Public Document Pack

Service Director – Legal, Governance and Commissioning
Julie Muscroft

Governance and Commissioning
PO Box 1720
Huddersfield
HD1 9EL

Tel: 01484 221000
Please ask for: Leigh Webb
Email: leigh.webb@kirklees.gov.uk
Thursday 16 November 2023

Notice of Meeting

Dear Member

Corporate Governance and Audit Committee

The **Corporate Governance and Audit Committee** will meet in the **Meeting Room 3 - Town Hall, Huddersfield** at **10.00 am** on **Friday 24 November 2023.**

The items which will be discussed are described in the agenda and there are reports attached which give more details.

Julie Muscroft

Service Director – Legal, Governance and Commissioning

Kirklees Council advocates openness and transparency as part of its democratic processes. Anyone wishing to record (film or audio) the public parts of the meeting should inform the Chair/Clerk of their intentions prior to the meeting.

The Corporate Governance and Audit Committee members are:-

Member

Councillor James Homewood (Chair)
Councillor Yusra Hussain
Councillor Naheed Mather
Councillor Harry McCarthy
Councillor Melanie Stephen
Councillor John Taylor
Councillor Kath Pinnock
Chris Jones (Co-Optee)

When a Member of the Corporate Governance and Audit Committee cannot attend the meeting, a member of the Substitutes Panel (below) may attend in their place in accordance with the provision of Council Procedure Rule 35(7).

Substitutes Panel

Conservative	**Green**	**Labour**	**Liberal Democrat**
B Armer	K Allison	B Addy	PA Davies
D Bellamy	A Cooper	A Anwar	J Lawson
A Gregg	S Lee-Richards	S Hall	A Munro
D Hall		P Moore	A Marchington
R Smith		M Sokhal E Firth	A Smith
M Thompson		T Hawkins	A Pinnock
		H Zaman	

Ex Officio Members

Councillor Paul Davies
Councillor Elizabeth Smaje

Agenda
Reports or Explanatory Notes Attached

		Pages
1:	**Membership of the Committee**	
	To receive apologies for absence from those Members who are unable to attend the meeting and details of substitutions and for whom they are attending. to the Committee membership.	
2:	**Minutes of Previous Meeting**	1 - 6
	To approve the Minutes of the meeting of the Committee held on 29 September 2023.	
3:	**Declaration of Interests**	7 - 8
	Members will be asked to say if there are any items on the Agenda in which they have any disclosable pecuniary interests or any other interests, which may prevent them from participating in any discussion of the items or participating in any vote upon the items.	
4:	**Admission of the Public**	
	Most agenda items take place in public. This only changes where there is a need to consider exempt information, as contained at Schedule 12A of the Local Government Act 1972. You will be informed at this point which items are to be recommended for exclusion and to be resolved by the Committee.	
5:	**Deputations/Petitions**	
	The Committee will receive any petitions and/or deputations from members of the public. A deputation is where up to five people can attend the meeting and make a presentation on some particular issue of concern. A member of the public can also submit a petition at the meeting relating to a matter on which the body has powers and responsibilities.	

In accordance with Council Procedure Rule 10, Members of the Public must submit a deputation in writing, at least three clear working days in advance of the meeting and shall subsequently be notified if the deputation shall be heard. A maximum of four deputations shall be heard at any one meeting.

6: Public Question Time

To receive any public questions.

In accordance with Council Procedure Rule 11, the period for the asking and answering of public questions shall not exceed 15 minutes.

Any questions must be submitted in writing at least three clear working days in advance of the meeting.

7: Half Yearly Monitoring report on Treasury Management 2023-24 — 9 - 36

To consider the mid-year treasury management activities 2023-24.

Contact: James Anderson, Head of Accountancy
Rachel Firth, Finance Manager.

8: Audit Findings Report 2023 — 37 - 96

To consider the Audit Findings report 2023.

Contact: Grant Thornton, External Auditor.

9: Approval of the Council's final accounts 2022-23 — 97 - 258

To consider the Council’s final accounts for 2022-23.

Contact: James Anderson, Head of Accountancy.

10: Statutory Polling District & Places Review

To consider amendments to the polling district boundaries and places following statutory public consultation.

Contact: Laura Burrell, Electoral Services Manager.

11: Information Governance Annual Report 2022-23

To receive an update on the Information Governance service and offer to the Council.

Contact: Erin Wood – Information Governance Manager & Data Protection Officer.

12: Quarterly Report of Internal Audit Q2 2023-24

To receive the internal audit quarter 2 report 2023-24.

Contact: Martin Dearnley, Head of Risk.

13: Exclusion of the Public

To resolve that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act.

14: Quarterly Report of Internal Audit Quarter 2 2023-24

This report is recommended for consideration in private because the information contained in it is exempt information within part 1 of 71 - 80 Schedule 12A of the Local Government Act 1972 namely that the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the public interest in disclosing the information and providing greater openness in the Council’s decision making.

Exempt appendix in relation to agenda item 12.

Contact Officer: Nicola Sylvester

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 29th September 2023

Present:	Councillor James Homewood (Chair) Councillor Yusra Hussain Councillor Naheed Mather Councillor Melanie Stephen Councillor John Taylor Councillor Kath Pinnock
Co-optees	Chris Jones
In attendance:	Martin Dearnley – Head of Internal Audit Rachel Firth – Finance Manager (Virtual) Chris Read – Corporate Customer Standards Officer Clare Armitage – L & OD Partner Sarah Simpson – Assistant Corporate Customer Standards Manager Rachel Qureshi – Audit Manager Simon Straker – Audit Manager Sarah Brown – Acting Head of Welfare and Exchequer
Apologies:	Councillor Harry McCarthy Councillor Elizabeth Smaje (ex-Officio)

1 Membership of the Committee

Apologies for absence were received from Councillor McCarthy and Councillor Smaje (ex-officio)

The Committee noted the changed to the membership of Corporate Governance and audit and welcomed Councillor Mather.

2 Minutes of Previous Meeting

RESOLVED:

1) That the minutes of the meeting of 14th July 2023 be approved as a correct record.
2) That the minutes of the meeting of 12 September 2023 be approved as a correct record with the amendment that Councillor Paul Davies was in attendance.

3 Declarations of Interest

There were no declarations of interest.

4 Admission of the Public
It was noted that Agenda item 14 would be considered in private session.

5 Deputations/Petitions
There were no deputations or petitions received.

6 Public Question Time
There were no public questions.

7 Corporate Governance and Audit Committee Annual Report
The Committee receive the Corporate Governance and Audit Committee Annal Report which summarised the contributions the committee made during 2022/23 to the achievement of good governance and internal control within the Council.

All Members brought an independent and open mind to the business of the committee and were thanked for the contributions they had made.

The benefits to the Council of operating an effective Audit Committee were:

- Maintaining public confidence in the objectivity and fairness of financial and other reporting.
- Reinforcing the importance and independence of internal and external audit and any other similar review process; for example, reviewing and approving the Annual Statement of Accounts and the Annual Governance Statement, and the Quarterly Reports from Internal Audit and the Annual Report from the Head of Audit.
- Providing sharp focus on financial reporting both during the year and at year end, leading to increased confidence in the objectivity and fairness of the financial reporting process, including specific review on behalf of the Council of specialist parts of budgeting and accounting policy and practice – such as Treasury Management.
- Assisting the co-ordination of sources of assurance and, in so doing, making management more accountable.
- Providing additional assurance through a process of independent and objective review.
- Raising awareness within the Council of the need for governance, internal control and the implementation of audit recommendations.
- Monitoring of related areas such as the Council's approach to threats from fraud, bribery and corruption.
- How the Corporate Governance and Audit Committee has contributed to strengthening risk management, internal control, and governance arrangements.

The report provided additional assurance and underpinned the Annual Governance Statement, which was approved by the Committee.

RESOLVED:

1) That the Committee noted the assurances set out in the report that the Committee complied with CIPFA's Position Statement: Audit Committees in Local Authorities and Police

2) That the draft annual report at Appendix A be approved and considered at Council.

8 Corporate Customer Standards Annual Report 2022/23

The Committee received a report on Corporate Customer Standards 2022/23. The report provided a commentary on ongoing performance and covered other areas of interest.

The report included statistical information from across West Yorkshire relating to the number of Ombudsman complaints received, which highlighted that Kirklees had not received any formal reports in 2022/23. The report set out detail of complaints by service area and provided a breakdown of third stage and pre-third stage complaints. In 2022/23 the number of complaints considered at third stage dropped significantly in year and followed the trend of non-covid complaints considered in 2021/22, it was reported that the factors in the decline may include that the Customer Standards section provided more complaint handling advice to services for pre-third stage complaints, and the council was more proactive in seeking to resolve a complaint by thinking how the Ombudsman may remedy the complaint at an earlier stage.

During discussion, the committee raised a concern regarding Homes and Neighbourhoods regarding oversight of the complaints whilst there was a cross over of staff, Chris Read, Corporate Customer Standards Officer advised that the senior manager of Homes and Neighbourhoods dealt with the complaints, and that there was now more oversight since Homes and Neighbourhoods were brought back into the Council as there were all in one area.

RESOLVED: That the report be noted.

9 Annual Report on bad debt write-offs 2022/23

The Committee received a report on Bad Debt write-offs 2022-23.

Overall write-offs for 2022-23 were higher than 2020-21 The overall percentage written off had reduced each year for the previous two years but increased in 2022/23 due to the current financial situation and the accrued uncollectable debts that had built up through the last few years. It was noted that there was a likelihood of more suppressed bad debt, which could be reflected in future years write offs, alongside some continued economic volatility depending on the pace of global, national and local recovery from the pandemic and cost of the ongoing living crisis.

The figures for write offs of Adult Social Care debt, Housing Benefit Overpayments recovery, Housing Revenue Account (HRA), Business Rates and Council Tax made up the top 5 areas for write offs and demonstrated how important it was for everyone to pay their share of the charges to help fund essential Council Services. The recover action highlighted was to ensure that all collectable debts outstanding were to be pursued through appropriate recovery action and support for the customer. Additional resources were to be deployed to recover unpaid Council Tax or Business Rates quicker and more effectively once older debts that had been through the recovery process had been removed. Tighter processes and procedures continued to be put in place to maximise recovery of collectable debts earlier in the process.

During discussion the committee raised concerns regarding council tax arrears increasing and business rate write offs. Sarah Brown, Acting Head of Welfare of and Exchequer advised that business rates were down compared to the previous year and that support was in place to help businesses. With regards to council tax, the service was carrying out a single person discount review which could highlight people who should have been paying full council tax but would also help those who could be entitled to the single person discount who had not put in a claim.

RESOLVED: That the report be noted.

Grant Thornton: External Audit Findings Report 2021/22

The Committee received the External Audit Finding Report, for year end 31 March 2022, as submitted by Grant Thornton.

It was reported that Grant Thornton's audit work was completed both onsite and remotely between July and November 2022 and the findings were summarised within the report. At this stage Grant Thornton had not identified any adjustments to the financial statements that resulted in amending the draft outturn in the Council's Comprehensive Income and Expenditure Statement. Grant Thorntons work was substantially complete and there were no matters that required modification to their audit opinion or material changes to the financial statement subject to the outstanding matters in the report.

It was anticipated that the audit report opinion to be agreed very soon would be unqualified.

During discussion of this item, Councillor Pinnock raised concerns around the audit findings for Kirklees Stadium Development Ltd and requested that the Head of Internal Audit and Risk arrange for a report to be provided to this committee at a future meeting. Members also discussed the issue of consistency and context between the wording in the report and the wording set out in the 2021/22 Value for Money Report submitted at the July meeting, The Committee requested a future discussion in respect of the processes in place with regard to budget planning and forecasting.

RESOLVED: That the report be noted.

11 Annual Governance Statement 2022/23

The Committee received a report noting the 2022/23 Annual Governance Statement prior to it being signed off by the Chief Executive and Leader, and to consider whether the issues raised reflected the state of the governance and control framework during 2022/23.

The Statement covered the period up until the Annual Accounts 2022/23 are approved and concluded that overall the governance arrangements were fit for purpose. The Statement was a statutory requirement and accompanied the Statement of Accounts in order to provide readers with assurance about the governance and internal control environment in which they had been complied and to which they related.

The Statement highlighted a number of Significant Governance Issues. Several of the issues from the 2021/22 statement that had been brought forward reflected the nature of the issues and action required. Consideration had been given to a number of potential new issues with the serious financial position of the Council. The actions and controls that the Council were taking were contained within a recommended Action Plan, and progress so far was detailed in the report.

RESOLVED:

1) That approval be given to the Annual Governance Statement 2022/23,
2) That authority be delegated to the Chief Executive in consultation with the Leader of the Council to make necessary minor amendments to the statement.

12 Internal Audit Update 2023/24

The Committee received a report from the Head of Internal Audit which set out a proposed audit plan for the second half of 2023/24. The report also proposed a new format for the quarterly reporting, on which the Committee was invited to make comment and note other issues.

It was noted that reasonable progress had been made on the first half plan, which included 48 audits although there had been minor variations. This reflected an ability to deliver based on minor changes to staff capability and should enable slightly stronger assurance opinion on operating financial systems. The revised plan would provide for delivery of 56 audits, providing 100 audits in total by the end of the year.

At a previous meeting the Committee had agreed to amending the format which increase the amount of information that was in the public domain. The propose main features were the dashboard style set of charts and a schedule of activity during the audit period. There was also a proposal of minor changes to the rating methodology for internal audits of individual schools.

During discussion, the committee raised concerns regarding assurance on budget management and forecasting processes and requested that the Chair of this Committee and Head of Internal Audit & Risk liaised with a view to identifying arrangements to bring a report at a future meeting of this committee.

RESOLVED:

1) That the Audit plan for the second half of 2023/24 be approved,
2) That authority be given for the Head of Internal Audit to vary the proposed audit plan as is considered necessary in line with ensuring Internal Audit can effectively provide corporate assurance and to meet the needs of the organisation,
3) That the new Internal Audit Quarterly Report format be noted,
4) That the assessment of individual school audits be noted,

5) That the Chair of the Committee liaises with the Head or Risk regarding assurances around budget management to enable a report to be considered by the Committee at a future meeting.

13 Exclusion of the Public

RESOLVED: That acting under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act, as specifically state in the undermentioned minute.

14 Internal Audit Update 2023/24

RESOLVED: That the Committee noted the exempt information, which was an appendix to Agenda item 12.

KIRKLEES COUNCIL

COUNCIL/CABINET/COMMITTEE MEETINGS ETC
DECLARATION OF INTERESTS

Corporate Governance and Audit Committee

Name of Councillor

Item in which you have an interest	**Type of interest (eg a disclosable pecuniary interest or an “Other Interest”)**	**Does the nature of the interest require you to withdraw from the meeting while the item in which you have an interest is under consideration? [Y/N]**	**Brief description of your interest**

Signed: …………………………………………… **Dated:** ……………………………………..

NOTES

Disclosable Pecuniary Interests

If you have any of the following pecuniary interests, they are your disclosable pecuniary interests under the new national rules. Any reference to spouse or civil partner includes any person with whom you are living as husband or wife, or as if they were your civil partner.

Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner, undertakes.

Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses.

Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority -

- under which goods or services are to be provided or works are to be executed; and
- which has not been fully discharged.

Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.

Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.

Any tenancy where (to your knowledge) - the landlord is your council or authority; and the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.

Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -
(a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
(b) either -

the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

Name and date of meeting:	**Corporate Governance and Audit Committee** **24 November 2023** **Cabinet** **12 December 2023** **Council** **13 December 2023**
Title of report:	**Half Yearly Monitoring report on Treasury Management activities 2023/24**

Purpose of report

The Council has adopted the CIPFA Code of Practice on Treasury Management. It is a requirement of the Code that regular reports be submitted to Members detailing treasury management operational activity. This report is the mid-year for 2023/24 covering the period 1 April to 30 September 2023.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	**No**
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	**Key Decision: Yes** **Private Report/Private Appendix: N/A**
The Decision - Is it eligible for call in by Scrutiny?	**No**
Date signed off by Strategic Director and name **Date signed off by Service Director** **Is it also signed off by the Service Director Legal Governance and Monitoring?**	**N/A** **Isabel Brittain – 15 November 2023** **Julie Muscroft – 15 November 2023**
Cabinet member portfolio	**Corporate** **Cllr Graham Turner**

Electoral wards affected: **N/A**
Ward councillors consulted: **N/A**
Public or Private: **Public**
GDPR: This report contains no information that falls within the scope of General Data Protection Regulations.

1 Summary

1.1 The report gives assurance that the Council's treasury management function is being managed prudently and pro-actively. External investments, including the £10.0 million Local Authority Property Fund (LAPF), averaged £44.5 million during the period at an average rate of 4.43%. Investments have ranged from a peak of £76.1 million in April to a low of £25.8 million in August.

1.2 All treasury management activities undertaken during the period complied fully with the principles in the Treasury Management Code and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in Appendix 1.

1.3 The treasury management revenue budget is £33.4 million. This is covered in more detail at paragraph 2.19 later in this report.

1.4 This report includes the new requirement in the 2021 Code, mandatory from 1st April 2023, of quarterly reporting of the treasury management prudential indicators – shown in Appendix 4. The non-treasury prudential indicators are now incorporated in the Council's normal quarterly revenue reports along with the treasury management indicators.

2 Information required to take a decision:

2.1 The treasury management strategy for 2023/24 was approved by Council on 8 March 2023. The over-riding policy continues to be one of ensuring the security of the Council's balances. The Council aims to invest externally balances of around £30.0 million, largely for the purpose of managing day-to-day cash flow requirements, with any remaining balances invested "internally", offsetting borrowing requirements.

2.2 The investment strategy is designed to minimise risk, with investments being made primarily in instant access accounts or short-term deposits, with Money Market Funds, the Debt Management Office (DMO), Local Authorities and major British owned banks and building societies. Diversification amongst counterparties is key.

Economic Context

2.3 *The following economic update has been provided via our external advisors Arlingclose (paragraphs 2.4 to 2.11 below):*

2.4 UK inflation remained stubbornly high over much of the period compared to the US and euro zone, keeping expectations elevated of how much further the Bank of England (BoE) would hike rates compared to other regions. However, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed very soon after by the BoE deciding to keep Bank Rate on hold at 5.25% in September, against expectation for another 0.25% rise.

2.5 Economic growth in the UK remained relatively weak over the period. In calendar Q2 2023, the economy expanded by 0.4%, beating expectations of a 0.2% increase. However, monthly GDP data showed a 0.5% contraction in

July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.

2.6 July data showed the unemployment rate increased to 4.3% (3mth/year) while the employment rate rose to 75.5%. Pay growth was 8.5% for total pay (including bonuses) and 7.8% for regular pay, which for the latter was the highest recorded annual growth rate. Adjusting for inflation, pay growth in real terms were positive at 1.2% and 0.6% for total pay and regular pay respectively.

2.7 Inflation continued to fall from its peak as annual headline CPI declined to 6.7% in July 2023 from 6.8% in the previous month against expectations for a tick back up to 7.0%. The largest downward contribution came from food prices. The core rate also surprised on the downside, falling to 6.2% from 6.9% compared to predictions for it to only edge down to 6.8%.

