>2,122</b>	<b>171</b>	<b>112</b>	<b>85,549</b>
<b>Accumulated Depreciation and Impairment</b>							
1st April 2022	(1,812)	(4,661)	-		-	-	(6,473)
Depreciation Charge	(1,210)	(788)	-	(60)	(8)	-	(2,066)
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	(7)	-	-		-	-	(7)
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(8)	(1)	-		-	-	(9)
Accumulated Impairment Written off to gross carrying amount	452	-	-		8	-	460
De-recognition - Disposals	-	230	-		-	-	230
<b>31st March 2023</b>	<b>(2,585)</b>	<b>(5,220)</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>(7,865)</b>
<b>Net Book Value</b>							
<b>31st March 2023</b>	<b>64,315</b>	<b>4,228</b>	<b>6,796</b>	<b>2,062</b>	<b>171</b>	<b>112</b>	<b>77,684</b>
<b>31st March 2022</b>	<b>62,367</b>	<b>4,564</b>	<b>6,797</b>	<b>2,091</b>	<b>181</b>	<b>42</b>	<b>76,042</b>

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets [Local Government Circular 09/2022 Statutory Override Accounting for Infrastructure Assets for Scottish Local Authorities] 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.

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

<b>Property, Plant and Equipment</b>	Land and Buildings	Vehicles, Plant, Equipment	Community Assets	Infrastructure Assets	Surplus Assets	Assets Under Construction	Total
<b>31st March 2022</b>	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>Cost or Valuation</b>							
1st April 2021	63,707	11,222	6,630	1,981	190		83,730
Adjustments		(3,055)					(3,055)
<b>Opening Balance</b>	<b>63,707</b>	<b>8,167</b>	<b>6,630</b>	<b>1,981</b>	<b>190</b>	<b>-</b>	<b>80,675</b>
Additions	1,036	1,103	187	168	0	42	2,536
Accumulated Depreciation & Impairment written off to gross carrying amount	(1,269)				(10)		(1,279)
Revaluation increases/(decreases) to Revaluation Reserve	1,391				8		1,399
Revaluation increases/(decreases) to (Surplus)/Deficit on provision of services	(718)				5		(713)
De-recognition - Disposals		(44)					(44)
Reclassifications	33		(20)		(13)		-
<b>31st March 2022</b>	<b>64,179</b>	<b>9,225</b>	<b>6,797</b>	<b>2,149</b>	<b>181</b>	<b>42</b>	<b>82,573</b>
<b>Accumulated Depreciation and Impairment</b>							
1st April 2021	(1,872)	(6,818)	-		(3)		(8,692)
Adjustments		2,546					2,546
Depreciation Charge	(1,203)	(428)		(57)	(8)		(1,696)
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	(5)						(5)
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(1)						(1)
Accumulated Impairment Written off to gross carrying amount	1,269				10		1,279
De-recognition - Disposals		39					39
<b>31st March 2022</b>	<b>(1,812)</b>	<b>(4,661)</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>(6,530)</b>
<b>Net Book Value</b>							
<b>31st March 2022</b>	<b>62,367</b>	<b>4,564</b>	<b>6,797</b>	<b>2,091</b>	<b>181</b>	<b>42</b>	<b>76,043</b>
<b>31st March 2021</b>	<b>61,836</b>	<b>4,404</b>	<b>6,630</b>	<b>1,980</b>	<b>188</b>	<b>-</b>	<b>75,037</b>

## Depreciation

The measurement bases used for determining the gross carrying amount of property, plant and equipment are set out in Note 1 (s) Accounting Policies.

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

- Operational buildings – 1 to 60 years
- Vehicles, plant and equipment – 3 to 10 years

The depreciation methods used are set out in the Accounting Policies

## Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least once every three years.

A review of assets was undertaken to determine if any impairment had taken place, and, where appropriate, values were amended. 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 Institute of Chartered Surveyor's Red Book. Plant and machinery is included in the valuation of buildings. The assumptions made in producing the various valuations are set out in a valuation report provided by the valuer.

	Land and Buildings £000's	Vehicles, Plant, Equipment £000's	Community Assets £000's	Infrastructure Assets £000's	Surplus Assets £000's	Assets Under Construction £000's	Total £000's
Carried at historical cost	341	9,448	6,796	2,122	-	112	18,819
Valued at fair value as at:							-
31st March 2023	41,362	-	-	-	171	-	41,533
31st March 2022	3,683	-	-	-	-	-	3,683
31st March 2021	21,514	-	-	-	-	-	21,514
<b>Total</b>	<b>66,900</b>	<b>9,448</b>	<b>6,796</b>	<b>2,122</b>	<b>171</b>	<b>112</b>	<b>85,549</b>

## Heritage Assets

The Council has a small number of heritage assets which are treated in accordance with the Council's accounting policies. All the heritage assets have indefinite lives and are therefore not subject to depreciation. The Council's identified heritage assets are as follows:

### War memorials

The Council has 7 war memorials situated throughout the district. Due to their age, there is no reliable information as to their cost and the lack of comparable data does not afford a meaningful valuation. The assets are not separately identified on the balance sheet. Future identified measurements will be at historic cost.

### Churchyard gates, St. Oswald's Church, Ashbourne

The original cost of these gates is unknown. The Council restored the gates in 1999/2000 at a cost of £19,000 and they are held on the balance sheet at this amount. A separate valuation has not been undertaken on this asset due to the lack of comparable data.

### De minimis

The de minimis level for individual heritage assets is £25,000. Any assets identified below this level will remain in their existing categories (including those above).

## 13. INVESTMENT PROPERTY

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 £'000s		2022/23 £'000s
(101)	Rental income from investment property	(102)
<u>(101)</u>	<b>Net (gain) / loss</b>	<u>(102)</u>

The Authority's investment properties are leased to third parties on terms ranging from 21 years to 125 years.

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

2021/22 £'000s		2022/23 £'000s
<b>1,450</b>	<b>Balance at 1 April</b>	<b>1,637</b>
187	Net gains / (losses) from fair value adjustments	18
<u><b>1,637</b></u>	<b>Balance at 31 March</b>	<u><b>1,655</b></u>

### Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy are shown in the table below. There were no transfers between levels during the year.

2021/22		2022/23	
Significant unobservable inputs (Level 3) £000	Recurring fair value measurements:	Significant unobservable inputs (Level 3) £000	
1,637	Retail Ground Leases	1,655	
<u><b>1,637</b></u>	<b>Total</b>	<u><b>1,655</b></u>	

### Valuation Techniques used to Determine Level 3 Fair Values for Investment Properties

The Council holds retail ground leases and leases land for car parking to a national retailer as investment properties, and these have been measured using the investment approach. As the measurement technique uses significantly unobservable inputs to determine the fair value measurements they have been categorised as Level 3 in the fair value hierarchy.

### Highest and Best Use of Investment Properties

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

### Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

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

## 14. FINANCIAL INSTRUMENTS

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

### Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications:

- Amortised cost (where cash flows are solely payments of principal and interest, and the Council's business model is to collect those cash flows) comprising:
  - Cash in hand,
  - Bank current and deposit accounts with Lloyd's bank,
  - Fixed term deposits,
  - Loans to other local authorities,
  - Certificates of deposit and covered bonds issued by banks and building societies,
  - Treasury bills and gilts issued by the UK Government,
  - Lease receivables
  - Trade receivables for goods and services provided.
- Fair value through other comprehensive income (when cash flows are solely payments of principal and interest, and the Council's business model is to both collect those cash flows and sell the instrument). The Council does not currently hold any types of these instruments.
- Fair value through profit and loss (all other financial assets) comprising:
  - Pooled bond, equity and property funds managed by CCLA fund managers.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

Financial Assets	Long-term				Short-term			
	Investments		Debtors		Investments		Debtors	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Amortised Cost</b>								
Principal	-	-	-	-	-	2,000	1,332	683
Accrued Interest	-	-	-	-	-	1	-	-
Cash and cash equivalents	-	-	-	-	26,287	19,589	-	-
Accrued Interest	-	-	-	-	-	58	-	-
<b>Total amortised costs</b>	-	-	-	-	<b>26,287</b>	<b>21,648</b>	<b>1,332</b>	<b>683</b>
<b>Fair value through profit and loss</b>								
	1,048	885	-	-	-	-	-	-
<b>Total financial assets</b>	<b>1,048</b>	<b>885</b>	-	-	<b>26,287</b>	<b>21,648</b>	<b>1,332</b>	<b>683</b>
Non-financial assets	-	-	-	-	-	-	11,994	7,184
<b>Total financial assets</b>	<b>1,048</b>	<b>885</b>	-	-	<b>26,287</b>	<b>21,648</b>	<b>13,326</b>	<b>7,867</b>

Non-financial assets include investment in fixed assets (property) and debtors for non-exchange transactions.

## Financial Liabilities

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

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board
- short-term loans from other local authorities
- trade payables for goods and services received.

Financial Liabilities	Long-term				Short-term			
	Borrowing		Creditors		Borrowing		Creditors	
	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000	2021/22 £'000	2022/23 £'000
<b>Amortised Cost</b>								
Principal	(5,450)	(5,450)	-	-	-	-	(3,098)	(6,446)
Accrued interest	-	-	-	-	(6)	(6)	-	-
<b>Total Amortised Costs</b>	<b>(5,450)</b>	<b>(5,450)</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>(6)</b>	<b>(3,098)</b>	<b>(6,446)</b>
<b>Total financial liabilities</b>	<b>(5,450)</b>	<b>(5,450)</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>(6)</b>	<b>(3,098)</b>	<b>(6,446)</b>
Non-financial liabilities			-	-	-	-	(20,445)	(3,134)
<b>Total financial liabilities</b>	<b>(5,450)</b>	<b>(5,450)</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>(6)</b>	<b>(23,543)</b>	<b>(9,580)</b>

Non-financial liabilities include employee defined benefit obligations and creditors for non-exchange transactions.

## Financial Instruments – Income, Expense, Gains and Losses

The Council holds units within the Church, Charities and Local Authority (CCLA) Property Fund. This investment was initially purchased at a bid price of £1m and has a fair value as at 31 March 2023 of £885K. This change in fair value has been recognised in the accounts. However, a temporary, statutory override has been introduced to reverse out the effect of fair value movements from the General Fund and transfer these to a new unusable reserve, the Financial Instrument Revaluation Reserve.



The Income and expense along with gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

<b>Income, Expense, Gains and Losses</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>Surplus or Deficit on the Provision of Services £'000</b>	<b>Surplus or Deficit on the Provision of Services £'000</b>
<b>Net gains/losses</b>		
Financial assets measured at fair value through profit and loss	(204)	173
<b>Total net gains/losses</b>	<b>(204)</b>	<b>173</b>
Interest revenue from financial assets valued at amortised cost	(63)	(611)
Interest expense for financial assets valued at amortised cost	223	225
<b>Total expense</b>	<b>160</b>	<b>(386)</b>

The Council has no movements in financial instrument fair value recognised in Other Comprehensive Income and Expenditure.

### Financial Instruments – Fair Values

One of the Councils financial assets is measured at fair value on a recurring basis and is shown in the following table including the valuation technique used.

<b>Financial assets measured at fair value</b>				
<b>Recurring fair value measurements</b>	<b>Input level in fair value hierarchy</b>	<b>Valuation technique used to measure fair value</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	1,048	885

Fair values are shown in the table above, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g., bond prices.
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g., interest rates or yields for similar instruments.
- Level 3 – fair value is determined using unobservable inputs, e.g., non-market data such as cash flow forecasts or estimated creditworthiness.

Except for the financial assets carried at fair value, in the table above, all other financial assets and liabilities held by the Council are carried at amortised cost. The fair value of other long-term loans have been discounted at market rate for similar instruments with similar remaining terms to maturity on 31<sup>st</sup> March. No early repayment or impairment has been recognised.

**Financial assets measured at fair value**

	2021/22		2022/23	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Trade debtors	1,332	1,332	683	683
Cash and cash equivalents	26,287	26,287	19,647	19,647
Short term investments	-	-	2,001	2,001
	<b>27,619</b>	<b>27,619</b>	<b>22,331</b>	<b>22,331</b>

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

**Financial liabilities measured at fair value**

Financial Liabilities	2021/22		2022/23	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
<b>Held at amortised cost:</b>				
Long term PWLB loans	(5,450)	(7,005)	(5,450)	(5,883)
Trade creditors	(3,098)	(3,098)	(6,446)	(6,446)
Short term borrowing	(6)	(6)	(6)	(6)
	<b>(8,554)</b>	<b>(10,109)</b>	<b>(11,902)</b>	<b>(12,335)</b>

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date. This shows a notional future loss arising from the commitment to pay interest to lenders above current market rates. The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

## Financial Instruments – Risks

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in 2021.

In line with the Treasury Management Code, the Council approves a treasury Management Strategy before commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry for Levelling Up, Housing and Communities Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy seeks to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- **Credit Risk:** The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- **Liquidity Risk:** The possibility that the Council might not have the cash available to make contracted payments on time.
- **Market Risk:** The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

### Credit Risk: Treasury Investments

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default; the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

The Council has set a number of limits as per the table below to manage credit risk:

	<u>Time Limit</u>	<u>Counterparty Limit</u>	<u>Sector Limit</u>
UK Government	50 years	unlimited	n/a
Local Authorities & other Government entities	25 years	£4m	unlimited
Secured Investments	25 years	£4m	unlimited
Banks (unsecured)	13 months	£2m	unlimited
Building Societies (unsecured)	13 months	£2m	£4m
Registered Providers (unsecured) Social Housing	5 years	£2m	£10m
Strategic Pooled Funds (Bond, Equity & Property Funds)	n/a	£4m	£20m
Money Market Funds	n/a	£4m	unlimited
Real estate investment trusts	n/a	£4m	£10m
Other investments (unsecured corporate bonds & company loans)	5 years	£2m	£4m

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

2022/23 Credit rating	Long-term £000's	Short-term £000's
A+	-	12,640
AAA	-	-
Central Government	-	9,008
Credit risk not applicable	885	-
<b>Total Financial Assets</b>	<b>885</b>	<b>21,648</b>

### Credit Risk – Trade Receivables

Loss allowances on trade receivables have been calculated by reference to the Council's historic experience of default. It is anticipated future events will not materially affect the Council's recovery performance. Receivables are written off to the Surplus or Deficit on the Provision of Services when they are considered irrecoverable, and all enforcement activity has been exhausted.

### Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. The Council has one PWLB Loan for £5,450,000. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The PWLB loan matures in 33 years in 2056.

### Market Risks: Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rates 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 fixed rates – the fair value of the liabilities will fall.
- Investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be a change in interest received of £111,277.

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

### Market Risks: Price Risk

The market prices of the Council's fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £4m. A 5% fall in commercial property prices at 31<sup>st</sup> March 2023 would result in a £40,841 (2022: £49,620) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Financial Instrument Revaluation Reserve (FIRR).