2.8 The Bank of England's Monetary Policy Committee continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August. Against expectations of a further hike in September, the Committee voted 5-4 to maintain Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase.

2.9 Financial market Bank Rate expectations moderated over the period as falling inflation and weakening data gave some indication that higher interest rates were working. Following the September MPC meeting, Arlingclose, the Council's treasury adviser, modestly revised its interest forecast to reflect the central view that 5.25% will now be the peak in Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected.

2.10 The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households.

2.11 Financial market sentiment and bond yields remained volatile, with the latter generally trending downwards as there were signs inflation, while still high, was moderating and interest rates were at a peak. Gilt yields fell towards the end of the period. The 5-year UK benchmark gilt yield rose from 3.30% to peak at 4.91% in July before trending downwards to 4.29%, the 10-year gilt yield rose from 3.43% to 4.75% in August before declining to 4.45%, and the 20-year yield from 3.75% to 4.97% in August and then fell back to 4.84%.

Investment Performance

2.12 The Council invested an average balance of £34.5 million externally (excluding the LAPF) during the period (£59.7 million in the first six months of 2022/23), generating £789k in investment income over the period (£285k in 2022/23). The LAPF investment of £10.0 million generated £198k of dividend income during the period (£174k in the first six months of 2022/23).

2.13 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk on incurring losses from defaults and the risk of receiving unsuitably low investment income.

2.14 Balances were invested in instant access accounts such as Money Market Funds, short term deposits, Debt Management Office (DMO), Local Authority fixed term deposits and the LAPF. Appendix 1 shows where investments were held at the start of April, the end of June and September by counterparty, by sector and by country.

2.15 As demonstrated by the liability benchmark in this report (Appendix 4), the Council expects to be a long-term borrower and treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different asset classes and boost investment income.

2.16 The Bank Rate increased by 1%, from 4.25% at the beginning of April to 5.25% by the end of September. Short-dated cash rates rose proportionately, with 3-month rates rising to around 5.25% and 12-month rates to nearly 6%. The rates on Debt Management Account Deposit Facility (DMADF) also rose, ranging between 4.8% and 5.4% by the end of June and Money Market Rates between 4.6% and 4.9%.

2.17 The Council's average investment rate for the period was 4.43%. This is higher than the average in the same period in 2022/23 of 1.32%, as the base rate rose rapidly during the previous year. Returns on liquid cash balances were 4.57% and 3.97% on the LAPF (after deducting charges). The actual gross dividend yield quoted from the fund on Net Asset Value was 4.66% at the end of September for the last 12 months, and the fund size was £1,186.3 million (3.40% and £1,451.4 million respectively for the 12 months to September 2022).

2.18 Appendix 3, provided by Arlingclose, compares the Council's performance against other Local Authorities at the end of September. In order to gain better rates of return, the majority of Local Authorities with a higher rate of return have further external investments creating a more diverse portfolio.

Revenue Budget Monitoring

2.19 The treasury management budget is £33.4 million. Forecasted outturn is currently over budget by £2.3 million. This reflects increased borrowing costs as a result of the in-year overspend along with the depletion of reserves beyond the assumptions made in the budget, resulting in the requirement for extra borrowing and the resulting interest charges. The change in Minimum Revenue Provision (MRP) policy allowed for a planned release of £9.1 million MRP budget over provision in 2023/24. The budget strategy update report 2024/25 re-affirmed the decision taken in the annual budget report in March 2023 to forward profile the release of the MRP over-provision with an additional £4.6 million. The MRP policy is to provide for MRP on the basis of the asset life to which external borrowing is incurred. The MRP calculation is used to determine the amount of revenue resources that need to be set aside annually by the Council to meet its debt obligations.

Borrowing

2.20 At 31st March 2023, the Council had net borrowing of £569.8 million, arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in the table below. A council can choose to fund its CFR through a combination of internal and external borrowing.

2.21 The Council has an increasing CFR due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark (Appendix 4) which also reflects usable reserves and working capital.

Balance Sheet Summary

	Actual 2022/23 £m	**Strategy Estimate 2023/24 £m**	**Revised Forecast 2023/24 £m**
General Fund CFR - Non PFI	617.0	678.8	667.6
PFI	35.5	33.6	33.6
HRA CFR - Non PFI	168.0	170.3	169.6
PFI	42.7	40.6	40.6
Total CFR	**863.2**	**923.3**	**911.4**
Less: PFI debt liabilities	78.2	74.2	74.2
Less: Other debt liabilities	3.5	3.6	3.6
Borrowing CFR	**781.5**	**845.5**	**833.6**
Less actual external borrowing *	613.8	476.4	578.1
Internal (over) borrowing	167.7	369.1	255.5
Total borrowing (investments)	**781.5**	**845.5**	**833.6**
Liability benchmark	**600.9**	**660.3**	**719.8**

*shows only loans to which the Council is committed and excludes future borrowing and refinancing

2.22 The treasury management position at 30th September and the change over the six months is shown in the Table below.

Treasury Management Summary

	31.03.23 Balance £m	Movement £m	30.09.23 Balance £m
Long-term borrowing:			
PWLB	379.0	31.0	410.0
LOBOs	61.5	0	61.5
Other	91.3	9.3	100.6
Short-term borrowing	82.0	(3.9)	78.1
Total borrowing	**613.8**	**36.4**	**650.2**
Long-term investments	10.0	0	10.0
Short-term investments	15.0	17.6	32.6
Cash and cash equivalents	19.0	2.4	21.4
Total investments	**44.0**	**20.0**	**64.0**
Net borrowing	**569.8**	**16.4**	**586.2**

Borrowing strategy and activity

2.23 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decisions that will increase the Capital Financing Requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Council. The Council has not invested in assets primarily for financial return or that are not primarily related to the functions of the Council. It has no plans to do so in the future.

2.24 The Council's chief objective when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

2.25 There was a substantial rise in the cost of both short and long-term borrowing over the last 18 months. Bank Rate rose by 1% from 4.25% at the beginning of April to 5.25% at the end of September. Bank Rate was 2% higher than at the end of September 2022.

2.26 UK gilt yields were volatile, mainly facing upward pressure since early April following signs that UK growth had been more resilient, inflation stickier than expected, and that the Bank of England saw persistently higher rates through 2023/24 as key to dampening domestic demand. Gilt yields, and consequently PWLB borrowing rates, rose and broadly remained at elevated levels. On 30 September, the PWLB certainty rates for maturity loans were 5.26% for 10-year loans, 5.64% for 20-year loans and 5.43% for 50-year loans. Their equivalents on 31st March 2023 were 4.33%, 4.70% and 4.41% respectively.

2.27 A new PWLB HRA rate which is 0.4% below the certainty rate was made available from 15 June 2023. Initially available for a period of one year, this discounted rate is to support local authorities borrowing for the Housing Revenue Account.

Borrowing performance

2.28 Long-term loans at the end of September totalled £562.1 million (£531.8 million 31 March 2023) and short-term loans £96.7 million (£80.7 million 31 March 2023).

2.29 Fixed rate loans account for 89.5% of total long-term debt giving the Council stability in its interest costs. The maturity profile for long-term loans is shown in Appendix 2 and shows that no more than 6.5% of debt is due to be repaid in any one year. This is good practice as it reduces the Council's exposure to a substantial borrowing requirement in future years when interest rates might be at a relatively high level.

2.30 The mid-year forecasted liability benchmark (shown in Appendix 4), based on updated capital plans, highlights that there is an expectation of additional long-term borrowing of £106.0 million for the year. In July a £10.0 million EIP loan was arranged and further EIP loans of £30.0 million were arranged from the PWLB in September. These loans provide some longer-term certainty and stability to the debt portfolio. A mixture of medium-term loans and further PWLB will be taken during the remainder of the year to fund the additional borrowing required.

2.31 Appendix 5 sets out in year repayments on long-term borrowing and further re-payments for the next 6 months.

2.32 The Council's borrowing costs has continued to increase with the rise in Bank Rate and short-dated market rates. The Council's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short, medium and long-term borrowing was maintained.

Future Treasury Management Strategy

2.33 The Council's overall Treasury Management Strategy will continue to maintain a relatively low risk strategy giving priority to security and liquidity, and as such invest an average of around £20.0 million externally in relatively short-term, liquid investments through the money markets, for the purpose of managing day-to-day cash flow requirements. Any remaining balances, net of investment in the LAPF, will be used internally, offsetting borrowing requirements.

2.34 There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields +0.8%. The Council will evaluate and pursue these lower cost solutions and opportunities with its advisor, Arlingclose.

2.35 The UK Infrastructure bank is one alternative source of funding which offers funding at gilt yields +0.40% (0.40% below the PWLB certainty rate) and the possibility of more flexible funding structures that the PWLB. Funding from UKIP is generally only available for certain types of projects that meet its criteria of green energy, transport, digital, water and waste. The minimum loan size is £5.0 million.

2.36 On 1 April 2023 the Council held £61.5 million of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate and terms or to repay the loan at no additional cost.

2.37 As market interest rates rose, there was increased probability of call options on the LOBOs being exercised by lenders. No LOBO loans were called during the 6 month period to September 2023.

2.38 All the Council LOBO loans could be called within the next 12 months. If the option is exercised and an increased rate proposed, the Council plans to repay the loan at no additional cost as accepting the revised terms would mean the Council would still have refinancing risk in later years. If required, the Council will repay the LOBO's by borrowing from other local authorities or the PWLB.

Risk and Compliance issues

2.39 In line with the investment strategy, the Council has not placed any direct investments with companies as defined by the Carbon Underground 200.

3 Implications for the Council

3.1	Working with People:	N/A
3.2	Working with Partners:	N/A
3.3	Placed based working:	N/A
3.4	Climate Change and Air Quality:	N/A
3.5	Improving Outcomes for Children:	N/A
3.6	Financial Implications for the people living or working in Kirklees:	N/A

3.7 Other (e.g. Legal/Financial or Human Resources):
Treasury management budget forecast will continue to be reported as part of the overall quarterly financial monitoring reporting cycle to Cabinet, through the remainder of the year.

4 Consultees and their opinions

Arlingclose, the treasury management advisors to the Council, have provided the economic context commentary contained in this report.

5 Next steps

Following consideration at Corporate Governance and Audit Committee, this report will be presented to Cabinet on 12 December 2023 and Council on 13 December 2023.

6 Officer recommendations and reasons

6.1 Note the half-year treasury management performance in 2023/24 as set out in the report.

7 Contact Officer

James Anderson	Head of Accountancy	01484 221000
Rachel Firth	Finance Manager	01484 221000

8 Background Papers and History of Decisions

CIPFA's Prudential Code for Capital Finance in Local Authorities.
CIPFA's Code of Practice on Treasury Management in the Public Services.
CIPFA's Treasury Management in the Public Services – Guidance notes
The treasury management strategy report for 2023/24 - Council 8 March 2023
Council Budget Strategy Update Report 2024/25 – Council 13 September 2023
Annual Report on Treasury Management 2022/23 - Annual Financial Outturn Report 2022/23; Council 12 July 2023

9 Service Director (Interim) responsible

Isabel Brittain 01484 221000

Appendix 1

Kirklees Council Investments 2023/24

Counterparty		Approved Strategy Limit £m	Approved Strategy Credit	Credit Rating Sept 2023*	1 April 2023 (opening) £m	Interest Rate	Type of Investment	30-Jun-23 £m	Interest Rate	Type of Investment	30-Sep-23 £m	Interest Rate	Type of Investment
Specified Investments													
LAPF	Property Fund	10.0	-	-	10.0	-	***	10.0	-	***	10.0	-	***
DMO	Central Government	Unlimited	-	F1+/AA-	-	-	Fixed Deposit	5.8	4.88%	Fixed Deposit	-	-	Fixed Deposit
North Northamptonshire Council	Local Authority	10.0	-	F1+/AA-	5.0	4.50%	Fixed Deposit	0.0	-	Fixed Deposit	-	-	Fixed Deposit
PCC for West Mercia	Local Authority	10.0	-	F1+/AA-	3.0	4.60%	Fixed Deposit	0.0	-	Fixed Deposit	7.0	5.40%	Fixed Deposit
PCC for Warwickshire	Local Authority	10.0	-	F1+/AA-	2.0	4.60%	Fixed Deposit	0.0	-	Fixed Deposit	-	-	Fixed Deposit
PCC for West Yorkshire	Local Authority	10.0	-	F1+/AA-	5.0	4.65%	Fixed Deposit	5.0	5.00%	Fixed Deposit	-	-	Fixed Deposit
Wakefield MDC	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	5.0	4.75%	Fixed Deposit	5.0	5.35%	Fixed Deposit
Manchester City Council	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	5.0	4.80%	Fixed Deposit	-	-	Fixed Deposit
PCC for Hertfordshire	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	6.0	5.00%	Fixed Deposit	-	-	Fixed Deposit
Eastleigh Borough Council	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	-	-	Fixed Deposit	3.0	5.40%	Fixed Deposit
Uttlesford District Council	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	-	-	Fixed Deposit	4.5	5.40%	Fixed Deposit
Cheltenham Borough Council	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	-	-	Fixed Deposit	1.1	5.38%	Fixed Deposit
Leeds City Council	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	-	-	Fixed Deposit	5.0	5.40%	Fixed Deposit
Central Bedfordshire Council	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	-	-	Fixed Deposit	5.0	5.35%	Fixed Deposit
Dover District Council	Local Authority	10.0	-	F1+/AA-	-	-	Fixed Deposit	-	-	Fixed Deposit	2.0	5.40%	Fixed Deposit
Barclays Deposit Account	Bank	3.0	-	F1/A+	0.5	3.57%	Fixed Deposit	0.0		Fixed Deposit	0.2	3.57%	Fixed Deposit
Aberdeen Standard	MMF**	10.0	AAA-A	AAA	0.2	4.06%	MMF	6.7	4.84%	MMF	10.0	5.29%	MMF
Aviva	MMF**	10.0	Aaa-A2	Aaa*	8.3	4.12%	MMF	2.3	4.84%	MMF	10.0	5.32%	MMF
Deutsche	MMF**	10.0	AAA-A	AAA	10.0	4.16%	MMF	0.3	4.80%	MMF	0.0	5.23%	MMF
Goldman Sachs	MMF**	10.0	AAA-A	AAA	0.0	4.01%	MMF	0.0	4.70%	MMF	1.2	5.22%	MMF
					44.0			**46.1**			**64.0**		
Sector analysis													
Property Fund		10.0			10.0	23%		10.0	22%		10.0	16%	
Local Authorities		10.0			15.0	34%		21.0	46%		32.6	51%	
Bank		3.0			0.5	1%		0.0	0%		0.2	0%	
MMF**		50.0			18.5	42%		9.3	20%		21.2	33%	
Central Government		Unlimited			0.0	0%		5.8	12%		0.0	0%	
					44.0	100%		**46.1**	100%		**64.0**	100%	
Country analysis													
UK					25.5	58%		36.8	80%		42.8	67%	
MMF**					18.5	42%		9.3	20%		21.2	33%	
					44.0	100%		**46.1**	100%		**64.0**	100%	

*Fitch short/long term ratings, except Aviva MMF (Moody rating). See next page for key. The use of Fitch ratings is illustrative – the Council assesses counterparty suitability using all 3 credit rating agencies, where applicable, and other information on credit quality.

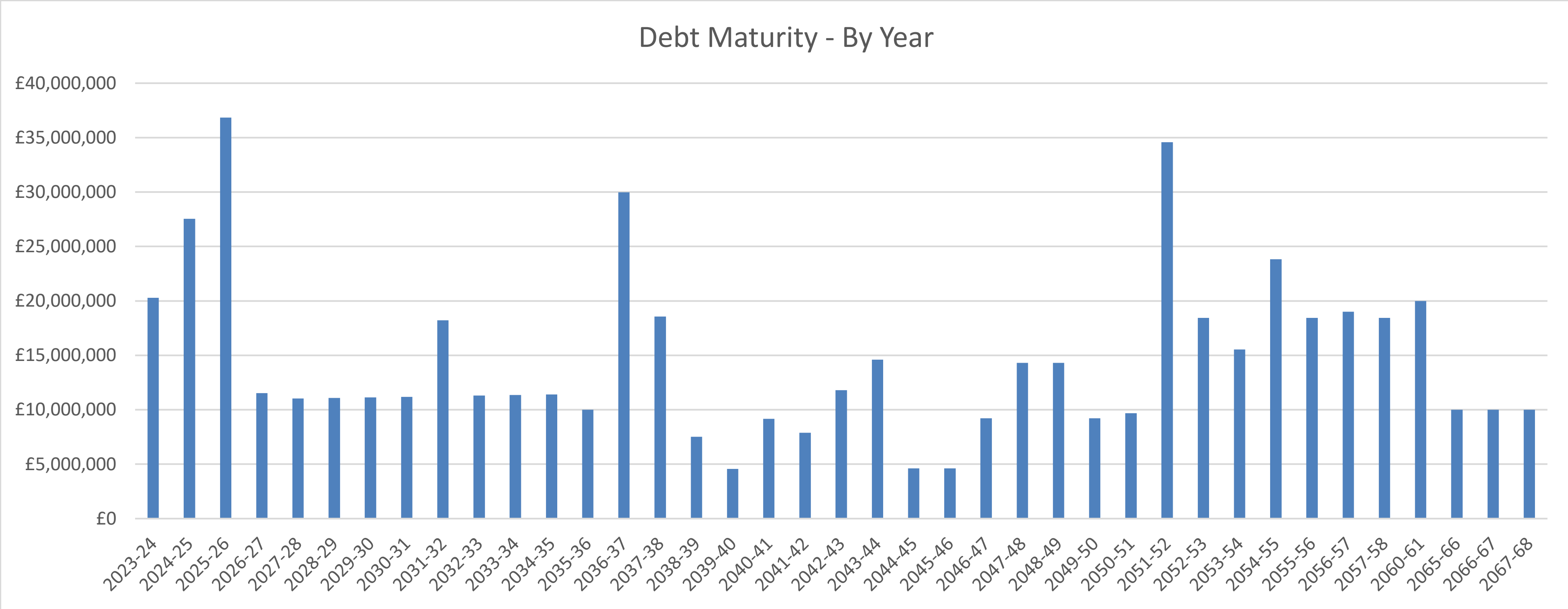
**MMF – Money Market Fund. These funds are domiciled in Ireland for tax reasons, but the funds are made up of numerous diverse investments with highly rated banks and other institutions. The credit risk is therefore spread over numerous countries, including the UK. The exception to this is the Aviva Government Liquidity Fund which invests directly in UK government securities and in short-term deposits secured on those securities.