## 15. DEBTORS

2021/22 £'000s		2022/23 £'000s
901	Trade Debtors	335
371	Council Taxpayers - Derbyshire Dales share	433
398	Business Ratepayers Derbyshire Dales share	462
431	Payments in Advance	348
11,225	Other Entities and Individuals	6,290
<u>13,327</u>		<u>7,867</u>

## 16. CASH AND CASH EQUIVALENTS

2021/22 £'000s		2022/23 £'000s
787	Cash and Bank	190
23,500	Money Market Funds	12,450
-	Local Authorities	3,003
2,000	UK Government	4,004
<u>26,287</u>		<u>19,647</u>

## 17. CREDITORS

2021/22 £'000s		2022/23 £'000s
(3,098)	Trade Creditors	(6,446)
125	Council Tax	(144)
(290)	Business Rates	(187)
(5,189)	Income in Advance	(774)
(13,127)	Other Entities and Individuals	(1,059)
<u>(21,579)</u>		<u>(8,610)</u>

## 18. PROVISIONS

### Insurance claims

The Insurances Provision was established to provide for claims that are pending in respect of uninsured losses, arising where there is no externally provided cover, such as where quotations from external insurers are not cost effective when compared with the value of claims likely to be made. Also covered are losses falling within the levels of excess on all other policies. Each of the insurance claims is individually insignificant. Claims relate to personal injuries where the Authority is alleged to be at fault (e.g., through a failure to repair a car park properly) or vehicle accidents. Provision has been made for those claims where it is deemed probable that the Authority will have to make a settlement, based on past experience of court decisions about liability and the amount of damages payable. It is not clear when all the outstanding claims will be settled as some, especially personal accident claims involving minors, can take several years to settle. The Authority may be reimbursed by its insurers for amounts above its excess and, where there is reasonable assurance that this will be so, the income has been recognised.

The Council received an insurance claim in 2020/21 attributable to the now defunct Matlock Urban District Council, an organisation that no longer exists and was replaced by the District Council in 1974. The contents of this claim are sensitive in nature, but at the 31/03/23 there was a probability that a settlement would be made. Accordingly, a provision has been made at the value of £20k as advised by external solicitors acting on the Council's behalf. Further information has been received since 31/03/23 which means it is likely, but not yet certain that this provision will be removed during 2023/24.

### NDR Backdated Appeals

The Council is carrying a provision of £0.970m (£1.964m in 2021/22) for the repayment of any successful NDR appeals upheld by the Valuation Office Agency (VOA). Prior to the introduction of the Retained Business Rate Scheme the cost of these appeals was met by the national pool administered by central government, and during 2022/23 the Council is liable for 40% of the cost of appeals. The timing of these appeals is uncertain and outside the control of the Council as they are dependent upon reviews of cases conducted by the VOA.

	Long Term Insurances	Short Term NNDR Appeals	Total
	£'000s	£'000s	£'000s
<b>1st April 2021</b>	<b>(82)</b>	<b>(1,535)</b>	<b>(1,617)</b>
Additional provisions made in 2021/22	-	(776)	(776)
Amounts used in 2021/22	1	347	348
Provision released in 2021/22	50	-	50
<b>31st March 2022</b>	<b>(31)</b>	<b>(1,964)</b>	<b>(1,995)</b>
Additional provisions made in 2022/23	(4)	-	(4)
Amounts used in 2022/23	1	186	187
Provision released in 2022/23	-	808	808
<b>31st March 2023</b>	<b>(34)</b>	<b>(970)</b>	<b>(1,004)</b>

## 19. TRANSFERS TO / FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2022/23.

	Balance at 1st April 2022 £'000s	Receipts in year £'000s	Payments in year £'000s	Balance at 31st March 2023 £'000s	Movement 2022/23 £'000s	Movement 2021/22 £'000s
- Business Rate Fluctuations	(716)	(959)	-	(1,675)	(959)	-
Capital Programme Carsington Improvements	(1,134)	(177)	354	(957)	177	576
Committed Expenditure Corporate Plan Priority Reserve	(480)	(235)	177	(538)	(58)	(145)
COVID Funding Reserve	(201)	-	-	(201)	-	-
Customer Innovation Project	(43)	-	43	-	43	565
Economic Development Elections	(248)	-	171	(77)	171	(95)
Funding Uncertainties Information Technology	(228)	(159)	246	(141)	87	53
Insurances	(158)	(30)	-	(188)	(30)	(30)
Investment Fund Job Evaluation	(508)	-	-	(508)	-	-
Local Plan Member / Officer Indemnity	(308)	(64)	90	(282)	26	64
Revenue Grants Unapplied	(464)	-	-	(464)	-	-
Vehicle Renewals Waste Fluctuations Reserve	(563)	-	-	(563)	-	-
Waste Vehicle Reserve	(150)	-	-	(150)	-	-
Major Repairs Reserve Ashbourne Reborn Reserve	(200)	(49)	135	(114)	86	6
	(25)	-	-	(25)	-	-
<b>Grand Total</b>	<b>(17,737)</b>	<b>(5,173)</b>	<b>6,039</b>	<b>(16,871)</b>	<b>866</b>	<b>3,232</b>

Reserves are held for the following purposes:

<b>Reserve</b>	<b>Purpose</b>
Business Rate Fluctuations Reserve	To provide funds that can be used to meet future losses in non-domestic rates.
Capital Programme	For future application to finance capital schemes.
Carsington Improvements	To finance new or improved facilities for visitors to Carsington Reservoir or to mitigate any adverse effect on the locality caused by the development of the reservoir or the attraction of visitors to it, after consultations with Severn Trent Water.
Committed Expenditure	To finance expenditure committed in the Council's accounts as at 31st March but not yet due.
Covid Funding Reserve	To provide funding for future pressures relating to or resulting from Covid 19.
Customer Innovation Project	To procure and implement a customer platform that integrates with existing systems to enable us to drive channel shift and to deliver easier, faster and better customer service. To provide our customers with an improved, user friendly and accessible means of accessing and paying for services electronically and promote a culture of 'digital by choice' for all customer interactions.
Economic Development	To finance economic development schemes within the district.
Elections	To finance future District Council elections, by spreading the estimated costs annually.
Funding Uncertainties	To provide finance to meet the immediate requirements of a balanced budget including if future funding is lower than reasonably anticipated.
Information Technology	To acquire items of information and communications technology, such as personal computers and telephony and in connection with the Council's IT strategy.
Insurances	To finance any unknown future liabilities incurred where the Council has not externalised the insurance cover, mainly where quotations from external insurers are not cost effective when compared to the value of claims likely to be made such as for terrorism. Also covered are losses falling within the levels of excess on all other policies and levies under the Municipal Insurance Ltd Scheme of Arrangement (see note 40).
Investment Fund	To provide funds that can be used to finance schemes that will result in future ongoing savings.
Job Evaluation	To finance the extra costs of Job Evaluation reviews.
Local Plan	To finance the costs of the Council's Local Plan by spreading cost annually.
Member / Officer Indemnity	This reserve provides for risks not covered by insurance. The main risks comprise acts or omissions found to be ultra vires and defence costs of criminal proceedings.
Revenue Grants Unapplied	The balance of grants received but not yet spent, set aside to finance expenditure in future years.
Vehicle Renewals	To fund the replacement of the Council's vehicle fleet. The balance on this reserve has been re-examined based on the current fleet of vehicles.
Waste Fluctuations	To smooth the impact of changes in recycling prices on the new waste contract.
Major Repairs Reserve	To provide funding for major repairs and improvements to property owned and let by the Council.
Ashbourne Reborn Reserve	Funding set aside for the Ashbourne Reborn capital project.