***Specialised property fund available for Local Authority investors.

<u>Key – Fitch's credit ratings</u>: **Appendix 1 Continued**

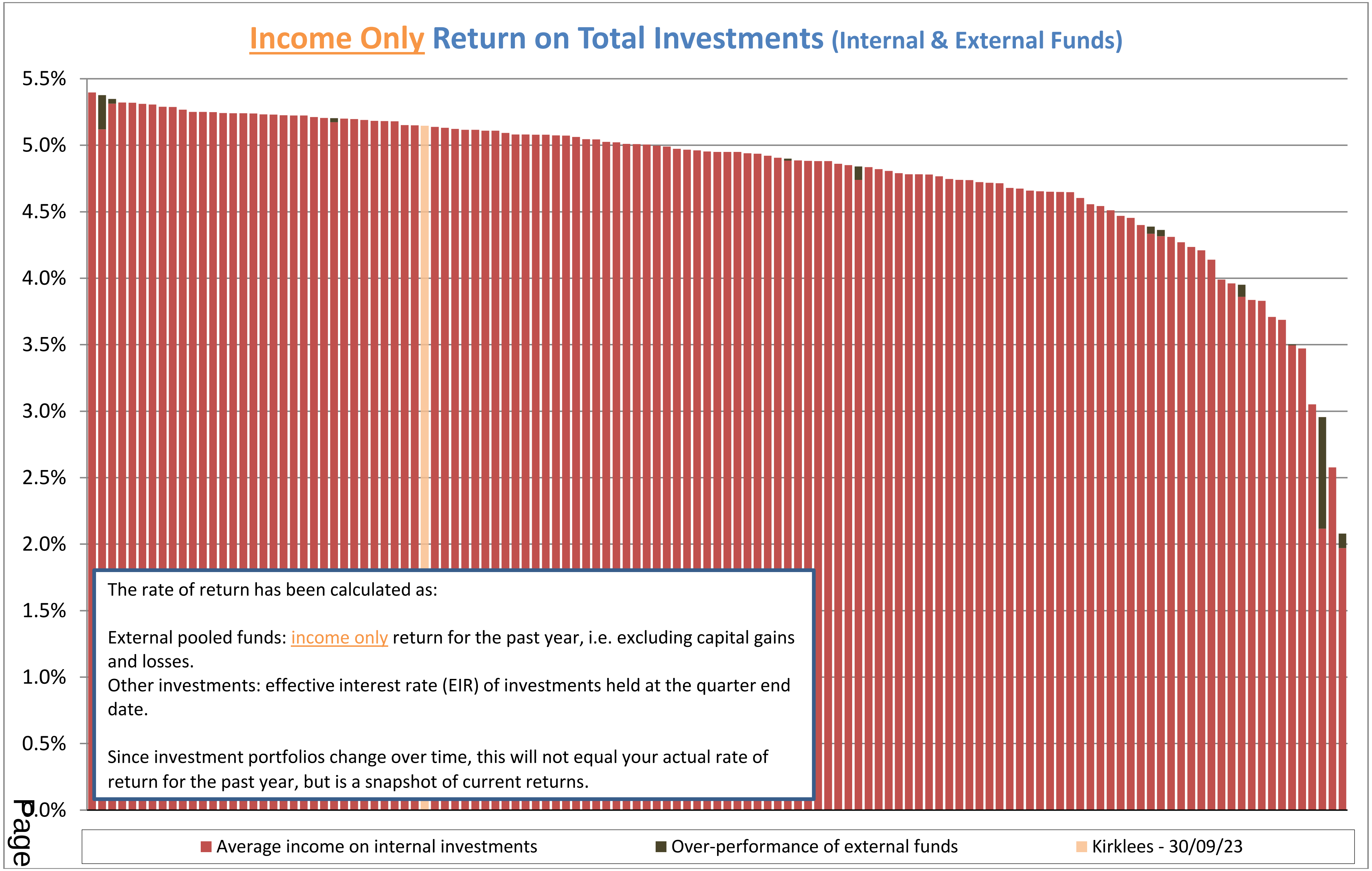
		Long	**Short**
Investment Grade	Extremely Strong	AAA	
	Very Strong	AA+	
		AA	F1+
		AA-	
	Strong	A+	
		A	F1
		A-	
	Adequate	BBB+	F2
		BBB	
		BBB-	F3
Speculative Grade	Speculative	BB+	
		BB	
		BB-	
	Very Speculative	B+	B
		B	
		B-	
	Vulnerable	CCC+	
		CCC	
		CCC-	C
		CC	
		C	
	Defaulting	D	D

Appendix 2



Debt Maturity - By Year
£40,000,000
£35,000,000
£30,000,000
£25,000,000
£20,000,000
£15,000,000
£10,000,000
£5,000,000
£0
2023-24
2024-25
2025-26
2026-27
2027-28
2028-29
2029-30
2030-31
2031-32
2032-33
2033-34
2034-35
2035-36
2036-37
2037-38
2038-39
2039-40
2040-41
2041-42
2042-43
2043-44
2044-45
2045-46
2046-47
2047-48
2048-49
2049-50
2050-51
2051-52
2052-53
2053-54
2054-55
2055-56
2056-57
2057-58
2060-61
2065-66
2066-67
2067-68

Appendix 3


Income Only Return on Total Investments (Internal & External Funds)
5.5%
5.0%
4.5%
4.0%
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
The rate of return has been calculated as:
External pooled funds: income only return for the past year, i.e. excluding capital gains and losses.
Other investments: effective interest rate (EIR) of investments held at the quarter end date.
Since investment portfolios change over time, this will not equal your actual rate of return for the past year, but is a snapshot of current returns.
Average income on internal investments
Over-performance of external funds
Kirklees - 30/09/23

Appendix 4

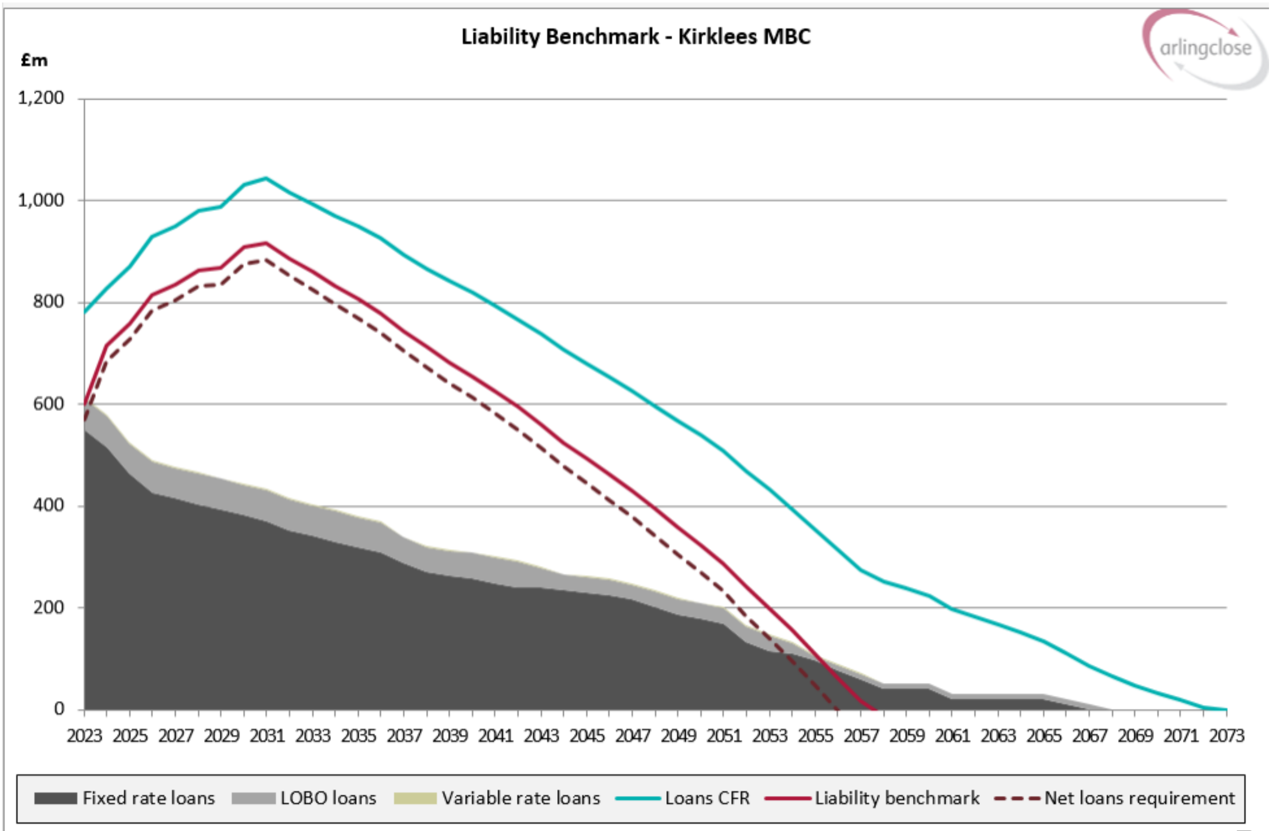
Treasury Management Prudential Indicators

Liability Benchmark

This new indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £30.0 million required to manage day-to-day cash flow.

	31.03.23 actual £m	31.03.24 forecast £m	31.03.25 forecast £m	31.03.26 forecast £m
Loans CFR	**781.5**	**833.6**	**883.5**	**947.5**
Less: Balance sheet resources	210.6	143.8	143.8	143.8
Net loans requirement	**570.9**	**689.8**	**739.7**	**803.7**
Plus: Liquidity allowance	30.0	30.0	30.0	30.0
Liability benchmark	**600.9**	**719.8**	**769.7**	**833.7**
Existing borrowing	**613.8**	**578.1**	**526.0**	**489.1**

Following on from the medium term forecast above, the long the long-term liability benchmark assumes capital expenditure funded by borrowing of £57.0 million in 2023/24, minimum revenue provision on new building capital expenditure based on a 50-year asset life and reduction in balance sheet resources of £67.0 million.



The total liability benchmark is shown in the chart above together with the maturity profile of the Council's existing borrowing. The red line is the liability benchmark reaching a peak in 2032 highlighting the gap between current borrowing identified in grey, which is reducing over time with repayments, and the additional borrowing required to fund the capital plan.

Maturity Structure of Borrowing

This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	Upper limit	Lower limit	30.09.23 actual	Complied
Under 12 months	20%	0%	23%	No
12 months and within 24 months	20%	0%	5%	Yes
24 months and within 5 years	60%	0%	8%	Yes
5 years and within 10 years	80%	0%	8%	Yes
10 years and above	100%	20%	55%	Yes

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. LOBO options of £61.5 million have a potential repayment date during 2023/24 and have been included in the under 12 months line.

Long term Treasury Management Investments

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

	2023/24	2024/25	2025/26	No fixed date
Limit on principal invested beyond year end	n/a	n/a	n/a	n/a
Actual principal invested beyond year end	£10.0m	£10.0m	£10.0m	£10.0m
Complied	Yes	Yes	Yes	Yes

Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Interest Rate Exposures

Bank Rate rose by 1.25% from 4.25% on 1st April to 5.25% by 30th September.
For context, the changes in interest rates during the quarter were:

	31.03.23	**30.09.23**
Bank Rate	4.25%	5.25%
1-year PWLB certainty rate, maturity loans	4.78%	5.69%
5-year PWLB certainty rate, maturity loans	4.31%	5.22%
10-year PWLB certainty rate, maturity loans	4.33%	5.26%
20-year PWLB certainty rate, maturity loans	4.70%	5.64%
50-year PWLB certainty rate, maturity loans	4.41%	5.43%

Appendix 5

Long-term loans repaid during the period 01/04/23 to 30/09/23

	Amount £000s	Rate %	Date repaid
Salix - Annuity	490	0.00%	01-Apr-23
PWLB (Maturity) 480127	4,889	6.63%	15-Apr-23
PWLB (EIP) 340221	250	1.63%	27-Apr-23
PWLB (EIP) 439173	250	1.66%	17-May-23
PWLB (EIP) 373440	250	1.46%	12-Jul-23
PWLB (EIP) 594601	500	4.10%	31-Jul-23
PWLB (EIP) 594848	536	3.99%	01-Aug-23
PWLB (EIP) 538379	500	2.60%	09-Aug-23
PWLB (EIP) 487385	250	2.28%	21-Aug-23
Salix - Annuity	186	0.00%	01-Sep-23
PWLB (EIP) 313112	250	1.64%	04-Sep-23
PWLB (EIP) 493145	250	1.98%	11-Sep-23
PWLB (EIP) 608189	667	4.15%	21-Sep-23
PWLB (Annuity) 496956	423	4.58%	29-Sep-23
Total	**9,691**		

Long-term loans to be repaid during the period 01/10/23 to 31/03/24

	Amount £000s	Rate %	Date to be repaid
Salix - Annuity	490	0.00	02-Oct-23
PWLB (Maturity) 480128	4,613	6.63%	15-Oct-23
PWLB (EIP) 340221	250	1.63%	27-Oct-23
PWLB (EIP) 439173	250	1.66%	17-Nov-23
PWLB (EIP) 373440	250	1.46%	12-Jan-24
PWLB (EIP) 643579	278	5.01%	29-Jan-24
PWLB (EIP) 594601	500	4.10%	31-Jan-24
PWLB (EIP) 594848	536	3.99%	01-Feb-24
PWLB (EIP) 538379	500	2.60%	09-Feb-24
PWLB (EIP) 487385	250	2.28%	21-Feb-24
WYCA	200	2.02%	28-Feb-24
WYCA	109	0.00%	28-Feb-24
Salix - Annuity	186	0.00%	01-Mar-24
PWLB (EIP) 313112	250	1.64%	04-Mar-24
PWLB (EIP) 493145	250	1.98%	11-Mar-24
PWLB (EIP) 608189	667	4.15%	21-Mar-24
PWLB (EIP) 659904	333	5.06%	21-Mar-24
PWLB (EIP) 660447	333	5.08%	22-Mar-24
PWLB (EIP) 661522	357	5.00%	27-Mar-24
Total	**10,602**		

Medium and Long-term loans taken during the period 01/04/23 to 30/09/23

	Loan Period	Amount £m	Rate %	Date to be repaid
PWLB 643579 – EIP	18 years	10.0	5.01%	27/07/2041
PWLB 659904 – EIP	15 years	10.0	5.06%	21/09/2038
PWLB 660447 – EIP	15 years	10.0	5.08%	22/09/2038
PWLB 661522 – EIP	14 years	10.0	5.00%	27/09/2037
Total		**40.0**		

TREASURY MANAGEMENT PRACTICES

The following Treasury Management Practices (TMPs) set out the manner in which the Council aims to achieve its treasury management policies and objectives, and how it will manage and control those activities.

1. TMP 1 Risk management

The Service Director - Finance will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation’s objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

(i) Credit and counterparty risk management

The Council regards a prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments, methods and techniques are listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

(ii) Liquidity risk management

The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to which are necessary for the achievement of its business/service objectives. The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

(iii) Interest rate risk management

The Council will manage its exposure to fluctuations in interest rates with a view to containing its net interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements.

It will achieve these objectives by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

(iv) Exchange rate risk management

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

(v) Refinancing risk management

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

(vi) Legal and regulatory risk management

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1(i) Credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may affect with the Council.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

(vii) Fraud, error and corruption, and contingency management

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption, or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

(viii) Market risk management

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

2. **TMP2 Performance measurement**

The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its Treasury Management Policy Statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery and of other potential improvements. The performance of the treasury management function will be measured using the criteria set out in the schedule to this document.

3. **TMP3 Decision-making and analysis**

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the schedule to this document.

4. **TMP4 Approved instruments, methods and techniques**

The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 Risk management.

Where the Council intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The Council will seek proper advice when entering into arrangements to use such products.

5. **<u>TMP5</u> Organisation, clarity and segregation of responsibilities, and dealing arrangements**

The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, and for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principles on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the Service Director - Finance will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The Service Director - Finance will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangement for absence cover. The present arrangements are detailed in the schedule to this document.

The Service Director - Finance will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegation to the Service Director - Finance in respect of treasury management is set out in the schedule to this document. The Service Director - Finance will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and, as a CIPFA member, the Standard of Professional Practice on Treasury Management.

6. **<u>TMP6</u> Reporting requirements and management information arrangements**

The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, the Council will receive:

- an annual report on the strategy and plan to be pursued in the coming year
- a mid-year review
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's Treasury Management Policy Statement and TMPs.

The present arrangements and the form of these reports are detailed in the schedule to this document.

7. **<u>TMP7</u> Budgeting, accounting and audit arrangements**

The Service Director - Finance will prepare, and the Council will approve and, if necessary, from time to time amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at a minimum be those required by statute or regulation, together with such information as will demonstrate compliance with the TMPs. Budgeting procedures are set out in the schedule to this document. The Service Director - Finance will exercise effective controls over this budget, and will report any major variations.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. The present form of this function's accounts is set out in the schedule to this document.

The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices. The information made available under present arrangements is detailed in the schedule to this document.

8. **TMP8 Cash and cash flow management**

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Service Director - Finance and, with the exception of Secondary Schools' bank accounts, will be aggregated for cash flow purposes. Cash flow projections will be prepared on a regular and timely basis, and the Service Director - Finance will ensure that these are adequate for the purposes of monitoring compliance with TMP1(i) Liquidity risk management. The present arrangements for preparing cash flow projections are set out in the schedule to this document.

9. **TMP9 Money laundering**

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will ensure that staff involved in treasury management activities are fully aware of their responsibilities with regards this. The present safeguards, including the name of the officer to whom any suspicions should be reported, are detailed in the schedule to this document.

10. **TMP10 Training and qualifications**

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The present arrangements are detailed in the schedule to this document.

The Service Director - Finance will ensure that Members of the committee providing a scrutiny function have access to regular training relevant to their responsibilities.

11. **TMP11 Use of external service providers**

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times. However, it also recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources.

When it employs such service providers, it will ensure it does so for reasons which will have been submitted to full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies.

Where services are subject to formal tender or re-tender arrangements, legislative requirements and the Council's Contract Procedure Rules will always be observed. The monitoring of such arrangement’s rests with the Service Director - Finance, and details of the current arrangements are set out in the schedule to this document.

12. **TMP12 Corporate governance**

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Service Director - Finance will monitor and, if necessary, report upon the effectiveness of these arrangements.

Management Practices for Non-Treasury Investments

The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

The Council will ensure that all investments are covered in the Capital and Investment Strategies, and will set out where appropriate, the Councils risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that of treasury management.

The Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisations risk exposure.

Appendix 7

PWLB Borrowing Rates %

	29/09/2023	31/03/2023	30/09/2022	31/03/2022	30/09/2021	31/03/2021	30/09/2020
Annuity							
15 years	5.39	4.46	5.17	2.54	1.87	1.74	2.09
20 years	5.54	4.60	5.14	2.67	2.07	1.97	2.27
30 years	5.81	4.87	5.15	2.84	2.31	2.26	2.58
50 years	5.80	4.83	4.80	2.79	2.38	2.38	2.76
Maturity							
15 years	5.70	4.78	5.15	2.81	2.28	2.22	2.56
20 years	5.83	4.90	5.11	2.86	2.38	2.35	2.72
30 years	5.84	4.86	4.85	2.78	2.36	2.37	2.74
50 years	5.61	4.61	4.41	2.59	2.17	2.20	2.60
EIP							
15 years	5.36	4.45	5.20	2.54	1.86	1.72	2.09
20 years	5.46	4.54	5.14	2.65	2.04	1.95	2.26
30 years	5.71	4.79	5.15	2.82	2.28	2.22	2.56
50 years	5.86	4.90	4.99	2.83	2.39	2.39	2.77

Glossary of Treasury Terms

Authorised Limit	The affordable borrowing limit determined in compliance with the Local Government Act 2003 (English and Welsh authorities) and the Local Government in Scotland Act 2003. This Prudential Indicator is a statutory limit for total external debt. It is set by the Authority and needs to be consistent with the Authority's plans for capital expenditure financing and funding. The Authorised Limit provides headroom over and above the *Operational Boundary* to accommodate expected cash movements. Affordability and prudence are matters which must be taken into account when setting this limit.
Balances and Reserves	Accumulated sums that are maintained either earmarked for specific future costs or commitments or generally held to meet unforeseen or emergency expenditure.
Bank Rate	The official interest rate set by the Bank of England's Monetary Policy Committee and what is generally termed at the "base rate". This rate is also referred to as the 'repo rate'.
Basis Point	1/100th of 1%, i.e. 0.01%
Bill	A certificate of short-term debt issued by a company, government or other institution, tradable on the financial market
Bond	A certificate of debt issued by a company, government, or other institution. The bond holder receives interest at a rate stated at the time of issue of the bond. The price of a bond may vary during its life.
Capital Expenditure	Expenditure on the acquisition, creation or enhancement of capital assets.
Capital Financing Requirement (CFR)	The Council's underlying need to borrow for capital purposes representing the cumulative capital expenditure of the local authority that has not been financed.
Capital gain or loss	An increase or decrease in the capital value of an investment, for example through movements in its market price.
Capital growth	Increase in the value of the asset (in the context of a collective investment scheme, it will be the increase in the unit price of the fund).
Capital receipts	Money obtained on the sale of a capital asset.
Certainty Rate	The government has reduced by 20 basis points (0.20%) the interest rates on loans via the Public Works Loan Board (PWLB) to principal local authorities who provide information as specified on their plans for long-term borrowing and associated capital spending.
CIPFA	Chartered Institute of Public Finance and Accountancy
Collective Investment Schemes	Funds in which several investors collectively hold units or shares. The assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'Pooled Funds'). Unit Trusts and Open-Ended Investment Companies are types of collective investment schemes/pooled funds.
Corporate Bonds	Corporate bonds are bonds issued by companies. The term is often used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
Corporate Bond Funds	Collective Investment Schemes investing predominantly in bonds issued by companies and supranational organisations.
CPI ***Also see RPI***	Consumer Price Index. (This measure is used as the Bank of England's inflation target.)
Cost of carry	When a loan is borrowed in advance of requirement, this is the difference between the interest rate and (other associated costs) on the loan and the income earned from investing the cash in the interim.
Counterparty List	List of approved financial institutions with which the Council can place investments.
Credit Default Swap (CDS)	A Credit Default Swap is similar to an insurance policy against a credit default. Both the buyer and seller of a CDS are exposed to credit risk. Naked CDS, i.e. one which is not linked to an underlying security, can lead to speculative trading.
Credit Rating	Formal opinion by a registered rating agency of a counterparty's future ability to meet its financial liabilities; these are opinions only and not guarantees.

Debt Management Office (DMO)	The DMO is an Executive Agency of Her Majesty's Treasury and provides direct access for local authorities into a government deposit facility known as the Debt Management Account Deposit Fund (DMADF). All deposits are guaranteed by HM Government and therefore have the equivalent of a sovereign triple-A credit rating.
Diversification / diversified exposure	The spreading of investments among different types of assets or between markets in order to reduce risk.
Derivatives	Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded 'over the counter'.
ECB	European Central Bank
Fair Value	Fair value is defined as a sale price agreed to by a willing buyer and seller, assuming both parties enter the transaction freely. Many investments have a fair value determined by a market where the security is traded.
Federal Reserve	The US central bank. (Often referred to as "the Fed")
Floating Rate Notes	A bond issued by a company where the interest rate paid on the bond changes at set intervals (generally every 3 months). The rate of interest is linked to LIBOR and may therefore increase or decrease at each rate setting.
GDP	Gross domestic product – also termed as "growth" in the economy. The value of the national aggregate production of goods and services in the economy.
General Fund	This includes most of the day-to-day spending and income. (All spending and income related to the management and maintenance of the housing stock is kept separately in the Housing Revenue Account).
Gilts (UK Govt)	Gilts are bonds issued by the UK Government. They take their name from 'gilt-edged': being issued by the UK government, they are deemed to be very secure as the investor expects to receive the full face value of the bond to be repaid on maturity.
Housing Revenue Account (HRA)	A ring-fenced account of all housing income and expenditure, required by statute.
IFRS	International Financial Reporting Standards.
Income Distribution	The payment made to investors from the income generated by a fund; such a payment can also be referred to as a 'dividend'.
Local Authority Property Fund (LAPF)	A pooled property collective investment scheme for Churches, Charities and Local Authorities. (see Collective Investment Scheme).
Liability Benchmark	Term in CIPFA's Risk Management Toolkit which refers to the minimum amount of borrowing required to keep investments at a minimum liquidity level (which may be zero).
LOBOs	LOBO stands for 'Lender's Option Borrower's Option'. The underlying loan facility is typically long term and the interest rate is fixed. However, in the LOBO facility the lender has the option to call on the facilities at pre-determined future dates. On these call dates, the lender can propose or impose a new fixed rate for the remaining term of the facility and the borrower has the 'option' to either accept the new imposed fixed rate or repay the loan facility.
Maturity	The date when an investment or borrowing is repaid.
Maturity profile	A table or graph showing the amount (or percentage) of debt or investments maturing over a time period. The amount or percent maturing could be shown on a year-by-year or quarter-by-quarter or month-by-month basis.
MiFID II	MiFID II replaced the Markets in Financial Instruments Directive (MiFID I) from 3 January 2018. It is a legislative framework instituted by the European Union to regulate financial markets in the bloc and improve protections for investors.
Minimum Revenue Provision (MRP)	An annual provision that the Authority is statutorily required to set aside and charge to the Revenue Account for the repayment of debt associated with expenditure incurred on capital assets.
Money Market Funds (MMF)	Pooled funds which invest in a range of short term assets providing high credit quality and high liquidity.

Net Asset Value (NAV)	A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.
Operational Boundary	This is the limit set by the Authority as its most likely, i.e. prudent, estimate level of external debt, but not the worst case scenario. This limit links directly to the Authority's plans for capital expenditure, the estimates of the Capital Financing Requirement (CFR) and the estimate of cashflow requirements for the year.
Pooled funds	See Collective Investment Schemes (above).
Premiums and Discounts	In the context of local authority borrowing, (a) the premium is the penalty arising when a loan is redeemed prior to its maturity date and (b) the discount is the gain arising when a loan is redeemed prior to its maturity date. If on a £1 million loan, it is calculated* that a £100,000 premium is payable on premature redemption, then the amount paid by the borrower to redeem the loan is £1,100,000 plus accrued interest. If on a £1 million loan, it is calculated that a £100,000 discount receivable on premature redemption, then the amount paid by the borrower to redeem the loan is £900,000 plus accrued interest. PWLB premium/discount rates are calculated according to the length of time to maturity, current market rates (plus a margin), and the existing loan rate which then produces a premium/discount dependent on whether the discount rate is lower/higher than the coupon rate. *The calculation of the total amount payable to redeem a loan borrowed from the Public Works Loans Board (PWLB) is the present value of the remaining payments of principal and interest due in respect of the loan being repaid prematurely, calculated on normal actuarial principles. More details are contained in the PWLB's lending arrangements circular.
Private Finance Initiative (PFI)	Private Finance Initiative (PFI) provides a way of funding major capital investments, without immediate recourse to the public purse. Private consortia, usually involving large construction firms, are contracted to design, build, and in some cases manage new projects. Contracts can typically last for 30 years, during which time the asset is leased by a public authority.
Investment Property	Property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.
Prudential Code	Developed by CIPFA and introduced on 01/4/2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice.
Prudential Indicators	Indicators determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable; they are not intended to be comparative performance indicators between authorities.
PWLB	Public Works Loans Board. It is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.
Revenue Expenditure	Expenditure to meet the continuing cost of delivery of services including salaries and wages, the purchase of materials and capital financing charges.
Risk	**Credit and counterparty risk** The risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital, project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources. **Liquidity risk** The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will be thereby compromised. **Refinancing risk** The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time. **Interest Rate risk**

	The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately. **Legal risk** The risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly. **Operational risk** The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk. **Market Risk** The risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.
RPI	Retail Prices Index. A monthly index demonstrating the movement in the cost of living as it tracks the prices of goods and services including mortgage interest and rent. Pensions and index-linked gilts are uprated using the CPI index.
SORP	Statement of Recommended Practice for Accounting (Code of Practice on Local Authority Accounting in the United Kingdom).
Specified Investments	Term used in the CLG Guidance and Welsh Assembly Guidance for Local Authority Investments. Investments that offer high security and high liquidity, in sterling and for no more than 1 year. UK government, local authorities and bodies that have a high credit rating.
Supported Borrowing	Borrowing for which the costs are supported by the government or third party.
Temporary Borrowing	Borrowing to cover peaks and troughs of cash flow, not to fund spending.
Term Deposits	Deposits of cash with terms attached relating to maturity and rate of return (interest).
Treasury (T) -Bills	Treasury Bills are short term Government debt instruments and, just like temporary loans used by local authorities, are a means to manage cash flow. Treasury Bills (T-Bills) are issued by the Debt Management Office and are an eligible sovereign instrument, meaning that they have a AAA-rating.
Treasury Management Code	CIPFA's Code of Practice for Treasury Management in the Public Services. The current Code is the edition released in 2021.
Treasury Management Practices (TMP)	Treasury Management Practices set out the manner in which the Council will seek to achieve its policies and objectives and prescribe how it will manage and control these activities.
Unsupported Borrowing	Borrowing which is self-financed by the local authority. This is also sometimes referred to as Prudential Borrowing.
Usable Reserves	Resources available to finance future revenue and capital expenditure.
Variable Net Asset Value (VNAV)	A term used in relation to the valuation of 1 share in a fund. This means that the net asset value (NAV) of these funds is calculated daily based on market prices.
Working Capital	Timing differences between income/expenditure and receipts/payments
Yield	The measure of the return on an investment instrument.

Grant Thornton

The Audit Findings for Kirklees Council

Year ended 31 March 2023

Interim report

Issue date: 15 November 2023

Agenda Item 8

Contents

Your key Grant Thornton team members are:

Jon Roberts
Key Audit Partner
E jon.roberts@uk.gt.com

Aaron Gouldman
Audit Manager
E aaron.r.gouldman@uk.gt.com

Sam Danielli
Audit In-Charge
E sam.m.danielli@uk.gt.com

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

Jon Roberts
For Grant Thornton UK LLP

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Kirklees Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2023 for the attention of those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the group and Council's financial statements give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Our audit work was completed both on site and remotely during July-October. Our findings are summarised on pages 6 to 23. To date we have not identified misstatements to the financial statements that have resulted in adjustments being made to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix D. We have also raised recommendations for management as a result of our audit work. These are set out in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix C.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion [Appendix H] or material changes to the financial statements, subject to the following outstanding matters;

- receipt of assurances from the auditor of the West Yorkshire Pension Fund
- receipt of responses to audit queries from the HRA valuer
- receipt of management representation letter {see appendix G}]; and
- review of the final set of financial statements

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated financial statements audit report opinion will be unmodified.

We have not been able to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. A further explanation of the significant weaknesses we have identified in the Council's arrangements is detailed on page 25 of this report.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have completed our VFM work and our detailed commentary will be set out in the separate Auditor's Annual Report (AAR), which we intend to report to CGAC in January 2024. We identified two significant weaknesses in the Council's arrangements and so are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in all areas of its use of resources. Our findings are set out in the value for money arrangements section of this report (Section 3).

The significant weaknesses identified both relate to financial sustainability and can be summarised as follows:

1) As reported in our 2021/22 AAR in July 2023, the Council's severe financial position and strained reserves continued to represent a significant weakness in arrangements throughout the 2022/23 financial year. In our 2022/23 AAR we do consider the actions management has taken to date in order to restore sustainability in the medium term.

2) The Council has a material deficit against its Dedicated Schools Grant funding budget of £28.9m, against a target of £19m. While we note the effective liaison between the Council and the Department for Education in our 2022/23 AAR, we believe that the severity of the deficit position represents a significant weakness in value for money arrangements in 2022/23.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

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

We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

1. Headlines

National context – audit backlog
Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November. There has not been a significant improvement over this last year, and the situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions. Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated. Please see About time? (grantthornton.co.uk) We would like to thank everyone at the Council for their support in working with us to finalise the 2021/22 audited accounts by the end of September 2023, and to progress the 2022/23 audit efficiently up to the date of this report.
National context – level of borrowing
All Councils are operating in an increasingly challenging national context. With inflationary pressures placing increasing demands on Council budgets, there are concerns as Councils look to alternative ways to generate income. We have seen an increasing number of councils look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by councils' existing resources, we have also seen some councils take excessive risks by borrowing sums well in excess of their revenue budgets to finance these investment schemes. The impact of these huge debts on Councils, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits. We have not identified this as an issue for Kirklees Council – increased borrowing has been channelled towards the Council's capital programme with a focus on local regeneration. Nonetheless, given the significant financial challenges facing the Council in the medium term, we have considered whether the Council is managing the risks of increased borrowing against the need to develop comprehensive savings plans, in the context of the level of general reserves available to the Council. Our VFM work comments specifically on the challenges the Council is facing in this area.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the group and Council's business and is risk based, and in particular included:

- An evaluation of the group and Council's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that analytical procedures at group level only were required for the Kirklees Stadium Development joint venture.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter our audit plan, as communicated to you in July 2023.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Corporate Governance and Audit Committee meeting on 24 11 2023, as detailed in Appendix H. These outstanding items include:

- receipt of assurances from the auditor of the West Yorkshire Pension Fund
- receipt of responses to audit queries from the HRA valuer
- receipt of a management representation letter; and
- review of the final set of financial statements.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan on 14 July 2023.

We set out in this table our determination of materiality for Kirklees Council and the group.

	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	£16,250,000	£16,200,000	The threshold above which could reasonably be expected to influence the economic decisions of the reader of the financial statements.
Performance materiality	£11,350,000	£11,300,000	The amount set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality.
Trivial matters	£810,000	£810,000	Considered to be the threshold below which an error would be trivial to the overall financial statements.

2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
Management override of controls- Council only Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk. This was one of the most significant assessed risks of material misstatement.	We have: • evaluated the design and implementation of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness • reviewed and tested transfers between the General Fund and HRA and inter group journals We identified a change made to the infrastructure assets accounting policy, following recent guidance released by CIPFA in relation to expected useful economic lives for components of infrastructure assets. We concluded that the changes made were appropriate and not indicative of management modifying accounting policies to achieve a certain biased presentation in the financial statements. Our audit work has not identified any issues in respect of management override of controls.
ISA240 revenue and expenditure risk – Council only	This risk was rebutted as explained in the Audit Plan, following our detailed risk assessment of the Council's revenue and expenditure streams. We did not identify any reason to reverse this rebuttal during the audit.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of land and buildings, council dwellings and investment property (Council only) The revaluation of land, buildings, Council Dwellings and investment property should be performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Investment property and Council Dwellings should be revalued annually. Additionally, valuations are significant estimates made by management in the accounts. We have identified the valuation of land, buildings, Council Dwellings and investment property as a significant risk.	In response to this risk we have: • assessed the design and implementation of controls management has in place to ensure the estimate is accurate and underlying data is complete • evaluated the competence, capabilities and objectivity of the Council's valuation experts • written to the Council's valuers to confirm the basis on which their valuations were carried out • challenged the information and assumptions used by the valuers to assess completeness and consistency with our understanding • engaged an independent auditor's expert valuer to provide a further review of the reasonableness of the assumptions and approach taken by the Council's valuers • tested a sample of valuations at 31 March 2023 to understand the information and assumptions used in arriving at any revised valuations • tested revaluations made during the year to see if they had been input correctly into the Council's asset register • reviewed property valuations for assets not revalued by the Council's valuers • reviewed the social housing discount factor as applied to Council Dwellings We have carried out the planned audit procedures and raised challenge regarding the assumptions used by management and their expert valuers (Wilks Head Eve for land and buildings, District Valuation Service for Council Dwellings). The valuation date used by the valuer was 31 December 2022. We have received satisfactory responses to these enquiries, with the exception of a methodological query raised by our auditor's expert valuer, in relation to the application of useful life estimates to assets valued on the Depreciated Replacement Cost basis. Our firm view is that the Council's valuer does not adhere to the RICS guidance in this respect. In our previous year's AFR we included a recommendation to management in this regard- please see Appendix A to this report for updated commentary. We have also reviewed property values for the period 1 January 2023 – 31 March 2023, and have not identified any evidence to suggest that a material misstatement exists due to market factors between the valuation date and the balance sheet date. In undertaking our work we selected the following properties for detailed sample testing due to their high value and/or movement being different to our expectations based upon our expert valuer indexed movement: • Other land and buildings – 22 assets • Investment property – 16 assets • We also selected 25 Beacon classes of Council dwellings We have not identified any significant errors based upon our sample testing. Additionally, we have challenged management's assessment that assets not revalued in year are materially stated at the balance sheet date. Management has provided satisfactory responses **in respect of those assets revalued in previous financial years.**

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of pension fund net liability/asset (Council only) The Council's local government pension fund net surplus, as reflected in its balance sheet as the net pension asset, represents a significant estimate in the financial statements. The pension fund net surplus is considered a significant estimate due to the size of the numbers involved (£74m in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). However, for the first time since IFRS have been adopted the council has had to consider the potential impact of IFRIC 14 - IAS 19 -the limit on a defined benefit asset. Because of this we have assessed the recognition and valuation of the pension asset as a significant risk. The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately 1.5% effect on the liability/surplus. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions, we have therefore identified valuation of the Council's pension fund net asset as a significant risk.	In response to this risk, we have: • updated our understanding of the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluated the design of the associated controls • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assessed the competence, capabilities and objectivity of the actuary who carried out the share of the pension fund valuation • assessed the accuracy and completeness of the information provided to the actuary to estimate the liability • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing additional procedures suggested within the report to ensure estimates are reasonable and consistent with the ranges set by the auditor's expert • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • obtained assurances from the auditor of the West Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements **Net pension asset** Management has considered the potential impact of IFRIC 14, and has determined, based on the actuary's advice, that the full surplus can be recognised. Our audit work in this area found no issues with management's approach. **Triennial valuation** For the 2022/23 accounts, the member data from the latest triennial valuation of the West Yorkshire Pension Fund was used. Our work undertaken testing the triennial review back to source data did not identify any issues. Our audit work to date has not identified any issues in respect of valuation of the pension fund liability.