## 20. USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement. The table below shows the balances at 31 March:

2021/22 £'000s		2022/23 £'000s
	<u>Revenue Accounts</u>	
(4,035)	General Fund	(4,777)
	<u>Earmarked Reserves</u>	
(1,858)	Capital	(1,506)
(15,881)	Revenue	(15,365)
<b>(17,739)</b>		<b>(16,871)</b>
	<u>Other</u>	
(1,921)	Capital Receipts Reserve	(1,978)
(892)	Capital Grants Unapplied	(1,901)
<b>(24,587)</b>	<b>Total Usable Reserves</b>	<b>(25,527)</b>

## 21. UNUSABLE RESERVES

2021/22 £'000s		2022/23 £'000s
(36,239)	Capital Adjustment Account	(36,765)
(35,794)	Revaluation Reserve	(37,020)
3,771	Financial Instruments Adjustment Account	3,660
22,233	Pensions Reserve	454
3,326	Collection Fund Adjustment Account	629
(48)	Financial Instruments Revaluation	125
101	Accumulated Absences Reserve	90
<b>(42,650)</b>	<b>Total Unusable Reserves</b>	<b>(68,827)</b>

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements 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 revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation reserve was created to hold such gains.

2021/22 £'000s		2022/23 £'000s
(35,696)	<b>Balance at 1 April</b>	(36,238)
527	<b>Adjust Opening Balance</b>	
	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
	Charges for depreciation, revaluation and impairment of non-current assets	
2,410		2,145
80	Amortisation of intangible assets	51
(187)	Movement in fair value of investment properties	(18)
1,862	Revenue expenditure funded from capital under statute	2,168
	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		165
4,171		4,511
	Historic Cost depreciation transfer from Revaluation Reserve	
	Revaluation Reserve balances written off on disposed assets	
(695)	Adjustment between Revaluation Reserve and Capital Adjustment Account	(701)
	Movement in Fixed Assets recognised in year	
3,476	Net written out amount of the cost of non-current assets consumed in the year	3,810
	Capital financing applied in the year:	
	Use of the Capital Receipts Reserve to finance new capital expenditure	
(1,238)		(421)
	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	
(1,594)		(1,928)
	Statutory provision for the financing of capital investment charged against the General Fund Balance	
(101)		(103)
(1,612)	Capital expenditure charged against General Fund balances	(1,885)
(4,545)		(4,337)
	Movements in the market value of investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	
-		-
<u>(36,238)</u>	<b>Balance at 31 March</b>	<u>(36,765)</u>

## 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 £'000s		2022/23 £'000s
<b>(35,096)</b>	<b>Balance at 1 April</b>	<b>(35,794)</b>
(2,541)	Upward revaluation of assets	(3,586)
1,148	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	1,659
(1,393)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(1,927)
	Difference between fair value depreciation and historical cost depreciation	
695	Accumulated gains on assets sold or scrapped Adjustment between Revaluation Reserve and Capital Adjustment Account	701
695	Amount written off to Capital Adjustment Account	701
<b><u>(35,794)</u></b>	<b>Balance at 31 March</b>	<b><u>(37,020)</u></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 benefitting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early repayment of loans, which were redeemed in 2003/04. Premiums are excluded from the Comprehensive Income and Expenditure Statement but included 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 this Authority's case, the period to charge the premium is 50 years.

2021/22 £'000s		2022/23 £'000s
3,882	<b>Balance at 1 April</b>	3,771
(111)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(111)
<u>3,771</u>	<b>Balance at 31 March</b>	<u>3,660</u>

### 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 the pension fund or eventually pays any pension 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 that the benefits come to be paid.

2021/22 £'000s		2022/23 £'000s
28,681	<b>Balance at 1 April</b>	22,233
(8,542)	Re-measurements of net defined liability	(23,627)
3,694	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	3,456
(1,600)	Employer's pensions contributions payable in the year	(1,608)
<u>22,233</u>	<b>Balance at 31 March</b>	<u>454</u>

## 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 taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2021/22 £'000s		2022/23 £'000s
<b>4,744</b>	<b>Balance at 1 April</b>	<b>3,326</b>
(88)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory arrangements	158
(1,330)	Amount by which Business Rate income credited to the Comprehensive Income and Expenditure Statement is different from business rate income calculated for the year in accordance with statutory arrangements	(2,855)
<hr/> <b>3,326</b>	<b>Balance at 31 March</b>	<hr/> <b>629</b>

## Financial Instrument Revaluation Reserve

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

- revalued downwards or impaired and the gains lost.
- disposed of and the gains are realised.

The Ministry for Levelling Up, Housing and Communities introduced a statutory override following the adaptation of IFRS9 to protect the General Fund balance from any movements in fair value of quoted investment funds. In the Council's case, this applies to its investment in the CCLA Property Fund. This override expires on 31 March 2025 and, unless extended, all fair value movements in this investment will impact the General Fund balance.

2021/22 £'000s		2022/23 £'000s
155	<b>Balance at 1 April</b>	(49)
(204)	Movement of Financial Instruments held under fair value through Profit and Loss	173
<u>(49)</u>	<b>Balance at 31 March</b>	<u>124</u>

### 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 £'000s		2022/23 £'000s
<b>114</b>	<b>Balance at 1 April</b>	<b>101</b>
(114)	Settlement or cancellation of accrual made at the end of the preceding year	(101)
101	Amounts accrued at the end of the current year	90
<u>101</u>	<b>Balance at 31 March</b>	<u>90</u>

## 22. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2021/22 £'000s		2022/23 £'000s
164	Interest received	713
(223)	Interest paid	(225)
<u>(59)</u>	<b>Total</b>	<u>488</u>

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

2021/22 £'000s		2022/23 £'000s
-	Proceeds from short-term and long-term investments	-
(605)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(477)
(1,224)	Any other items for which the cash effects are investing or financing cash flows	(2,937)
<u><b>(1,829)</b></u>	<b>Total</b>	<u><b>(3,414)</b></u>

The net (surplus)/deficit on the provision of services has been adjusted for the following non-cash movements:

2021/22 £'000s		2022/23 £'000s
2,410	Depreciation	2,065
527	Impairment and revaluations	79
80	Amortisation	51
4,333	Increase/Decrease in Creditors excl. investment and financing	(9,526)
1,551	Increase/Decrease in Debtors excl. investment and financing	2,551
1	Increase/Decrease in Inventories	10
2,094	Movement in Pension Liability	1,848
6	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	165
(12)	Other non-cash items charged to the net surplus or deficit on the provision of services	(845)
<u><b>10,990</b></u>	<b>Total</b>	<u><b>(3,602)</b></u>

## 23. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2021/22 £'000s		2022/23 £'000s
(2,584)	Purchase of property, plant and equipment, investment property and intangible assets	(2,568)
-	- Purchase of short-term and long-term investments	(2,001)
605	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	477
1,224	Other receipts from investing activities	2,890
<u>(755)</u>	<b>Net cash flows from investing activities</b>	<u>(1,202)</u>

## 24. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2021/22 £'000s		2022/23 £'000s
-	- Other payments for financing activities	15
<u>-</u>	<b>Net cash flows from financing activities</b>	<u>15</u>

## 25. EXTERNAL AUDIT COSTS

The Authority paid the following fees relating to external audit:

2021/22 £'000s		2022/23 £'000s
44	Audit Fee	58
8	Housing Benefits assurance work	12
<u>52</u>	<b>Total Fees</b>	<u>70</u>

## 26. MEMBERS' ALLOWANCES

Members allowances paid during 2022/23 amounted to £230,914 (2021/22 £230,463). In addition, travel expenses amounting to £5,630 were paid (2021/22 £2,976).