2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building (General Fund) valuations – £534m	Other land and buildings comprises £425m of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£109m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged Wilks Head and Eve to complete the valuation of properties as at 31/12/22 on a three yearly cyclical basis. 60% of total assets were revalued during 2022/23. Management has considered the year end value of non-valued properties and the potential valuation change in the assets revalued at 31/12/22. Management applies build cost and other market indices to determine whether there has been a material change in the total value of these properties. Management's assessment of assets not revalued has identified no material change to the properties' value. Management has performed the above in order to address estimation uncertainty. At note 5 the financial statements also include disclosures made in that respect. The total year end valuation of land and buildings was £534m, a net decrease of £11m from 2021/22 (£545m).	• We have assessed the Council's external valuer, Wilks Head and Eve, to be competent, capable and objective. • We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate, including floor areas and location factors • The Council has moved to a triennial valuation cycle from 2019/20 onwards which provides more robustness to the five yearly cycle that operated previously • Valuation methods remain consistent with the prior year • In relation to assets not revalued in the year, we have compared management's assessment against our expectations formed by a market report produced nationally for local auditors. As part of our evaluation, we also held discussions with our own valuation expert. There are no significant matters to report from this analysis. • We additionally challenged management's assessment that there was no material movement in valuation between the 31 December 2022 valuation date and the Balance Sheet date of 31 March 2023. We do not disagree with management's assessment. We concluded that the land and buildings are not materially misstated.	Light purple

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Page 47

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Investment Property Valuation - £98m	The Council has engaged Wilks Head and Eve to complete the valuation of properties as at 31/12/22 on an annual basis, as required by the CIPFA Code. 92.6% of total assets were revalued during 2022/23. The total year end valuation of investment property was £97.5m, a net decrease of £6.2m from 2021/22 (£103.7m).	• We have assessed the Council's external valuer, Wilks Head and Eve, to be competent, capable and objective • We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate, including property leases, rentals and yields • Valuation methods remain consistent with the prior year • Investment properties are required to be revalued annually in accordance with the CIPFA Code. As 31 March 2023 there were investment properties totalling £7.2m which had not been subject to revaluation, contrary to the requirements of the CIPFA Code. Management assert that investment properties below £250k are de-minimus and therefore not revalued.	Light purple
Land and Buildings – Council Dwellings - £812m	The Council owns 21,806 dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties. The Council has engaged the District Valuer to complete the valuation of these properties as at 31/12/22. To address estimation uncertainty between the valuation date and the balance sheet date of 31/3/23, management commissioned a market report from the valuer, covering the first quarter of 2023, to determine whether there had been a material movement in the value of the housing stock in this period. This resulted in a decrease in value of £14.2m, which was incorporated by management into the valuation figure stated in the accounts. The year end valuation of Council Housing was £812m, a net increase of £28m from 2021/22 (£784m).	• The Council's RICS qualified external valuer valued the entire housing stock using the beacon methodology, in which a detailed valuation of representative property types was then applied to similar properties • Our work indicated that this methodology was applied correctly during 2022/23 valuation • We have compared the valuation movements with our expectation based on a market report provided to audits, as well as by holding discussions with our valuation expert. We consider the movements to be reasonable • We have assessed the Council's valuer, to be competent, capable and objective in carrying out the valuations • We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate and have no issues to report • Management applies a social housing discount factor of 41% after upward indexation. The discount factor is in line with the extant DCLG Stock Valuation Guidance 2016, and after discussing this with our auditor's valuation expert, we confirm we are satisfied with the factor used • We have agreed the HRA valuation report to the Statement of Accounts and we can confirm that HRA valuation report balance has being correctly accounted for in the financial statements.	Light purple

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Net LGPS funded pension surplus – £74m IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments. IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.	The Council is an admitted body to the West Yorkshire Local Government Pension Scheme. The Council's LGPS funded net pension asset at 31 March 2023 is £74m (PY £693m net liability). The Council uses Aon Solutions Ltd to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2022. Given the significant value of the net pension fund liability (surplus), small changes in assumptions can result in significant valuation movements. There has been a £858m net actuarial gain during 2022/23.	We have assessed the competence and independence of management's expert and not identified any issues with management's use of their work. In our assessment the actuary has taken an appropriate approach to accounting for the 2022 valuation and the requirements of IFRIC 14 in relation to recognition of the pension fund surplus for the Council's accounts. We have made use of PwC as auditor's expert to assess the actuary and assumptions made by actuary – see the below table:	Light purple

Assumption	Actuary Value	PwC range	Assessment
Discount rate	4.70%	4.50-4.80%	●
Pension increase rate	2.70%	2.60-2.70%	●
Salary growth	3.95%	3.70-4.20%	●
Life expectancy – Males currently aged 45/65	Age 65: 21.6 Age 45: 22.9	Age 65: 21.6-23.3 Age 45: 22.9-23.8	●
Life expectancy – Females currently aged 45/65	Age 65: 24.6 Age 45: 25.7	Age 65: 24.2-25.7 Age 45: 25.5-26.7	●

We are satisfied of the completeness and accuracy of the underlying information used to determine the estimate.

We have not identified any significant changes to valuation method.

Upon receipt of assurances from the WYPF valuer we will be able to assess the reasonableness of the Council's share of LGPS pension assets.

We are satisfied that the movement in the estimate from a deficit to surplus position is reasonable considering the favourable changes in actuarial assumptions.

We are satisfied of the adequacy of disclosure of the estimate in the financial statements.

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision - £10.330m	The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance. The year end MRP charge was £10.330m, a net increase of £2,303k from 2021/22.	In our assessment, the MRP has been calculated in line with the statutory guidance and the Council's policy on MRP complies with statutory guidance. Changes to the Council's policy on MRP have been discussed and agreed with those charged with governance and have been approved by full council The MRP charged in year equates to 1.28% of the opening Capital Financing Requirement. This is lower than the 2% level we consider to be prudent. Nonetheless, we are satisfied that the MRP charge has increased reasonably considering the additional capital investment underway in 2022/23. Government consulted (February 2022) on changes to the regulations that underpin MRP, to clarify that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted. The consultation highlighted that the intention is not to change policy, but to clearly set out in legislation, the practices that authorities should already be following. A subsequent survey indicated amended proposals to provide additional flexibilities for certain capital loans. With regards to the above, we are satisfied that the Council is in line with the recommended practice and does not make inappropriate use of capital receipts.	Light purple

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas. Our IT audit team has reported to management in more detail and the key findings are found within Appendix B to this report.

			ITGC control area rating		
IT application	Level of assessment performed	Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure
SAP	ITGC assessment (design and implementation effectiveness only)				
Active Directory	ITGC assessment (design and implementation effectiveness only)				

Assessment

- Significant deficiencies identified in IT controls relevant to the audit of financial statements
- Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- Not in scope for testing

2. Financial Statements: Information Technology

We also performed specific procedures in relation to the significant changes during the audit period, specifically the new system implementation. We observed the following results:

IT system	Event	Result	Related significant risks/ risk/observations
Asset4000	New system implementation	We discussed and walked through the system implementation process with the relevant contact within Finance. This involved observing the controls in place to ensure that data was transferred accurately and completely. We have identified non-significant deficiencies regarding the implementation of the new asset system. Please see Appendix B for further details in addition to management's responses.	The new asset system implementation gives rise to a risk of material error in the financial statements relating to asset accounting. From our audit testing we have not identified any material misstatement deriving from the change in asset system. We have provided management with best-practice recommendations for future new system implementation. See pages Appendix B for further details.

Assessment

- Significant deficiencies identified in IT controls relevant to the audit of financial statements
- Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- Not in scope for testing

2. Financial Statements: Internal Controls

Transaction cycle	Effectiveness of the system of internal control	Basis of assessment
PPE and Investment Properties- revaluation accounting	Designed effectively, with no control deficiencies identified	Documentation and assessment of the design effectiveness and implementation of internal controls.
Pension liability/surplus accounting	Designed effectively, with no control deficiencies identified	Documentation and assessment of the design effectiveness and implementation of internal controls.
Journal entries	Designed effectively, with no control deficiencies identified	Documentation and assessment of the design effectiveness and implementation of internal controls.
Accounts Payable	Designed effectively, with no control deficiencies identified	Documentation and assessment of the design effectiveness and implementation of internal controls.
Cash- bank reconciliations	Designed effectively, with no control deficiencies identified	Documentation and assessment of the design effectiveness and implementation of internal controls.
Other	If we had performed more extensive procedures on internal control, we might have identified more deficiencies to be reported.	

2. Financial Statements: matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

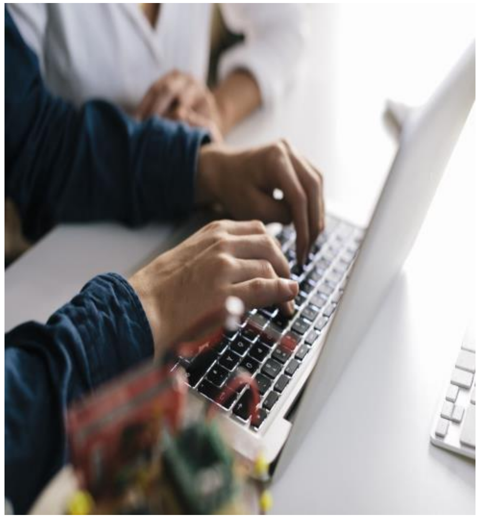
Significant matter	Commentary
Significant events or transactions that occurred during the year	No significant matters were identified during the audit.
Conditions affecting the group/Council, and business plans and strategies that may affect the risks of material misstatement.	Extensive discussion was held with management in relation to the plans in place to secure financial sustainability in the medium term. There was no impact on the risks of material misstatement for the financial audit 2022-23. Please refer to section 3 of this report, and our Auditor's Annual Report, for detailed commentary on our assessment of the Council's value for money arrangements.
Discussions or correspondence with management in connection with fees for audit or other services	Management contacted the audit team during the audit period with a request for the auditor to undertake additional services in relation to the certification of the Council's recurring grant claims. See Appendix E for details of the additional services rendered and fees charged.
Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information	No such matters were identified during the audit.
Other matters that are significant to the oversight of the financial reporting process.	No relevant matters were identified during the audit.

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Corporate Governance and Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or material related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation will be requested from the Council, including specific representations in respect of the Group, which is set out at Appendix H.
Audit evidence and explanations	All information and explanations requested from management was provided.

2. Financial Statements: other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send confirmation requests to various investment and borrowing counterparties. This permission was granted and the requests were sent. These requests were returned with positive confirmation.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.

2. Financial Statements: other communication requirements

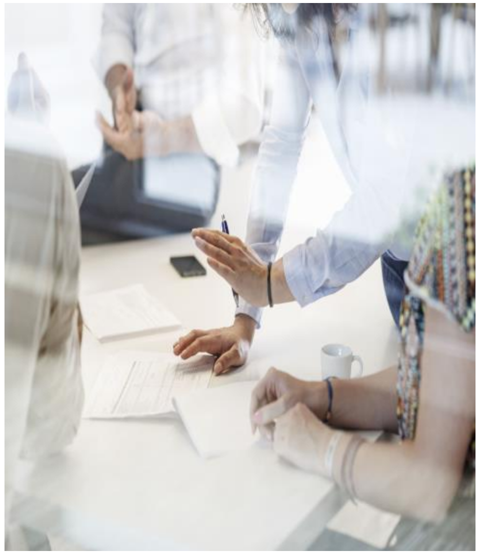
Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Council and the environment in which it operates • the Council's financial reporting framework • the Council's system of internal control for identifying events or conditions relevant to going concern • management’s going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to Appendix H.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses. We have nothing to report on these matters.



2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Note that detailed work is not required as the Council does not exceed the threshold.
Certification of the closure of the audit	We intend to certify the closure of the 2022/23 audit of Kirklees Council in the audit report, as detailed in Appendix H.

3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2022/23

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM: our procedures and conclusions

We have completed our VFM work and our detailed commentary will set out in the separate Auditor's Annual Report. This report will be presented to the CGAC in January, incorporating management's responses to the Key Recommendations identified below.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. The risks we identified are detailed in the table below, along with the further procedures we performed and our conclusions. We identified two significant weaknesses in the Council's arrangements and so are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our auditor's report will make reference to the identified significant weaknesses in arrangements, as required by the Code, see Appendix H.

Risk of significant weakness	Procedures undertaken	Conclusion	Outcome
Financial sustainability- management of savings schemes	We held discussions with senior management and members to understand their views on the Council's progress in developing sustainable savings programmes. We reviewed relevant reports and detailed savings plans and challenged management on their sufficiency. We benchmarked the Council's position against other Local Authorities in similar positions.	This significant weakness was first reported in our 2021-22 Auditor's Annual Report. Since then, management has made progress in identifying savings and developing plans to carry these out. However, there remains a strong risk of reserve depletion for the 2024/25 year and onwards. Usable reserves at 31 March 2023 totalled £84.1m, and a significant proportion of this is expected to be utilised to ensure a balanced budget in 2024/25.	We made a Key Recommendation as required by the Code of Audit Practice. Please refer to our 2022/23 Annual Auditor's Report for full details.
Financial sustainability- management of the DSG deficit position	We held discussions with senior management to understand their views on the Council's progress in meeting the Department's targeted DSG deficit reduction by 2025/26. We reviewed relevant reports and detailed recovery plans and challenged management on their sufficiency.	We have identified this as a new significant weakness under the heading of financial sustainability. As at the end of the 2022-23 financial year, the Council's DSG deficit position had not improved sufficiently to assure us that the Department's target remains reasonably achievable and the Council was 'off-track' against its agreed deficit recovery plan with the DfE.	We made a Key Recommendation as required by the Code of Audit Practice. Please refer to our 2022/23 Annual Auditor's Report for full details.

4. Independence and ethics

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers and managers).
In this context, we disclose the following to you:

We have received confirmation that the auditor of KSDL, Revell Ward Limited, is independent.

We have received confirmation that our directly engaged auditor's expert for property valuations, Gerald Eve LLP, is independent of the Council.

We confirm that the fees from non-audit services subject to cap do not exceed 70% of the audit fee (taking the average over the previous three years).

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix F.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Grant Thornton International Transparency report 2023.

4. Independence and ethics

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group and Council. The following non-audit services were identified:

Service	Fees £	Threats identified	Safeguards
Audit related			
Initial Teacher Training Return	5,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,00 in comparison to the total fee for the audit of £212,596 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self-review threat, we have considered the materiality of the amounts to our opinion and unlikelihood of material errors arising. The Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Teachers Pension Return	10,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £212,596 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Housing Benefit Claim	32,400	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £32,400 in comparison to the total fee for the audit of £212,596 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self-review threat, we have considered the materiality of the amounts to our opinion and unlikelihood of material errors arising. The Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

5. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Company that may reasonably be thought to bear on our integrity, independence and objectivity
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Group or investments in the Group held by individuals
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Group
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Group's board, senior management or staff

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements

Appendices

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern including support measures when making the going concern assessment	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
Details of any breaches of the requirements in this Ethical Standard, and of any safeguards applied and actions taken by the firm to address any threats to independence	●	●
Details of any inconsistencies between this Ethical Standard and the policy of the entity for the provision of non-audit/additional services by the firm and any breach or apparent breach of that policy	●	●
Key audit partners involved in the audit		●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Methodology used to perform the current year's audit and details of any substantial variation between system and compliance testing from the previous year		●
Quantitative level of materiality determined and qualitative factors considers in its determination		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant deficiencies in internal control identified during the audit and whether that deficiency has been resolved by management		●

Our communication plan	Audit Plan	Audit Findings
Significant difficulties encountered during the audit		●
Significant matters arising in connection with related parties		●
Other matters that are significant to the oversight of the financial reporting process		●
Confirmation of independence of external experts or other auditors used as part of the audit		●
Valuation methods employed and impact of changes to methods		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Confirm all requested explanation and documents have been provided		●
Distribution of tasks amongst auditors where more than one auditor has been appointed		●
Identify work performed by component auditors outside of the GTIL network in relation to consolidated financial statements		●
Scope of consolidation and compliance with financial reporting framework		●
Expected modifications to the auditor's report, or emphasis of matter		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

Our Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings Report is issued prior to approval of the financial statements and presents key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

B. Action Plan – Audit of Financial Statements

We have identified two financial statements recommendations for the group and Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on this recommendation during the course of the 2023/24 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	Related Party disclosures: During our audit we identified that several Council members held financial interests in companies that were not notified to the Finance team. This presented a risk that the Related Party disclosures in the financial statements were incomplete.	Management should review its process for gathering all relevant information that may need inclusion in the Related Parties disclosure note. Where member declarations are not received, management should consider investigating any possible financial interests held by members using publicly available information. **Management response** Noted and to be considered.
Low	Publication of draft financial statements: For 2022/23, the draft financial statements were due to be published by 31 May 2023 and audited financial statements (or appropriate notification) by 30 September 2023. Management took the decision to publish the draft financial statements by 30 June 2023 in line with their existing timetable, rather than bringing this forward by a month.	Management should have regard to nationally-set publication deadline and consider working towards revising its accounts production timetable accordingly. **Management response** Noted. This will be taken into consideration whilst setting the closedown and accounts production timetable for 2023/24.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Action Plan- Information Technology- SAP controls assessment findings

We have identified recommendations for the group and Council as a result of issues identified during our assessment of the Information Technology Environment and associated controls. We have agreed our recommendations with management and we will report on progress on this recommendation during the course of the 2023/24 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

	Assessment	Issue and risk	Recommendations
1.	●	**Insufficient formal process in managing SAP self-assigned roles** During our audit, we noted that formal process has been implemented for SAP self-assigned access requests, including logging request in SharePoint with review and approval from appropriate senior team members prior to access assignment. However, we noted that the approval from appropriate individual was not documented in 4 out of 5 cases we tested. Although the relevant activity logs of these access were archived, there was no proactive log review in place during the year except for DEBUG access. **Risk:** User access may not be appropriately aligned to job role requirements which may lead to inappropriate access within the application or underlying data.	Management should ensure that all access requests are formally documented and approved. Where feasible, logging and monitoring should be extended beyond debug access. **Management response** The process was implemented in January 2023, following receipt of the previous year's findings in September 2022. There were a total of 5 instances during the year 2022-23, 4 of which occurred prior to the implementation of the process. Notwithstanding this, a management instruction will be issued by the end of September 2023 that no self-assigned changes should be made. In addition, the DEBUG review process will be extended to check for any self-assigned roles Target date: end September 2023

Assessment

- ● Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- ● Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- ● Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

B. Action Plan- Information Technology- SAP controls assessment findings

	Assessment	Issue and risk	Recommendations
2.	●	**Segregation of duties conflicts between SAP change develop and implementer access** During our audit, a segregation of duties conflict was observed for the following user: • SAPSUPPORT Who was assigned SAP development key along with ABAP developer access in the development environment (via SAP t-code SE38 or SE37 or SE80 or SE11 or SE11_OLD or SE13 or SE14) and transport access in the production environment (via t-code STMS with S_TRANSPRT and RFC authorisations). We also observed that there was no proactive monitoring in place to verify the appropriateness of any developers also implementing their own changes. We reviewed the TPALOG reports from both development and production environments and noted that there was no transport developed and import to production environment by same users during FY22/23. **Risk** The combination of access to develop changes and the ability to implement those changes in production is a segregation of duties conflict that could lead to an increased risk of inappropriate or unauthorised changes to data and programs being made.	Management should review this access assignment to ensure developers do not also have access to transport utilities in the production environment that would allow changes to be implemented. Where management believes for operational reasons, this access cannot be fully segregated a risk assessment should be undertaken and other mitigating controls considered (i.e. periodic monitoring of changes to identify those with the same developer and implementer and verify appropriateness). **Management response** The developer key for SAPSUPPORT will be removed Target date: end September 2023

Assessment

- ● Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- ● Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- ● Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

B. Action Plan- Information Technology- SAP controls assessment findings

Assessment	Issue and risk	Recommendations

3. ● (Deficiency)

Insufficient formal process in managing vendor accounts in SAP

During our audit, we noted that vendor accounts is only activated for third-party's access with appropriate prior request and approval for technical support. The access should also be locked when the support has been finished or the access is not required. However, there was one vendor account (SAPSUPPORT1) which remained unlocked throughout the audit period without appropriate approval.

We further inspected RSUSR100N report and noted that an additional vendor account SAPSUPPORT2 was created and activated as supplementary access for a vendor during their technical support. However, there was no documentation regarding the request and approval of creating this additional access.

Risk

Without formal process to manage vendor access requests with documentation to evidence the requests and approval, and timely deactivating external entity's access, it increases the following risks:

- vendor access may not be appropriately aligned to requirements which may lead to inappropriate access within the application or underlying data.
- unauthorised access to system resources and making inappropriate change to system data

It is recommended that Management::

- Implement formal policies and procedures for all vendor access requests including retention of documentation, such as details of user access rights required, approver authorisation and the effective date the access needed, to be changed or removed.
- For access that is no longer required, this must be disabled on their effective move / leave date. Where this is not possible, access should be disabled no later than the next working day. This will help prevent unauthorised access to the applications and underlying data.
- Monitor vendor access and review the audit log to identify any abnormal activities performed during third-party access.

Management response

These (additional) vendor accounts were created as tools to investigate a problem SAP were having in our systems, while working to resolve an issue we had logged with them.

There is a contractual obligation to allow open access during issue investigations which can take several weeks to resolve.

SAPSUPPORT1 was created during a SAP investigation for diagnosis during the audited period. Similarly, SAPSUPPORT2 was created in the development environment for diagnosis and testing of an issue.

Neither account has ever logged into our SAP systems.

Both accounts were deleted when they were no longer required for investigation purposes.

Assessment

- Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

B. Action Plan- Information Technology- SAP controls assessment findings

Assessment	Issue and risk	Recommendations
4. ●	**Improvements to privileged generic account management** During our audit, we observed 4 generic dialog accounts that had privileged access within SAP. Of these, three accounts were used by third party support consultants, while one was managed by the SAP Basis team. Please refer to Appendix A for details. We noted that the activities performed via these generic accounts were not proactively monitored by management to ensure they were only used by appropriate individuals and for approved reasons. **Risk** Activities performed via shared generic accounts may not be linked to specific individuals, eroding accountability. Unauthorised transactions performed via these accounts may not be detected.	Management should consider performing an evaluation of the appropriateness and necessity of the generic accounts identified. This should include consideration of whether: • Activity could be performed through individually named users accounts with generic accounts reduced and only used for specific pre-approved activity; and • Accounts within the SAP application could be made into 'SYSTEM' user type, to allow them to run background jobs but not be directly accessible for login. • If accounts are obsolete or not-in-use and if they could be disabled or deleted. Where these controls will be owned / operated by external organisations management should consider disabling the accounts and only enable these accounts on need. Activities performed by the third parties should be monitored. **Management response** Absoft and SAP are trusted partners and the vendor accounts are disabled when not required. Because of the number of potential support staff in the vendors' teams, it is impractical to provide individual named accounts and would have significant implications for licensing and costs. A review process will be implemented to monitor use of the accounts: Absoft_Basis Absoft_Apps SAPSupport Portal admin has not logged in since 2020 and an investigation is underway to determine whether it can be set to a system user account Target date: end November 2023

Assessment

- ● Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- ● Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- ● Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

B. Action Plan- Information Technology- SAP controls assessment findings

Assessment | **Issue and risk** | **Recommendations**

5. Assessment: Deficiency (amber)

Issue and risk

Inappropriate access to configure and delete audit log in production

During our review, we noted that 15 users had the ability to both configure (via SAP t-code SM19) and delete (via SAP t-code SM18) audit log. These users were understood to be IT officers from BASIS and HD-One teams. Please refer to Appendix B for details.

Risk

Access to audit log configuration (via SM19) within SAP gives users the ability to create, modify or delete audit logs owned and configured by other users. Where this ability is not appropriately restricted, audit logs may not be sufficiently maintained. Sufficient logs may not be available in the event of investigations for error or fraud detection.

Recommendations

Management should segregate a user's ability to configure (SM19) and delete (SM18) user security event logs within production. We also recommend the management also review the assignment of this access. Where possible, limit users with these privileges assigned to members of the System Support and related service teams.

Any users that do not require these privileges in an ongoing manner to perform their job role should have this level of access removed.

If for operational reasons access cannot be fully segregated, alternative options to mitigate the risk could include usage of Firefighter accounts with a set validity period based on formal approvals.

Management response

We will investigate whether these permissions can be segregated without users losing permissions to run other tasks as part of their daily duties.

If this is not possible, the risk will be noted and mitigations put in place.

Target date: end November 2023

Assessment

- Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

B. Action Plan- Information Technology- Asset management system controls assessment findings

	Assessment	Issue and risk	Recommendations
1.	● (amber)	**Segregation of user access was not considered and implemented before new system implementation** During our review, we noted that segregation of duties was not considered in user access design before Series 4000 implementation. All users were granted with same access after the new system went live. **Risk** Without proper segregation of duties consideration in suer access assignment: - users may have access to perform conflicting or sensitive functions within the system. This increases the risk of fraud, errors, or unauthorized activities going undetected - unauthorized access to sensitive data or systems	Management should establish comprehensive segregation of duties policy that outlines the principles and rules governing access control within the Council and implement the rules in design and creating user access roles for new systems. The user access assignment configured in the systems need to be reviewed and updated on regularly basis. **Management response** Segregation of duties was not considered in detail (or possible) until the system was fully implemented and understood (neither was the issue ignored or overlooked). Only three members of staff were given access to the system who had knowledge of asset accounting (and only two of whom were involved in using, maintaining and updating the system) Segregation of duties for the three current users will be implemented.

Assessment
- ● Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- ● Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- ● Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

Page 73

B. Action Plan- Information Technology- Asset management system controls assessment findings

	Assessment	Issue and risk	Recommendations
2.	●	**Lack of user acceptance testing before system went live** During our review, we noted that the new system was not tested by end users before the system went live. **Risk** Bugs and errors within the application functionality may not be identified, assessed and resolved during wider system upgrade process. This may lead to errors within the financial reporting process.	Management should review and update the approach for large scale IT projects so that key documents and conclusions supporting the functional testing of the upgraded system are retained. In particular, the following documents should be part of a successful project: • test strategy • test plans with detailed use cases / scenarios • central issues log to record the defects from testing procedures • test closure report to summarise and conclude on the outcome of the testing phase **Management response** The implementation of the system was not considered to be a large-scale IT project. The system was a well-established software package used for asset accounting acquired following a procurement process. There is no interface between the software and the Council's ledger. In addition to the annual licence fee for use of the system, additional support for implementation and training was purchased. Data migration and validation were completed by the software provider. This was taken into account prior to go-live.

Assessment
- ● Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- ● Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach
- ● Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach

C. Follow up of prior year recommendations

We identified the following issues in the audit of Kirklees Council's 2021/22 financial statements, which resulted in 4 recommendations being reported in our 2021/22 Audit Findings report. We have followed up on the implementation of our recommendations and consider that these have been substantially addressed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**Annual Governance Statement** The draft financial statements including the Annual Governance Statement (AGS) are required to be published on the Council's website for public inspection and comment. The draft AGS was not included with the initial publication. We recommended that for 2022/23, management should ensure that public inspection requirements are met.	We confirmed that the draft AGS was published alongside the draft financial statements in July 2023.
TBC	**LGPS net pension liability/surplus** It has become increasingly common for LGPS pension fund asset figures reported in draft financial statements to change significantly due to audit and actuarial issues. This often means that admitted bodies, such as the Council, see material movements in their corresponding asset figures subsequent to preparing and publishing their draft financial statements. There is a risk that the Council might not always be sighted on the full impact of these changes, meaning that the pension liability might be materially misstated in the financial statements. We recommended that in future years, management request from the LGPS pension fund to be alerted of any changes to draft asset figures, so that an informed decision can be made as whether to request revised actuarial reports.	As at the time of the drafting of this report, we are not aware of any material changes to the pension fund asset figures.

Assessment

- ✓ Action completed
- X Not yet addressed

C. Follow up of prior year recommendations (cont.)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**Valuation of buildings** In 2020/21 our auditor's expert for valuations work noted that the Council's General Fund valuer had not followed the expected RICS guidance in performing DRC valuations for specialised assets. Specifically, the Council's valuer does not allow for age-related reductions in the useful lives of buildings, nor is there a mechanism for capital expenditure to affect the remaining lives of the building as components are replaced or renewed. Upon review of the 2021/22 valuations, we noted that this issue still existed and therefore warranted the attention of Those Charged with Governance. We did not however consider there to be a material misstatement occurring as a result of this methodological issue. We recommended that for 2022/23, management communicate with the General Fund valuer to ensure they are following the national RICS guidance for valuations.	Management and its expert believe that the Council's methodology is appropriate. As this is not a material issue, we consider this recommendation to be closed. We will however continue to assess the impact of methodological differences which could lead to material misstatement in future periods.
✓	**Infrastructure asset accounting- useful economic lives estimation process** From our evaluation of management's approach to useful economic life determination and the resulting depreciation charge to infrastructure assets, we concluded that the accounting estimate is reasonably stated in the financial statements. However, we consider management's approach to be lacking in robustness as management has not produced any evidence to support their selection of 20 years as a standard UEL for all types of infrastructure. There is a risk that if this is left unchanged; the depreciation charge may become materially inaccurate in future years. This could lead to an understatement in the infrastructure asset balance and a subsequent overestimation of the speed at which the assets' economic benefits are utilised. We recommended that management should carefully adhere to the latest issued CIPFA Guidance in terms of reviewing Useful Asset Lives and considering how these may differ for the different types of infrastructure assets.	Management confirmed that from 2022/23, Useful Asset Lives for Highways Infrastructure assets would follow CIPFA guidance. From our audit procedures we are satisfied that management has appropriately revised asset lives for infrastructure assets, to be applied to capital spend occurring from 1 April 2022.

Assessment

✓ Action completed

X Not yet addressed

D. Audit Adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2023.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000
We identified that the surplus position on the LGPS funded scheme should not be netted off against the LGPS unfunded and teachers' pension scheme deficits	0	Dr Pension Asset 58,869 Cr Other Long-Term Liabilities (58,869)	0	0
We identified that the bank overdraft at 31/3/23 should not be netted against positive cash equivalent balances on the balance sheet, regardless of whether it is only used temporarily for cash management purposes. A non-material prior period adjustment was processed in respect of the bank overdraft as at 31/3/22.	0	Dr Cash and cash equivalents 7,345 Cr Short term liabilities- bank overdraft (7,345) **21/22 comparative adjustment:** Dr Short term liabilities- bank overdraft 3,935 Cr Cash and cash equivalents (3,935)	0	0
Overall impact	0	0	0	0

Page 77

D. Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
1) Long term debtors note- the £2.7m impairment to the KSDL loan balance was presented as a bad debt provision in the draft financial statements. An amendment was agreed to reclassify the impairment as an 'Expected Credit Loss' under IFRS 9.	Ensure that IFRS 9 principles are followed when assessing the recoverability of financial assets. **Management response** Adjusted.	✓
2) The CIPFA Code requires investment properties to be revalued annually at fair value. The Council applies a de-minimis threshold for annual revaluation at £250k due to the impracticality and cost of revaluing every asset annually. We identified that while this policy has been followed for General Fund properties (£3.2m total not revalued), this has not been followed for all HRA properties above the threshold (£4m total not revalued).	Ensure that the CIPFA Code is followed as closely as possible, and the Council's own policy should be followed with respect to HRA as well as General Fund properties. **Management response** Noted.	N/A
3) Prior period adjustment disclosures Management processed a non-material prior period adjustment in order to present the year-end bank overdraft within short term liabilities on the balance sheet. The balance was previously netted off within cash and cash equivalents. This adjustment requires additional disclosures under IAS 8, which management has opted not to make, on grounds of materiality.	While non-material prior period adjustments are not strictly required under IAS 8, management should have regard to the disclosure requirements. **Management response** Not considered material and no overall impact on the Balance Sheet.	X
4) Related Party transactions note The disclosure note was amended to remove non-required information and include disclosure where additional related party relationships were identified.	Continue to annually review and strengthen the related party disclosure review process. **Management response** Noted. Will revisit the disclosure note in 2023/24.	✓
5) Narrative report Minor amendments were requested in respect of typos and inaccuracies identified in the draft narrative report.	**Management response** Adjusted	✓

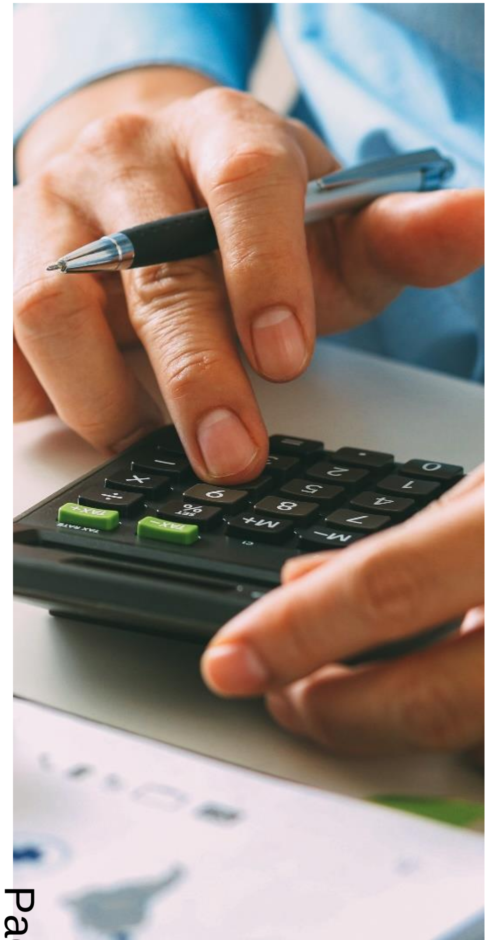
D. Audit Adjustments

Misclassification and disclosure changes (cont.)

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
6) Cashflow statement We identified upon inquiry that 'other receipts from investing activities' was overstated by £50.7 million due to an input error.	Management response Adjusted	✓
7) Note 4- Critical Judgements We requested that the 'accounting for school assets' section be expanded to disclose the impact of the accounting judgements made on the financial statements.	Management response Adjusted	✓
8) Note 5- Estimation Uncertainty We requested that the disclosure note be updated to remove non-material areas of estimation and to expand the material areas to comply with the requirements of IAS 1.	Management response Adjusted	✓
9) Group accounts We requested that the groups accounts disclosure notes be updated to meet the Code requirements for Joint Ventures, including a reconciliation from the Joint Venture's net assets to the group accounts position.	Management response Adjusted	✓

D. Audit Adjustments (continued)



Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2022/23 audit which have not been made within the final set of financial statements. The Corporate Governance and Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
IFRS 9 adjustment Management has made a partial impairment of the Council's loan to KSDL (£2.7m out of £3.8m). As reported in the previous year's findings report, we believe that the full balance should be impaired.	Dr Expense 1,100	Cr Receivables (long term) (1,100)	1,100	1,100	The balance is not material and the future of KSDL is still uncertain and the therefore the recoverability of the balance unknown.
Completeness of expenditure and creditors Our testing of post year-end payments identified a missing year end accrual (value £2.683m) relating to an ongoing capital scheme. Additional testing confirmed this to be an isolated instance.	0	Dr Capital Additions (infrastructure) 2,683 Cr Creditors (2,683)	0	0	Not material.
Overall impact	1,100	(1,100)	1,100	1,100	

D. Audit Adjustments (continued)

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2021/22 financial statements

Detail	Comprehensive Income and Expenditure Statement £m	Balance Sheet £m	Impact on total net expenditure £m	Impact on 2022-23
Balance Sheet Bank overdraft should be identified separately on the balance as a liability rather than netted off the cash balance.	0	Dr Cash 3.9m Cr Bank Overdraft (3.9m)	0	A revised presentation was agreed in 2022-23, including a prior period adjustment to correct the £3.9m presentation on the balance sheet.
IFRS 9 adjustment An 'expected credit loss' assessment wasn't made in relation to the KSDL long-term loan. We consider this would be appropriate considering the material uncertainty of going concern reported in the company's accounts to July 2021.	Dr Expense £3.8m	Cr Receivables (long term) (£3.8m)	£3.8m	Management processed a partial impairment of £2.7m in 2022-23, reflecting the reduced likelihood that this debtor would be recovered by the Council.
Pension Liability A non-material movement was identified following the outcome of the LGPS 2022 triennial revaluation	Cr Other Comprehensive Income (£11.0m)	Dr Pension Liability 11.0m		Impact on opening balances only.
Total	(£7.2m)	£7.2m	£3.8m	No material impact on the 2022/23 accounts

E. Fees and non-audit services

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fees	Proposed fee
Scale fee	145,346
PIE	5,000
Reduced materiality	5,000
Group	10,000
Use of expert	6,000
Use of expert – audit team review and liaison	2,000
Value for Money audit – new NAO requirements	20,000
ISA 540 requirements	6,000
ISA 315 requirements	5,000
Additional journals testing	3,000
Infrastructure	2,500
Quality review – response to FRC (Hot Review)	1,500
Payroll- change of circumstances	500
Collection fund- reliefs testing	750
Total audit fees (excluding VAT)	**£212,596**

E. Fees and non-audit services

Non-audit fees for other services	Proposed fee
Audit Related Services: Grant Claims	47,400
Total non-audit fees (excluding VAT)	**£47,400**

The fees reconcile to the financial statements note 32.

None of the above services were provided on a contingent fee basis.

This covers all services provided by us and our network to the group, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence. (The FRC Ethical Standard (ES 1.69))

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'
This impacts audits of financial statement for periods commencing on or after 15 December 2021.
ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'
ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: • the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures • the identification and extent of work effort needed for indirect and direct controls in the system of internal control • the controls for which design and implementation needs to be assess and how that impacts sampling • the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: • increased emphasis on the exercise of professional judgement and professional scepticism • an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence • increased guidance on management and auditor bias • additional focus on the authenticity of information used as audit evidence • a focus on response to inquiries that appear implausible
Definition of engagement team	The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor. • Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: • clarification of the requirements relating to understanding fraud risk factors • additional communications with management or those charged with governance
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.