## 27. EXIT PACKAGES AND TERMINATION BENEFITS

There were no material exit packages paid by the Council in 2021/22 or 2022/23.

## 28. OFFICERS' REMUNERATION

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

Post Holder		Salary, Fees and Allowances £	Benefits in Kind £	Employer's Pension Contributions £	Total Remuneration £
<b>Chief Executive</b>	2022/23	113,176	-	16,484	129,660
	2021/22	110,978	-	16,203	127,181
<b>Director of Resources</b>	2022/23	76,975	-	11,269	88,244
	2021/22	75,257	-	10,987	86,244
<b>Director of Regeneration &amp; Policy</b>	2022/23	69,916	-	10,208	80,124
	2021/22	67,991	-	9,927	77,918
<b>Director of Corporate &amp; Customer Services</b>	2022/23	68,218	-	9,960	78,178
	2021/22	64,629	-	9,436	74,065
<b>Director of Regulatory Services</b>	2022/23	70,166	-	10,244	80,410
	2021/22	68,491	-	10,000	78,491
<b>Director of Community &amp; Environmental Services</b>	2022/23	69,916	-	10,208	80,124
	2021/22	68,491	-	10,000	78,491
<b>Director of Housing</b>	2022/23	61,815	-	9,025	70,840
	2021/22	57,931	-	8,458	66,389

The Council has the following other employees whose remuneration exceeded £50,000 excluding employer's pension contributions, during the 2022/23 financial year.

<b>Remuneration</b>	2021/22	2022/23
£50,000 to £54,999	<u>2</u>	<u>4</u>
	<u><b>2</b></u>	<u><b>4</b></u>

## 29. GOVERNMENT AND NON-GOVERNMENT GRANTS

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in the year:

2021/22 £'000s		2022/23 £'000s
	<b>Credited to Taxation and Non-specific Grant Income</b>	
(421)	Revenue Support Grant (inc. Rural Services Delivery Grant)	(421)
(398)	New Homes Bonus	(777)
(602)	Disabled Facilities Grants*	-
(2,923)	Retained Business Rates	(4,628)
(8,388)	Council Tax Income	(8,559)
(622)	Recognised Capital Grants & Contributions	(3,431)
(72)	Lower Tier Services Grant	(77)
(796)	Other Non-Ring Fenced Grant	(172)
<u>(14,222)</u>		<u>(18,065)</u>
	<b>Credited to Services</b>	
	<b>Government Grants</b>	
(9,055)	Rent Allowances	(8,442)
(82)	Discretionary Housing Payments	(58)
(177)	Housing and Council Tax Benefits Administration	(174)
(153)	NNDR Cost of Collection	(157)
-	Other Housing Benefits Grants	(40)
(71)	New Burdens	(191)
(167)	Homelessness Grants	(175)
-	Housing Improvement Programme	(177)
(2)	NRLF Leisure Grant	-
(12)	LADS Programme	-
-	Pathfinder	(96)
(76)	Contain Outbreak Management Fund	-
-	UK Shared Prosperity Fund	(146)
(194)	Omicron Additional Restrictions Grant	-
(3)	DEFRA & FSA Food Information Grant	-
(70)	Welcome Back Fund	-
(15)	Redmond Review Implementation	(16)
(1,043)	COVID-19 Discretionary Business Grants	-
(52)	COVID-19 Self Isolation Payments	-
(77)	COVID-19 Track & Trace	(1)
-	Support for Energy Bills - Discretionary Funding	(131)
-	Biodiversity Grant	(15)
-	Low Carbon Skills Fund	(112)
-	Disabled Facilities Grants*	(605)
<u>(11,249)</u>		<u>(10,536)</u>
<u>(25,471)</u>	<b>Total Grants</b>	<u>(28,601)</u>

\*Disabled Facilities Grant has been moved to net cost of service to reflect the nature of the expenditure.

### 30. CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the 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 £'000s		2022/23 £'000s
<b>5,552</b>	<b>Opening Capital Financing Requirement</b>	<b>5,451</b>
	Opening balance adjustment*	343
	<b>Capital Investment</b>	
2,584	Property, Plant and Equipment	2,065
1,862	Revenue expenditure Funded from capital	2,168
-	Adjustment for asset acquired at less than fair value	-
	<b>Sources of finance</b>	
(1,239)	Capital receipts	(421)
(1,594)	Other grants and contributions	(1,928)
(1,613)	Direct revenue contributions	(1,885)
(101)	Minimum revenue provision	(103)
<b>5,451</b>	<b>Closing Capital Financing Requirement</b>	<b>5,690</b>
	<b>Explanation of movements in year</b>	
(101)	Increase /(Decrease) in underlying need to borrow (unsupported by government financial assistance)	(104)
<b>(101)</b>	<b>Increase / (Decrease) in Capital Financing Requirement</b>	<b>(104)</b>

\*The opening balance on the CFR note has been adjusted to correct a historic difference between this note and the CFR of the Council.

## 31. 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 Council.

**Central government** has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides much of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills and housing benefits). Grants received from government departments are set out in the subjective analysis in Note 36.

**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 disclosed in Note 33.

**Members of the Corporate Leadership Team (CLT)** were also asked to disclose any relevant interests; During 2022/23 services to the value of £578,628 were commissioned from companies which a member of the Corporate Leadership Team had interest in, this relationship had no bearing on any decision made. Contracts were entered into following full compliance with the Council's procedure rules.

## 32. LEASES

### Derbyshire Dales District Council as Lessee

#### Operating leases

The Council rents land for use as Car Parking. The leases range from a period of 5 to 125 years.

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

2021/22 £'000s		2022/23 £'000s
118	Not later than one year	124
471	Later than one year and not later than five	495
6,349	Later than five years	6,920
<u>6,938</u>	<b>Total Operating Lease Payments</b>	<u>7,539</u>

## Derbyshire Dales District Council as Lessor

### Operating leases

The Authority leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable, affordable accommodation for local businesses.

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

2021/22 £'000s		2022/23 £'000s
(204)	Not later than one year	(172)
(735)	Later than one year and not later than five	(674)
(6,530)	Later than five years	(6,283)
<u>(7,469)</u>	<b>Total Operating Leases receivable</b>	<u>(7,129)</u>

The minimum lease payments receivable do not include rents that are contingent upon events taking place after the lease was entered into, such as adjustments following rent reviews.

## 33. POST EMPLOYMENT BENEFITS: DEFINED BENEFIT PENSION SCHEME

### Participation in pension scheme

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

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

### Transactions relating to retirement benefits.

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

2021/22 £000s	<b>Comprehensive Income and Expenditure Statement</b>	2022/23 £000s
	<i>Service Cost</i>	
3,105	Current service cost	2,840
-	Past service cost (including curtailments)	-
-	Effect of Settlements	-
<b>3,105</b>	<b>Total Service Costs</b>	<b>2,840</b>
	<i>Financing and Investment income and Expenditure</i>	
(1,361)	Interest Income on plan assets	(2,021)
1,950	Interest cost on defined benefit obligation	2,637
<b>589</b>	<b>Total Net Interest</b>	<b>616</b>
<b>3,694</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>3,456</b>
	<i>Re-measurements of the Net Defined Liability Compromising</i>	
(3,777)	Return on plan assets excluding amounts included in net interest	4,173
(1,452)	Actuarial (Gains)/Losses arising from changes in financial assumptions	(658)
(5,520)	Actuarial (Gains)/Losses arising from changes in demographic assumptions	(36,077)
-	Asset Ceiling Adjustment	3,824
2,207	Other	5,111
<b>(8,542)</b>	<b>Total re-measurements recognised in other comprehensive income</b>	<b>(23,627)</b>
<b>(4,848)</b>	<b>Total Post- Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(20,171)</b>
	<b>Movement in Reserves Statement</b>	
(3,694)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services	(3,456)
1,600	Employer's contributions payable to scheme	1,608

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

2021/22 £000s		2022/23 £000s
75,070	Fair Value of employer assets	72,564
(96,334)	Present value of funded liabilities	(72,191)
(969)	Present value of unfunded liabilities	(827)
<b>(22,233)</b>	<b>Net Liability Arising from Defined Benefit Obligation</b>	<b>(454)</b>

Some of the scheme liabilities are “unfunded”. This means that they are not a liability of the Local Government Pension Scheme and are instead met by the employer out of its own financial resources. At this Council, unfunded liabilities are mostly Compensatory Added Years benefits awarded to current pensioners when they first retired, and they are all wholly unfunded.

**Basis for estimating assets and liabilities.**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Hymans Robertson LLP, an independent firm of actuaries, has assessed the pension scheme liabilities with estimates for the Council being based on the latest valuation of the scheme as at 31<sup>st</sup> March 2023.

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

<b>2021/22</b> <b>£000s</b>		<b>2022/23</b> <b>£000s</b>
96,942	Opening fair value of scheme liabilities	97,303
3,105	Current service cost	2,840
-	Past Service Cost	-
-	Effect of Settlements	-
1,950	Interest cost	2,637
399	Contributions from scheme participants	409
	Re-measurement gain	
(1,452)	Actuarial (Gains)/Losses arising from changes in financial assumptions	(658)
(5,520)	Actuarial (Gains)/Losses arising from changes in demographic assumptions	(36,077)
-	Asset Ceiling Adjustment	3,824
4,164	Other	5,111
(2,285)	Benefits Paid	(2,371)
<b><u>97,303</u></b>	<b>Closing Fair Value of Scheme Liabilities</b>	<b><u>73,018</u></b>

Reconciliation of fair value of the scheme (plan) assets:



2021/22 £000s		2022/23 £000s
68,261	Opening Fair value of scheme assets	75,070
1,361	Interest Income	2,021
-	Effect of Settlements	-
3,777	Return on plan assets excluding amounts included in net interest	(4,173)
1,957	Other	-
1,600	Contributions from employer	1,608
399	Contributions from employees into the scheme	409
(2,285)	Benefits paid	(2,371)
<b>75,070</b>	<b>Closing Fair Value of Scheme Assets</b>	<b>72,564</b>

Pension Scheme Assets Comprised:

Asset Category	31st March 2023			Percentage of Total Assets	Sub Total Percentage of Total Assets
	Quoted Prices in Active Markets £'000	Quoted Prices not in active markets £'000	Total £'000		
<b>Equity Securities:</b>					
Consumer	228	-	228	0.3%	
Manufacturing	91	-	91	0.1%	
Energy and Utilities	67	-	67	0.1%	
Financial Institutions	91	-	91	0.1%	
Health and Care	126	-	126	0.2%	
Information Technology	150	-	150	0.2%	
Other	2,124	-	2,124	2.9%	3.9%
<b>Debt Securities:</b>					
Corporate Bonds (investment Grade)	4,134	5,165	9,299	12.8%	
UK Government	5,867	-	5,867	8.1%	
Other	1,207	-	1,207	1.7%	22.6%
<b>Private Equity:</b>					
All	1,106	2,423	3,529	7.9%	7.9%
<b>Real Estate:</b>					
UK Property	172	5,556	5,728	4.9%	4.9%
<b>Investment Funds &amp; Unit Trusts:</b>					
Equities	12,335	21,776	34,111	47.0%	
Infrastructure	1,457	6,355	7,812	10.8%	57.8%
<b>Cash and Cash Equivalents:</b>					
All	0	2,134	2,134	2.9%	2.9%
<b>Totals</b>	<b>29,155</b>	<b>43,409</b>	<b>72,564</b>	<b>100.0%</b>	<b>100.0%</b>

31st March 2022					
Asset Category	Quoted Prices in Active Markets £'000	Quoted Prices not in active markets £'000	Total £'000	Percentage of Total Assets	Sub Total Percentage of Total Assets
<b>Equity Securities:</b>					
Consumer	297	-	297	0.4%	
Manufacturing	191	-	191	0.3%	
Energy and Utilities	95	-	95	0.1%	
Financial Institutions	143	-	143	0.2%	
Health and Care	197	-	197	0.2%	
Information Technology	269	-	269	0.4%	
Other	2,628	-	2,628	3.5%	5.1%
<b>Debt Securities:</b>					
Corporate Bonds (investment Grade)	4,649	5,122	9,771	13.0%	
UK Government	6,300	-	6,300	8.4%	
Other	1,333	-	1,333	1.8%	23.2%
<b>Private Equity:</b>					
All	1,403	2,201	3,604	4.8%	4.8%
<b>Real Estate:</b>					
UK Property	403	5,514	5,917	7.9%	7.9%
<b>Investment Funds &amp; Unit Trusts:</b>					
Equities	22,334	12,434	34,768	46.3%	
Infrastructure	1,569	4,617	6,186	8.2%	54.6%
<b>Cash and Cash Equivalents:</b>					
All	0	3,373	3,373	4.5%	4.5%
<b>Totals</b>	<b>41,811</b>	<b>33,261</b>	<b>75,072</b>	<b>100%</b>	<b>100%</b>

The significant assumptions used by the actuary have been:

Mortality Assumptions	31-Mar-23	31-Mar-22
Longevity at 65 for current pensioners		
Men	21.0	21.3
Women	24.0	24.3
Longevity at 65 for future pensioners		
Men	21.8	22.2
Women	25.5	25.8

Financial Assumptions	31-Mar-23	31-Mar-22
Pension Increase Rate (CPI)	2.95%	3.20%
Salary Increase Rate	3.95%	4.20%
Discount Rate	4.75%	2.70%

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

Change in Assumptions at 31 March 2023	Approximate % Increase to Employer Liability	Approximate Monetary Amount (£000)
0.1% decrease in Real Discount Rate	2%	1,195
1 year increase in member life expectancy	4%	2,768
0.1% increase in the Salary Increase Rate	0%	170
0.1% increase in the Pension Increase Rate	2%	1,042

### Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 3 years. Funding levels are monitored on an annual basis. The last triennial valuation was completed on 31 March 2022.

The liabilities show the underlying commitments that the council has in the long run to pay post-employment (retirement) benefits. The total liability of £68,367,000 (plus unfunded obligations of £827,000) is offset by the Council's assets in the scheme of £72,564,000, creating a net surplus of £3,370,000. The scheme is now showing a small surplus, mainly due to a change in the financial assumptions from the actuary.

The council anticipates paying contributions of £1,469,000 to the scheme in 2023/24

## **34. CONTINGENT LIABILITIES**

### **Housing Stock Transfer Warranties**

As part of the Housing Stock Transfer in March 2002, the Council gave warranties for sewers and environmental pollution to Dales Housing. The environmental warranty means that the Council is responsible for the remediation costs of environmental pollution at any of the transferred properties until March 2033. At 31<sup>st</sup> March 2023 the cost of remediation work is estimated at £4.1m. No claims have been received to date. The risk of the warranty being called is considered to be low. No specific financial provision has been made in the accounts at this time, but the situation will be monitored annually.