G. Management Letter of Representation (draft)

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Grant Thornton UK LLP
2 Glass Wharf

Temple Quay

Bristol

BS2 0EL

[Date] – {TO BE DATED SAME DATE AS DATE OF AUDIT OPINION]

Dear Grant Thornton UK LLP

Kirklees Council
Financial Statements for the year ended 31 March 2023

This representation letter is provided in connection with the audit of the financial statements of Kirklees Council and its joint venture undertaking Kirklees Stadium Development Limited for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the group and Council financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include land, buildings & investment property valuation and pension liability valuation. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. During the year we evaluated our estimation process for infrastructure assets and the following change/s to estimation process was/were made[…] We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

G. Management Letter of Representation (draft)

vii. Except as disclosed in the group and Council financial statements:

a. there are no unrecorded liabilities, actual or contingent

b. none of the assets of the group and Council has been assigned, pledged or mortgaged

c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as *[they are immaterial to the results of the Council and its financial position at the year-end OR list reasons]*. The financial statements are free of material misstatements, including omissions.

xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards. [please consider assurances provided from management on equal pay claims]

xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiv. The prior period adjustment disclosed in the balance sheet is accurate and complete. There are no other prior period errors to bring to your attention.

xv. We have updated our going concern assessment. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :

a. the nature of the group and Council means that, notwithstanding any intention to cease the group and Council operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the group and Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the group and Council's ability to continue as a going concern need to be made in the financial statements

xvi. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.

xvii. The group and Council has complied with all aspects of ring-fenced grants that could have a material effect on the group and Council's financial statements in the event of non-compliance.

Information Provided

xviii. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. access to persons within the Council via remote arrangements,from whom you determined it necessary to obtain audit evidence.

xix. We have communicated to you all deficiencies in internal control of which management is aware.

G. Management Letter of Representation (draft)

xx. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xxi. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xxii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

xxiii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxiv. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxv. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.

xxvi. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxvii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxviii. The disclosures within the Narrative Report fairly reflect our understanding of the group and Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Corporate Governance and Audit Committee at its meeting on 24 November 2023.

Yours faithfully

Name……………………………

Position…………………………..

Date…………………………….

Name……………………………

Position…………………………..

Date…………………………….

Signed on behalf of the Council

H. Audit opinion (draft)

Our audit opinion is included below.

We anticipate we will provide the group and Council with an unmodified audit report

Independent auditor's report to the members of Kirklees Council

Report on the audit of the financial statements

Opinion on financial statements

Our opinion on the financial statements is unmodified

We have audited the financial statements of Kirklees Council (the 'Authority') and its joint venture (the 'group') for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, the Statement of Movement in Reserves, the Balance Sheet, the Authority and Group Cash Flow Statement, the Group Comprehensive Income and Expenditure Statement, the Group Statement of Movement in Reserves, the Group Balance Sheet, , the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Balance, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2023 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Service Director Finance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority or the group to cease to continue as a going concern.

Our evaluation of the Service Director Finance's assessment of the Authority's and the group's ability to continue to adopt the going concern basis of accounting included a review of the assumptions and forecasts provided to support the Service Director Finance's assessment regarding the future continuation of services.

In our evaluation of the Service Director Finance's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Service Director Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's and the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Service Director Finance with respect to going concern are described in the relevant sections of this report.

H. Audit opinion (draft)

Our approach to the audit

Overview of our audit approach

Financial statements audit

Overall materiality

Group: £16,250,000, which represents 1.35% of the group's gross expenditure on cost of services

Authority: £16,200,000 which represents 1.34% of the Authority's gross expenditure on cost of services;

Key audit matters were identified as:

- Valuation of land, buildings, council dwellings and investment property (Authority, same as prior year)
- Valuation of the net asset related to the defined benefit pension scheme (Authority, same as prior year)

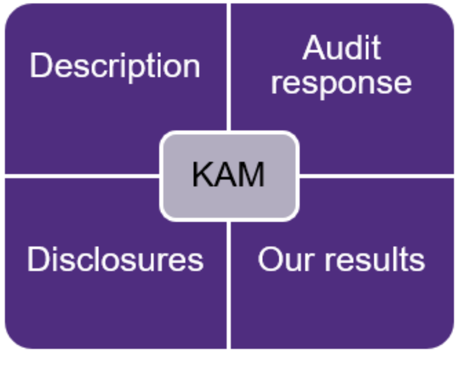
There were no key changes in the scope of the audit from the prior year.

Value for money arrangements

We are required to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023. Our approach to this work is set out in the 'Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources' section of this report.

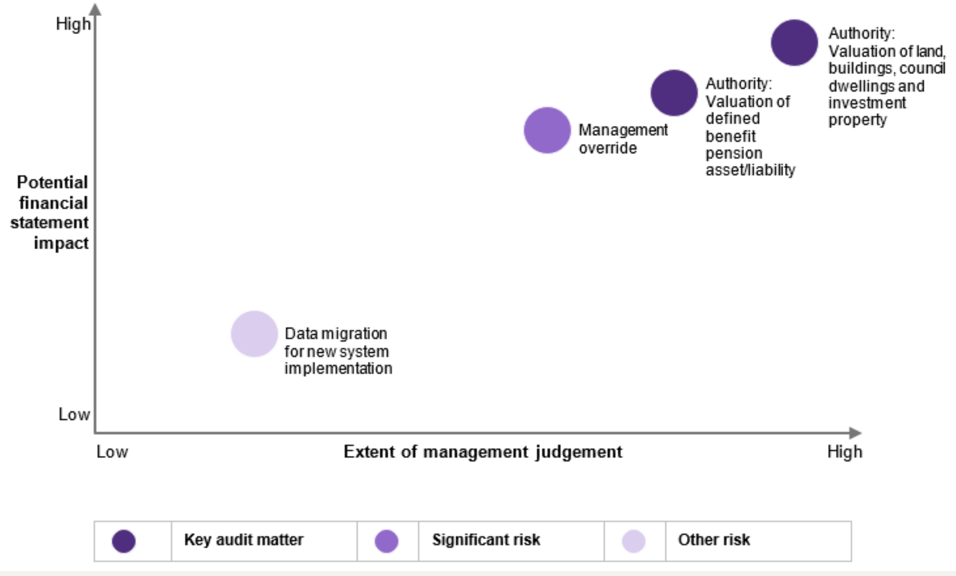
Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group and Authority's financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Page 89

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter - Authority	How our scope addressed the matter - Authority
Valuation of land, buildings, council dwellings and investment property We identified valuation of land, buildings, council dwellings and investment property as one of the most significant assessed risks of material misstatement due to error. This is due to the value of the assets and the extent of estimation involved in valuing them. The Authority re-values its land and buildings on a rolling three-yearly basis to ensure that the carrying value is not materially different from the current value. The Authority values its council dwellings annually. Investment property is	In responding to the key audit matter, we have performed the following audit procedures: • assessed the design and implementation of controls management has in place to ensure the estimate is accurate and underlying data is complete; • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; • evaluated the competence, capabilities and objectivity of the Authority's valuation experts;

H. Audit opinion (draft)

Key Audit Matter - Authority	How our scope addressed the matter - Authority
revalued annually at fair value by the Authority's external valuer. These valuations represent a significant estimate by management in the financial statements due to: • The size of the numbers involved (£534 million for the Authority's other land and buildings, £812 million for the Authority's council dwellings and £98 million for the Authority's investment property); and • The sensitivity of these estimates to changes in key assumptions. Additionally, council dwelling valuations are based on Existing Use Value, discounted by a factor to reflect that the assets are used for social housing. The social housing adjustment factor is prescribed in Government guidance. There is a risk that the Authority's application of the valuer's assumptions is not in line with the statutory requirements and that the valuation is not supported by detailed evidence indicating that the standard social housing factor is not appropriate to use.	• challenged the information and assumptions used by the valuers to assess completeness and consistency with our understanding; • engaged an independent auditor's expert valuer to provide an evaluation of the reasonableness of the assumptions and approach taken by the Authority's valuers; • confirmed that revaluations made during the year were input correctly into the Authority's asset register; and • performed indexation on properties not revalued in the year to establish that there was no risk of material movement. **Our results** We obtained sufficient audit assurance to conclude that: • the basis of the valuation of land, buildings, council dwellings and investment property was acceptable; and • the assumptions and processes used by management in determining the estimate of valuation of land, buildings, council dwellings and investment property were balanced and reasonable.

Relevant disclosures in the Statement of Accounts for the year ended 31 March 2023

- Accounting Policies, Note 1.21 – Property, Plant and Equipment (PPE – Excluding Highways Network Infrastructure Assets
- Note 15, Property, Plant & Equipment
- Accounting Policies, Note 1.15 Investment Property
- Note 17, Investment Property
- The Narrative Report

Key Audit Matter - Authority	How our scope addressed the matter - Authority
Valuation of the net asset/liability related to the defined benefit pension scheme We identified the valuation of the net asset/liability related to the defined benefit pension scheme as one of the most significant assessed risks of material misstatement due to error. This is due to the value of the asset, which amounts to £74 million for the Authority, and the sensitivity of the estimate to changes in key assumptions.	In responding to the key audit matter, we have performed the following audit procedures: • understood the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluated the design and implementation of the relevant controls; • assessed the competence, capabilities and objectivity of the actuary who carried out the share of the pension fund valuation; • assessed the accuracy and completeness of the information provided to the actuary to estimate the liability; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing additional procedures suggested within the report to determine whether estimates are reasonable and consistent with the ranges set by the auditor's expert; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the financial statements with the actuarial report from the actuary; and • obtained assurances from the auditor of the West Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Relevant disclosures in the Statement of Accounts for the year ended 31 March 2023

- Accounting Policies, Note 1.6 Employee Benefits
- Note 41, Pensions Disclosures
- The Narrative Report

H. Audit opinion (draft)

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

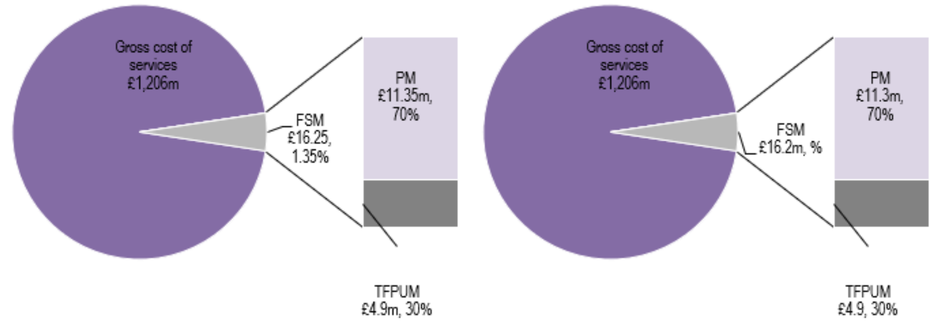
Materiality measure		
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
	Group	**Authority**
Materiality threshold	Overall materiality has been set at £16.25 million, which represents 1.35% of the group's gross expenditure on cost of services.	Overall materiality has been set at £16.2 million, which represents 1.34% of the Authority's gross expenditure on cost of services.
Significant judgements made by auditor in determining the materiality	The determination of materiality involves the exercise of professional judgement. In determining materiality, we made the following significant judgements: • Gross expenditure on cost of services is seen to be the most appropriate benchmark because stakeholders and residents are interested in the level of service expenditure incurred as this is considered public money largely arising from taxation. In addition, it is used to determine the provision of public services to local residents. • A percentage of 1.35% was selected to apply to the benchmark based upon our risk assessment and the level we considered would be relevant to the users of the financial statements.	The determination of materiality involves the exercise of professional judgement. In determining materiality, we made the following significant judgements: • Gross expenditure on cost of services is seen to be the most appropriate benchmark because stakeholders and residents are interested in the level of service expenditure incurred as this is considered public money largely arising from taxation. In addition, it is used to determine the provision of public services to local residents. • A percentage of 1.34% was selected to apply to the benchmark based upon our risk assessment and the level we considered would be relevant to the users of the financial statements.
	Materiality for the current year is higher than the level that we determined for the year ended 31 March 2022 to reflect the increased expenditure largely arising from the effects of inflation and increased service demand on the group's operations.	Materiality for the current year is higher than the level that we determined for the year ended 31 March 2022 to reflect the increased expenditure largely arising from the effects of inflation and increased service demand on the Authority's operations.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	Performance materiality for the year has been set at £11.35 million, which is 70% of financial statement materiality.	Performance materiality for the year has been set at £11.3 million, which is 70% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	The determination of performance materiality involves the exercise of professional judgement. In determining performance materiality, we made the following significant judgements: Based upon our risk assessment and experience of auditing the financial statements of the group we have determined performance materiality to be 70% of financial statement materiality. This is an increase from the prior year. This change is largely due to the reduction in the number and value of misstatements identified in prior periods, which we consider reduces the likelihood of errors occurring in the current period.	The determination of performance materiality involves the exercise of professional judgement. In determining performance materiality, we made the following significant judgements: Based upon our risk assessment and experience of auditing the financial statements of the authority we have determined performance materiality to be 65% of financial statement materiality. This is an increase from the prior year. This change is largely due to the reduction in the number and value of misstatements identified in prior periods, which we consider reduces the likelihood of errors occurring in the current period.
Communication of misstatements to the Corporate Governance and Audit Committee	We determine a threshold for reporting unadjusted differences to the Corporate Governance and Audit Committee.	
Threshold for communication	£810,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£810,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Page 91

H. Audit opinion (draft)

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group   Overall materiality – Authority



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the group's and the Authority's business and in particular matters related to:

Evaluating the reasonableness of the valuation of Investment Properties, Council Dwellings and Other Land and Buildings

- The engagement team obtained an understanding of the Authority's property portfolio holding at the reporting date, and the timing and extent of the valuation exercises to be performed by management's experts;
- The Authority's valuation programme did not significantly influence the scope of the audit procedures for Council Dwellings and Investment Property since the Authority followed its stated policy of revaluing its full Council Dwelling stock (£812m at the reporting date) and Investment Property holding (£98m at the reporting date).
- The Authority's rolling triennial valuation programme for other land and buildings did however influence the scope of audit procedures. While a significant proportion of the Authority's other land and buildings were revalued (£321m out of £534m at the reporting date), this left a balance of £213m of assets at the reporting date that had not been valued for at least a year prior to the reporting date. Auditor challenge was therefore required to gain assurance that these assets were reasonably stated in the financial statements;
- The Authority's choice of valuation date of 31 December 2022 meant that specific audit procedures were necessary to evaluate whether the stated valuations were reasonable as at 31 March 2023. Given the level of materiality at £16.2m, against the value of assets subject to revaluation at the reporting date of £1,444m, auditor challenge was required to gain assurance that the valuations were reasonably stated.

Evaluating the reasonableness of the valuation of the net defined benefit pension asset/liability

- The engagement team obtained an understanding of the Authority's approach to obtaining actuarial reports which would allow for a reasonable estimate of the Authority's LGPS net asset/liability at the reporting date.
- The Authority's approach involved the use of estimated pension fund asset returns. This influenced the scope of the audit work since the engagement team was aware that updated information on pension fund asset performance could likely have a material impact on the Authority's net asset/liability. Given the level of materiality at £16.2m against the value of assets subject to market fluctuation of £2,358m (at the start of the year), it was considered a significant source of estimation uncertainty.
  - Within the scope of our audit procedures is the evaluation of the work of the pension fund auditor, in respect of the pension fund's reported asset performance; the work of the nationally appointed auditor's expert, in respect of assessing the appropriateness of actuarial assumptions used by the scheme actuary; and the work of the scheme actuary in preparing the IAS 19 calculations and disclosures to be included in the Authority's financial statements.

Understanding the group, the Authority, and its other components, and their environments, including group-wide controls

- The engagement team obtained an understanding of the Authority, the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group and Authority level;
- The group organisational structure did not significantly influence the scope of the audit as the Authority's finance team was in control of the production of the financial statements, which was not a complex process.

Work to be performed on financial information of Authority and other components (including how it addressed the key audit matters)

- Full scope audit procedures were performed at the Authority.
- Analytical procedures at group level were performed on the joint venture, Kirklees Stadium Development Limited.

H. Audit opinion (draft)

Performance of our audit

- Full scope audit procedures were undertaken at the Authority, which represents 99% of the group's total expenditure. Refer to the table below for greater clarity.
- Obtained an understanding of the consolidation process and tested the consolidation, including the alignment of accounting policies, and the significant consolidation adjustments.

Audit approach	Number of components	% coverage gross expenditure
Full-scope audit	**1- Kirklees Council**	**99**
Specific-scope audit		
Specified audit procedures		
Review procedures		
Analytical procedures	**1- KSDL Ltd**	**1**

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Service Director Finance is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Our opinion on other matters required by the Code of Audit Practice is unmodified

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Service Director Finance

As explained more fully in the Statement of Responsibilities [set out on page x], 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 Service Director Finance. The Service Director Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Service Director Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Service Director Finance is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority and the group without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

H. Audit opinion (draft)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 1972, the Local Government Act 2003, the Local Government and Housing Act 1989, the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local Government Finance Act 2012.

We enquired of management and the Corporate Governance and Audit Committee, concerning the group and Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Corporate Governance and Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

- We assessed the susceptibility of the group and Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - Material year end journals posted by senior and other central finance staff to potentially manipulate the deficit position;
  - Journals posted by users subject to segregation of duties deficiencies as identified in our assessment of the IT environment, and
  - Potential management bias in accounting estimates.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Service Director Finance has in place to prevent and detect fraud;
  - journal entry testing, with a focus on material entries posted by senior and other central finance staff around and after the year end;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, council dwellings, investment property and defined benefit pension scheme asset/liability valuations;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Our assessment of the appropriateness of the collective competence and capabilities of the group and Authority's engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector in which the group and Authority operates
- understanding of the legal and regulatory requirements specific to the Authority and group including:
  - the provisions of the applicable legislation
  - guidance issued by CIPFA/LASAAC and SOLACE
  - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by Public Sector Audit Appointments Limited in December 2017 to audit the financial statements for the year ending 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement is five years, covering the years ending 31 March 2019 to 31 March 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Authority and we remain independent of the Authority in conducting our audit.

Our audit opinion is consistent with the additional report to the Corporate Governance and Audit Committee.

H. Audit opinion (draft)

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

Wording to be updated following agreement of our key recommendations with management

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Kirklees Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2023. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2023.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Jon Roberts, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

Date:

Page 96

Grant Thornton

grantthornton.co.uk

Kirklees COUNCIL

Name of meeting: **Corporate Governance and Audit Committee**
Date: **24 November 2023**
Title of report: **Approval of the Council's final accounts for 2022/23**

Key Decision - Is it likely to result in spending or saving £500k or more, or to have a significant effect on two or more electoral wards?	**No**
Key Decision - Is it in the [Council's Forward Plan (key decisions and private reports?)]	**Key Decision: No** **Private Report/Private Appendix: N/A**
The Decision - Is it eligible for call in by Scrutiny?	**No**
Date signed off by Strategic Director & name **Is it also signed off by the Service Director for Finance, IT and Transactional Services?** **Is it also signed off by the Service Director – Legal Governance & Commissioning?**	 **Isabel Brittain 15/11/2023** **Julie Muscroft 15/11/2023**
Cabinet member portfolio - Corporate	**Cllr Cathy Scott** **Cllr Graham Turner**

Electoral wards affected: **All**
Ward councillors consulted: **N/A**
Public or Private: **Public**
GDPR: This report contains no information that falls within the scope of General Data Protection Regulations.