### **Municipal Mutual Insurance**

In 1992, Municipal Mutual Insurance Ltd (MMI), then the principal insurer of local government, avoided insolvency by entering a Scheme of Arrangement. The “arrangement” with creditors enabled MMI to pay outstanding claims on the basis that, should there be insufficient assets, participating creditors would be subject to “claw back” of previously paid claims. On the basis of a potential £30m share of surplus funds at the time, Derbyshire Dales District Council, along with 728 other authorities, participated in the scheme. In the case of this council the “claw back” is limited to a maximum of £141,121. The directors of MMI triggered the Scheme of Arrangement on 13 November 2012. In 2013 MMI’s administrators informed the Council that under the Scheme of Arrangement an initial levy of 15% of total claim payments was required. The scheme administrators advised the Council that the 15% levy amounted to £21,168. The Levy Notice and demand for payment were issued in 2013/14 and the sum of £21,168 was paid during the year. In 2016 a further levy of 10% of total claim payments was required which amounted to £14,112. As at 31 March 2023 the Levy was calculated as £35,280 therefore no further levy is due at this time.

## **THE COLLECTION FUND**

### **INTRODUCTION**

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

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is shown as a separate statement in the Council's Statement of Accounts.

### **Accounting Policies for the Collection Fund**

- Precepts for major preceptors and the billing authority's demand on the fund are paid out of the Collection Fund and credited to the Comprehensive Income and Expenditure Account Statements of the respective precepting and billing authorities. However, the transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the full financial year, whereas each authority will recognise income on a full accrual's basis (i.e., sharing out the full surplus or deficit on the Collection Fund at the end of the year, even though it will be distributed to or recovered from the authorities in a subsequent financial year).
- Parish precepts are paid from the General Fund of billing authorities and are disclosed on the face of the Comprehensive Income and Expenditure Account Statement.

2021/22 £000s	2021/22 £000s	2021/22 £000s		2022/23 £000s	2022/23 £000s	2022/23 £000s
Council Tax	NDR	Total		Council Tax	NDR	Total
			Income			
(59,287)	-	(59,287)	Income receivable from Council Taxpayers	(61,451)	-	(61,451)
-	(13,935)	(13,935)	Income collectable from Business Ratepayers	-	(16,038)	(16,038)
(49)	(221)	(270)	Transitional protection payments	(33)	44	11
(701)	(9,873)	(10,574)	Contribution towards previous year's est. deficit	(148)	(5,218)	(5,366)
<b>(60,037)</b>	<b>(24,029)</b>	<b>(84,066)</b>	<b>Total Income</b>	<b>(61,632)</b>	<b>(21,212)</b>	<b>(82,844)</b>
			Expenditure			
			Precepts and Demands:			
8,399	-	8,399	- Derbyshire Dales District Council	8,719	-	8,719
41,459	-	41,459	- Derbyshire County Council	43,505	-	43,505
7,242	-	7,242	- Police and Crime Commissioner for Derbyshire	7,684	-	7,684
2,376	-	2,376	- Derbyshire Fire and Rescue	2,469	-	2,469
			Business Rates Paid on Account:			
-	7,671	7,671	- Payments to Derbyshire Dales District Council	-	6,476	6,476
-	1,726	1,726	- Payments to Derbyshire County Council	-	1,457	1,457
-	192	192	- Payments to Derbyshire Fire Authority	-	162	162
-	9,589	9,589	- Payments to Government	-	8,095	8,095
			Transfers to General Fund:			
-	153	153	- Cost of Collection for Business Rates	-	157	157
-	193	193	- Business Rates from Renewable Energy	-	200	200
(56)	(241)	(297)	- Allowance for impairment	263	33	296
-	1,071	1,071	- Provision for appeals	-	(2,485)	(2,485)
<b>59,421</b>	<b>20,354</b>	<b>79,774</b>	<b>Total Expenditure</b>	<b>62,640</b>	<b>14,095</b>	<b>76,735</b>
<b>(617)</b>	<b>(3,676)</b>	<b>(4,292)</b>	<b>(Increase)/decrease for the year</b>	<b>1,008</b>	<b>(7,117)</b>	<b>(6,109)</b>
			Collection Fund Balance			
(1,026)	(11,830)	(12,856)	Surplus / (deficit) brought forward at 1 April	(410)	(8,155)	(8,565)
617	3,675	4,292	Increase/(decrease) for the year (as above)	(1,008)	7,117	6,109
-	-	-	Correction to prior year*	(132)	-	(132)
<b>(410)</b>	<b>(8,155)</b>	<b>(8,564)</b>	<b>Surplus / (deficit) carried forward</b>	<b>(1,550)</b>	<b>(1,038)</b>	<b>(2,588)</b>
			Allocated to:			
-	(4,077)	(4,077)	- Central Government	-	(519)	(519)
(58)	(3,262)	(3,320)	- Derbyshire Dales District Council	(216)	(415)	(631)
(286)	(734)	(1,020)	- Derbyshire County Council	(1,080)	(94)	(1,174)
(50)	-	(50)	- Police and Crime Commissioner for Derbyshire	(192)	-	(192)
(16)	(82)	(98)	- Derbyshire Fire Authority	(62)	(10)	(72)
<b>(410)</b>	<b>(8,155)</b>	<b>(8,565)</b>		<b>(1,550)</b>	<b>(1,038)</b>	<b>(2,588)</b>

\*Correction required to Council Tax deficit carried forward due to 2022/23 and 2023/24 exceptional balances excluded in error.

## Business Rates

The Council collects Non-Domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by rates set nationally by Central Government.

Under the Business Rate Retention scheme the Councils local share is 49% and the remainder is distributed to the preceptors, Central Government (50%) and Derbyshire Fire and Rescue Service (1%).

The non-domestic rateable value at 31 March 2023 was £59.070m (£58.697m in 2021/22).

The national non-domestic standard multiplier for 2022/23 was 51.2p (51.2p in 2021/22) and the small business multiplier was 49.9p (49.9p in 2021/22).

## Council Tax

The council tax base is the amount that setting a Council Tax of £1 for a band D property (the standard band) would raise in revenue. The tax base for 2022/23 was calculated as follows:

Band	Number of Dwellings on valuation list	Number of Dwellings, adjusted for discounts, exemptions and reliefs	Ratio to Band D	Equivalent number of Band D full charge properties	Council Tax Base (assuming 99.2% collection rate)
X*	-	1.54	5/9	0.86	0.85
A	3,547	2,189.19	6/9	1,459.46	1,447.76
B	7,491	5,686.10	7/9	4,422.52	4,387.17
C	7,560	6,443.94	8/9	5,727.95	5,682.09
D	5,725	5,291.76	9/9	5,291.76	5,249.41
E	5,155	4,823.29	11/9	5,895.13	5,847.97
F	3,183	3,051.22	13/9	4,407.32	4,372.08
G	2,120	2,010.19	15/9	3,350.32	3,323.48
H	134	115.25	18/9	230.50	228.59
<b>Total</b>	<b>34,915</b>	<b>29,612.48</b>		<b>30,785.81</b>	<b>30,539.40</b>

\* Properties in Band A that receive disabled relief.

In 2022/23 the Council set an overall Band D Council Tax of £2,042.49 (£1,984.14 for 2021/22).

2021/22 £s		2022/23 £s	
1,383.07	Derbyshire County Council	1,424.56	
241.60	Derbyshire Police Authority	251.60	
79.27	Derbyshire Fire & Rescue	80.84	
219.27	Derbyshire Dales District Council	223.52	
<b>1,923.21</b>		<b>1,980.52</b>	
60.93	Average parish council	61.97	
<b>1,984.14</b>	<b>Average Band D Council Tax</b>	<b>2,042.49</b>	

## **AUDIT REPORT**

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## **GLOSSARY OF TERMS**

### **Accounting Period**

The period of time covered by the accounts. Normally this is the 12 months commencing on 1 April and finishing on 31 March the following year. The end of the accounting period is the Balance Sheet date.

### **Accrual**

A sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods or services received but not paid for by the end of the accounting period, or for payments or income in advance.

### **Agency**

The provision of services by one local authority (the agent) on behalf of the responsible body. The Authority carrying out agency services is reimbursed by the responsible body to the extent of approved expenditure together with any agreed contribution towards administrative costs.

### **Appropriation**

The transfer of ownership of land or a building between one service and another.

### **Auditor**

An independent expert who examines the Council's processes and accounts to ensure that statutory requirements and non-statutory Codes of Practice have been followed.

### **Balance Sheet**

This shows the financial position of the Council as a whole (excluding amounts attributable to the Ernest Bailey Trust Fund) and summarises its assets, liabilities and reserves as at the end of the accounting period.

### **Budget**

A statement of the Council's policies and spending plans for net revenue and capital expenditure over a specified period of time.

### **Capital Charge**

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

### **Capital Expenditure**

Expenditure on the acquisition of a fixed asset or expenditure that enhances and not merely maintains the value of an existing fixed asset, such as land and buildings.

### **Capital Receipts**

The proceeds from the disposal of land or other fixed assets and repayment of certain grants and advances. Capital receipts can be used to finance new capital expenditure within rules set down by the Government, but they cannot be used to finance revenue expenditure.

**Code (of Practice)**

Within the context of this document, this refers to the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code specifies the principles and practices of accounting that must be followed to prepare a set of accounts that “presents fairly” the financial position of a Council.

**Collection Fund**

A separate account, required by statute, to show the transactions of a billing authority in relation to Council Tax and Non-Domestic Rates (NDR).

**Community Assets**

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

**Contingency**

A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

**Creditors**

Amounts owed by the Council to others for work done, goods received, or services rendered by suppliers for which payment has not been made at the balance sheet date.

**Current Assets**

Assets whose value tends to vary on a day-to-day basis, e.g., physical stockholdings, cash and bank balances. It is reasonable to expect that assets under this head on a balance sheet will be consumed or realised during the next accounting period.

**Current Liabilities**

Amounts which will become payable or could be called in within the next accounting period, e.g., creditors.

**Debtors**

Amounts due to the Council from others for goods and services that have been received but not paid for at the balance sheet date.

**Deferred Liabilities**

These are items shown on the balance sheet that reflect amounts owed to others, where the sums are payable over future financial years.

**Deferred Premium**

This is an amount due to be paid by an authority on the early redemption of debt where losses have been made. It can arise as part of a restructuring package and can be written off to revenue over the life of the replacement loans.

**Depreciation**

This is a charge made to the revenue account each year that reflects the reduction in value of fixed assets due to age or deterioration through usage.

**Earmarked Reserves**

Amounts put aside to meet specific liabilities in the future.

**Embedded Lease**

A contractual arrangement involving the provision of services using specific underlying assets, for example refuse collection vehicles held by the contractor.

**Financial Year**

The Council's financial year commences on 1<sup>st</sup> April and finishes on 31<sup>st</sup> March the following year.

**Finance Lease**

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. The Government's capital control system treats this as a credit arrangement, as if it were similar to borrowing.

**Financial Instruments Adjustment Account**

This provides a balancing mechanism between the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the SORP and are required by statute to be met from the General Fund.

**General Fund**

The statutory revenue account of the Council which summarises the cost of all services provided by the Council which are funded from the precept, government grants and other income.

**General Reserves**

Amounts put aside, but not allocated to meet, any future spending commitments. The Council's General Reserves include a working balance of £1m to meet emergencies and contingencies, and to assist with cash flow.

**Government Grants**

Part of the cost of the Council's services is paid for by central government from its own tax income. These grants are of two main types. Some (Specific Grants and Supplementary Grants) are for particular services such as Housing Benefits. Others are in aid of services generally such as the Rural Services Delivery Grant.

**IFRS**

This refers to International Financial Reporting Standards, which set out the proper accounting practices with which the Council must comply when preparing its accounts.

**Impairment**

The reduction in the value of a fixed asset caused by a change in circumstances such as a decline in market value, physical damage, obsolescence etc. The impairment must be written off to the Comprehensive Income and Expenditure Account.

**Liquid Resources**

Current asset investments that are readily disposable by the Council without disrupting its business and are either readily converted to known amounts of cash at or close to the carrying amount or traded in an active market.

**Minimum Revenue Provision**

The minimum amount which must be charged to an authority's revenue account each year, as a provision to repay borrowing and finance leases.

**Net Book Value**

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

**Net Current Replacement Cost**

The cost of replacing or recreating a fixed asset in its existing condition or existing use.

**Net Debt**

The Council's borrowings less cash and liquid resources.

**Net Realisable Value**

The open market value of the asset in its existing use.

**Net Worth**

This represents the Council's reserves and balances, both capital and revenue.

**Non-Current Assets**

Items that have a monetary value and are expected to yield benefits to the Council and the services it provides for a period of more than one year. Examples of fixed assets are land, buildings and vehicles. The amounts shown in the Balance Sheet are the current valuations less depreciation.

**Non-Distributed Costs**

These are central costs that are unapportionable over service heads. For example, certain retirement benefits and unused shares of IT facilities and other assets

**Operating Lease**

A lease other than a finance lease. This type of lease, usually for office equipment, is similar to renting and does not come into the Government's capital control system. Ownership of the asset must remain with the lessor.

**Precept**

The levying of an amount by one authority that requires another authority to collect income on its behalf. The Council's Collection Fund meets the precepts from the County Council, Police Authority and Fire and Rescue Service as well as making a payment to the Council's own General Fund. Precepts raised by Town and Parish Councils are paid from the Council's General Fund.

**Provisions**

A liability of uncertain timing or amount.

**Prudential Code**

Prudential Code for Capital Accounting in Local Authorities. To ensure within a clear framework that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that the Treasury Management decisions are taken in accordance with good practice.

**Public Works Loans Board**

A central government agency, which provides loans to local authorities.

**Residual Value**

The net realisable value of an asset at the end of its useful life.

**Revenue Expenditure**

Expenditure to meet the day-to-day running costs incurred in providing services e.g., wages and salaries, purchase of materials and capital charges.

**Revenue Expenditure Funded from Capital Under Statute**

Expenditure classified as capital for funding purpose, when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. This is to enable it to be funded from capital resources rather than charged to the General Fund and impact on the Council Tax.

**Revenue Support Grant and Rural Services Delivery Grant**

A general government grant paid to the Council as a contribution towards the cost of its services.

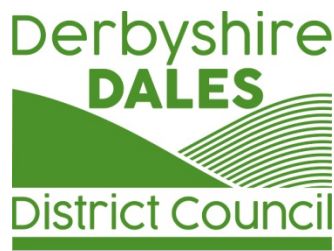
**Section 106**

A Section 106 is a legal agreement between an applicant seeking planning permission and the local planning authority, which is used to mitigate the impact of the new home on the local community and infrastructure.

## **INVITATION FOR FEEDBACK**

In preparing the Statement of Accounts the District Council has attempted to present details of its finances in a way, which is accurate, in accordance with appropriate Codes of Practice, meets statutory obligations, and is reasonably easy to understand. However, efforts are continuing to improve the presentation of financial information, so if you have any views, comments, questions or suggestions for improvement, please write to:

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