---

1 Summary

The report updates Members on the final accounts and audit processes for 2022/23 and asks Members of this Committee to approve the Council's Statement of Accounts for 2022/23 including the final version of the Annual Governance Statement.

The preparation of the Statement of Accounts is a statutory requirement and local authorities are now required to have them signed by the section 151 Officer by 31 May and published with an Audit Certificate by 30 September, following the end of the financial year.

Despite the significant challenges to the Council's finance team dealing with multiple competing demands, the draft accounts were completed and signed by the Council's Service Director - Finance on 29 June 2023. There were no queries or objections raised in the six week public inspection period. The audit of the 2022/23 Statement of Accounts is substantially complete and the Council's auditors, Grant Thornton, have issued their Draft Audit Findings Report (ISA 260). The Annual Governance Statement was approved by this Committee on the 29th September. Following consideration of this report, the Committee is responsible for the approval of the Council's Accounts and the Annual Governance Statement.

2 Information required to take a decision

2.1 The process for producing the accounts went smoothly and the draft accounts were signed on 29 June 2023 by the Service Director- Finance. This is after the statutory sign off deadline of 31 May 2023 and as previously advised, this was a result of numerous contributing factors, including the late confirmation of the change in deadline, the ongoing 2021/22 Accounts audit (at that time) and overall capacity constraints within the accountancy team. The draft accounts have been available to view on the Council's website.

2.2 The six week period when the public are permitted to inspect the accounts started on 5 July and finished on 16 August. During the period, local electors can ask the auditor questions about or raise objections to items in the accounts. There were no queries or objections raised.

2.3 It is anticipated that Grant Thornton will issue an unqualified opinion on the Council's Statement of Accounts. Grant Thornton have issued their Draft Audit Findings Report (ISA 260). The report summarises significant findings, conclusions and recommendations arising from audit work throughout the year and will have been presented to Members earlier at this meeting.

2.4 The auditor's report comments that the Council produces high quality and materially correct financial statements, the quality of working papers provided was good and queries have been responded to in an acceptable timeframe. No material misstatements have been identified. The accounts have been amended for typographical corrections and a few minor disclosure errors. A final version of the Statement of Accounts is contained in Appendix A.

2.5 In line with the new Code of Audit Practice, the Auditor's Annual Report (the value for money (VFM) report), which provides a judgement on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit, will follow on separately. The Code requires the VFM report to be completed and issued within 3 months after the Statement of Accounts audit opinion is issued.

2.6 The Council's Annual Governance Statement was approved by this committee on 29th September, with authority delegated to the Chief Executive in consultation with the Leader of the Council to make necessary minor amendments to the statement. The updated statement is included at the back of the Statement of Accounts 2022/23, pages 136 to 151. The Leader of the Council and the Chief Executive have formally signed the Statement.

2.7 The auditor seeks a Letter of Representation from the Section 151 Officer and the Chair, including confirmation that this Committee has considered this item and the comments in the Annual Governance Report. A draft copy is included as Appendix B.

2.8 It is important that the Council has sound financial, governance and resources management arrangements in place to ensure that resources are available and used to support the Council's priorities, improve services and secure value for money for our tax payers. Specifically in respect of financial statements members are expected to "exercise collective responsibility for, and prioritise, financial reporting and demonstrate robust challenge and scrutiny". To assist councillors in this regard, a copy of the Unaudited Statement of Accounts was provided to members of this committee.

3 Implications for the Council

Council funds support the delivery of the following Council objectives and priorities:

3.1 **Working with People**
N/A

3.2 **Working with Partners**
N/A

3.3 **Placed based working**
N/A

3.4 **Climate Change & Air Quality**
N/A

3.5 **Improving Outcomes for Children**
N/A

3.6 **Financial Implications for the people living or working in Kirklees**
N/A

3.7 **Other (e.g. Legal/Financial or Human Resources)**

The Annual Statement of Accounts are subject to external validation by appointed auditors to ensure that Council funds are also properly accounted for.

4 Consultees and their opinions

The main consultation has been with Grant Thornton leading to their report.

5 Next steps

The accounts will be formally published. The conclusion of the audit will be advertised on the Council's website.

6 Officer recommendations and reasons

Consideration of this report by the committee is required to comply with the Council's duties under the Accounts and Audit regs 2015 (as amended by the Accounts and Audit Amendment Regulations 2021) which require the audited Statement of Accounts to be published by 30 September.

Corporate Governance and Audit Committee are recommended to approve:

(i) The Statement of Accounts 2022/23 incorporating the Annual Governance Statement (Appendix A), with the Chair of the Corporate Governance and Audit Committee certifying the Statement of Responsibilities on page 23 upon completion of the audit.

(ii) The draft Letter of Representation (Appendix B), with the Chair signing the final version on behalf of the Committee upon completion of the audit.

7 Contact Officer

James Anderson Head of Accountancy 01484 221000

8 Background Papers and History of Decisions

Accounts and Audit Regulations 2015
Local Audit and Accountability Act 2014
The Accounts and Audit (Amendment) Regulations 2021

9 Service Director (Interim) responsible

Isabel Brittain 01484 221000

KIRKLEES COUNCIL

AUDITED
STATEMENT OF ACCOUNTS
2022/2023

I Brittain
Service Director Finance
Civic Centre 3
Market Street
Huddersfield
HD1 1WG

Contents

Foreword

I am pleased to introduce the Council's Statement of Accounts for the year ended 31 March 2023.

The preparation of the Statement of Accounts is a statutory requirement and local authorities are normally required to have them signed by the Section 151 Officer by 31 May and published with an Audit Certificate by 31 July, following the end of the financial year. The impact of Covid-19 along with wider sectoral issues within the external audit market has resulted in changes to these deadlines since 2020. The deadline for the completion of the audit of the 2022/23 accounts is 30 September 2023, with draft accounts to be published by 31 May 2023. The Accounts and Audit (Amendment) Regulations 2022 brought forward the date from 30 November (which was applicable to the 2021/22 accounts).

The Council also publishes a number of other useful documents on its website, including the Corporate Plan. These documents, together with the Statement of Accounts, all help towards reporting on the Council's stewardship of public funds.

The annual Statement of Accounts is a very important document because it provides assurance to the public that Council funds have been properly accounted for, and this includes rigorous external validation by appointed auditors.

In the broader financial and economic context within which the Council operates, the annual Statement of Accounts should be viewed also as a key indicator of the extent of our Council's economic, effective and efficient use of resources, and the overall financial health of the organisation.

The 2022/23 financial performance should be assessed in the context of one of the most challenging economic backdrops in living memory, with high energy prices, high and persistent inflation and rising interest rates. The overall outturn position was an overspend of £27.0 million on the revenue budget, £15.1 million of which was specific Cost of Living pressures.

The Council's budget plans for 2023/24 reflect the Administration's primary aim; to give stability to the Council's finances in the face of continuing inflationary pressures. Achieving financial sustainability is essential to allowing the Council to continue to deliver services for residents. In achieving this aim, the 2023/24 budget plans to use over £24 million in unallocated reserves as a short-term stability measure largely to address unprecedented Cost of Living pressures. The budget plans also roll forward existing approved investment in the Administration's political priorities: the Kirklees Inclusive Economic Strategy, the Inclusive Communities Framework and the Joint Health and Wellbeing Strategy.

The budget includes sustainable savings of £18.6 million, which the Council must ensure that it delivers in 2023/24, alongside maintaining overall plans within the approved budget envelopes. This will be supported by appropriate and robust member and officer stewardship, monitoring and review and will form the basis of overall in-year financial reporting through established annual Council planning cycle and governance processes.

The unallocated reserves balance at 31st March 2023 was £47.1 million; equivalent to 12.6% of the 2023/24 net revenue budget. Given the planned drawdown of £24.6 million of unallocated reserves in 2023/24 to balance the overall budget position, there is forecast to be a remaining unallocated reserves balance of £22.5 million, or 6.0%, of the 2023/24 net revenue budget. By using its reserves in this way, the Council acknowledges that it will be operating with a minimum prudent level of reserves in 2023/24.

The Council's Medium-Term Financial Plan (MTFP) will continue to be updated In light of emerging national, regional and local intelligence in what remains a very challenging national and local financial landscape for local government.

Acknowledgements

I wish to thank colleagues in Finance for their hard work, commitment, and skill in completing this Statement of Accounts and all the supporting information by 29 June. I also want to thank colleagues across the organisation and partner organisations for their collective commitment to support the finalisation of the draft Statement of Accounts by 29 June.

Isabel Brittain
Service Director - Finance

Introduction to Kirklees

Digley Reservoir, Holmfirth

The Council serves one of the larger Districts in England and Wales, both in terms of population and geographical area and this, along with other key characteristics of the Kirklees District, are summarised below:

- Kirklees is home to **433,400 residents**, and this figure is projected to increase by 4.3% overall to 452,300 by 2030; this includes an 18% projected increase in ages 65 and over to 93,400; included within this is a 30% increase specifically for ages 85 and over.

- **Kirklees ranks twelfth out of 331 districts** in terms of population in England and Wales (2021).

- **Population by ethnic group;** 74%* White, 19% Asian or British Asian, 7% Other (*England & Wales average 82%).

- **3rd largest metropolitan district in area** covering 157 square miles.

- **178,000 households,** of which about 66% are owner occupied, and 11% Council rented. Households are projected to increase 10% by 2043, to 199,200.

- **161,350 employees in Kirklees,** of which 19% relates to Manufacturing, more than double the Great British average of 8%. Health also provides 14%; with Education accounting for 11% and Retail 9%.

- **The average median gross weekly earnings for Kirklees residents in 2022 is £513.50;** lower than the Great Britain average of **£535.00.**

- **Unemployment rates* at March 2023 are 4.4%**; in comparison to the Great Britain average of 3.8% (*unemployment rates relate to the claimant count for Jobseekers' Allowance plus those who claim Universal Credit and are required to seek work and be available for work).

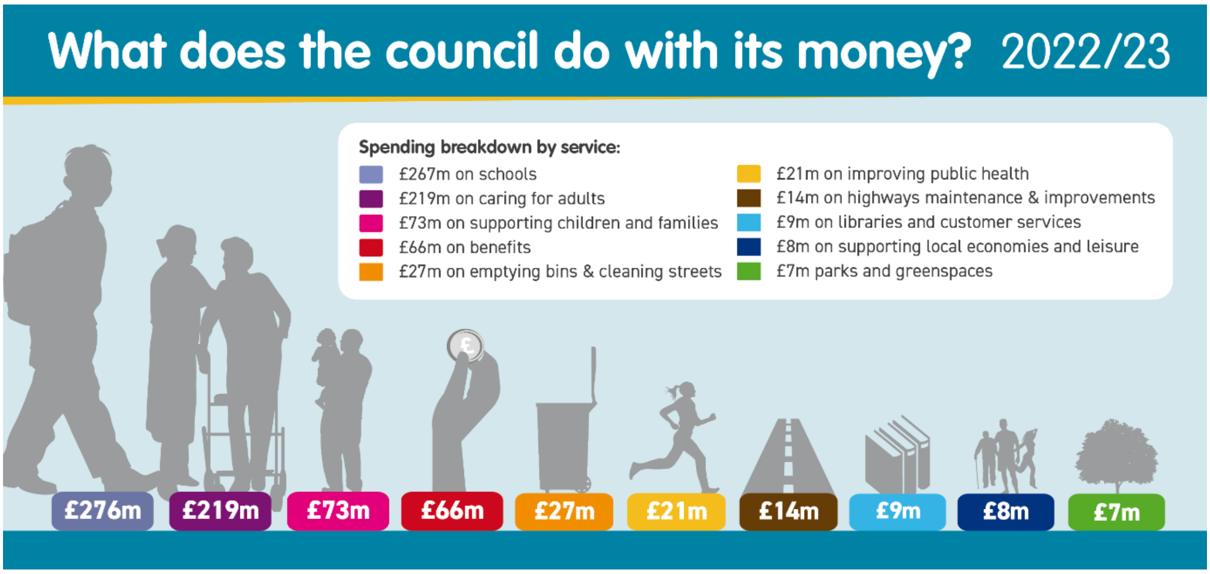
- **69 Local Councillors serve 23 wards**; following the May 2022 election Labour became the majority party with 36 seats; prior to 2018 there had been no overall control in the Council since 1999.

- **72% of residents surveyed are satisfied with the local area as a place to live.**

- **Index of deprivation for Kirklees; 12%* of the district's population live within areas which rank within the worst 10% in England**; (*the average for England is 10%)**.**

The Council

Kirklees' Services



The Workforce

Below is a snapshot of total staff employed across non-schools and schools, as at 31 August 2022 (source Kirklees People Services):

	Full-time	Part-time	Total	Full time equivalent (fte)
Non-schools	4,873	3,704	**8,577**	6,979
Schools	1,680	3,997	**5,677**	3,931
Total	**6,553**	**7,701**	**14,254**	**10,910**

To put the above into perspective, the full-time equivalent figure in 2010 was 14,003; this represents an overall reduction of 3,093, approximately 22%, over the period.

Council performance in 2022/23

The Council's annual Corporate Plan for 2021-23 sets out a vision for an ambitious Council for the residents and communities of Kirklees:

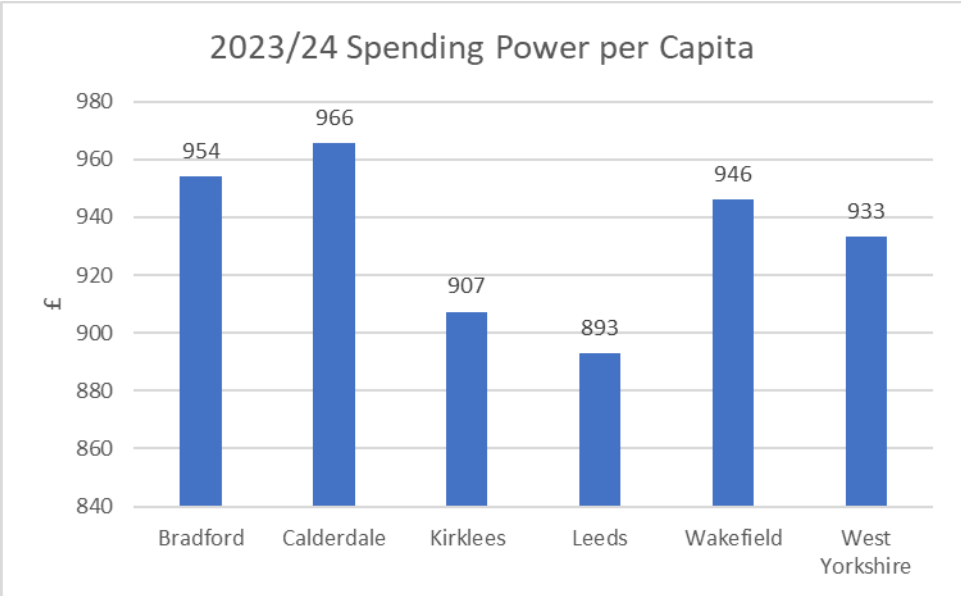
"a district that combines a strong, sustainable economy with a great quality of life - leading to thriving communities, growing businesses, high prosperity and low inequality where people enjoy better health throughout their lives".

To deliver this vision, the Council is developing into one that focuses on achieving outcomes by working with people rather than doing to them, working with and alongside Partners and recognising the unique identities of our local places, their strengths and aspirations. Existing budget plans for 2023-28, whilst acknowledging the continuing financial challenges facing the Council, build on the three key strategies: the Kirklees Inclusive Economic Strategy, the Inclusive Communities Framework and the Joint Health and Wellbeing Strategy.

This Council is already a low cost, low spend Council and has always focused on providing value for money for the residents of Kirklees.

Kirklees is a member of the campaign group called F20. The group is made up of some of the lowest funded Councils in the country and is lobbying ministers to level up local government funding, with the belief that without change, those at the bottom end of the funding tables will be the hardest hit as a result of delayed funding reforms.

The Government's own calculation of funding that each Council has available, expressed as an amount per resident, places Kirklees as the 4th lowest of the 36 metropolitan authorities in 2023/24, and second lowest of the 5 Councils in the West Yorkshire regions (see below):



The Council aims to be outcomes focussed and intelligence driven. The Council Plan for 2021-23 incorporated a range of agreed priority actions and deliverables aligned to the eight shared Kirklees outcomes, articulating a vision for Kirklees as a district which combines a strong, sustainable economy with a great quality of life - leading to thriving communities, growing businesses, high prosperity and low inequality where people enjoy better health throughout their lives.

Monitoring our impacts and outcomes at a population level ensures that our services are clear about the context within which they are delivering and how well we are meeting the needs of citizens and communities. Monitoring our impacts and outcomes at a service level helps us to understand how much we are doing, how well and what difference we are making to our customers and service users. Progress made across all services is summarised in quarterly or twice yearly performance and impact reports. In 2022/23 it was agreed that the End of Year Corporate Performance and Impact Report would focus on the Council Plan 2022-24 deliverables.

Work is underway to identify and embed improved measures of impact and outcomes across all Council areas of activity including our progress towards reducing inequalities between and within communities in Kirklees.

Below is a summary of key achievements in the last 12 months:

Shaped by people:

- Interest in Democracy Friendly Schools – a programme to help our young citizens learn about (and be part of) local democracy and civic life has been very strong, 31 schools have shown an interest. We have helped schools to work with local councillors, growing young people's confidence and enabling social action.
- Over £617k in funding has been agreed to help deliver some of the action plan priorities outlined in the thirteen action plans published during the year.
- Almost 1,360 individuals took part in place standard conversations.

Best Start:

- The Families Together Offer continues to grow, delivering support and intervention for children, young people and families across Kirklees.
- There has been an increase in children with an Education Health and Care Plan (EHCP) achieving good level of development at the end of reception across Kirklees.

Well:

- Over 1000 NHS health checks were delivered during the Wellness Service community pilot identifying potential health issues in 79% of cases and reaching a larger proportion of non-White British ethnic groups than is in the Kirklees population overall.
- Co-productive work with local people has resulted in a new Direct Payment Policy, Direct Payment Guidance, and Third-Party Agreement. The working group included a diverse range of 15 people who draw on care and support, with positive feedback received from participants.

Independent:

- Independent review of Home Adaptations provision in Kirklees has been completed involving engagement from Kirklees Citizens and service users.
- The Library Service has just been awarded the "Quality for Health" award and is, nationally, the first library service to have received this award based on the quality of the service offer (stock and staff knowledge) to enable residents to improve their health.
- Libraries are continuing to provide cost of living support; in the first half of this year (April to September) the use of our physical book lending service, e-book lending service and e-magazine and newspaper lending service saved our customers £5,221,708.

Aspire and Achieve:

- Successful co-production and launch of Our Kirklees Futures, a system-wide 10-year strategy for the lifelong learning journey across Kirklees.
- Successfully securing £36 million investment in capital build projects, in line with an ambitious SEND Transformation Plan, for ambitious re-rebuilding of two special schools.
- Employment and skills support has successfully supported more people into work and exceeded delivery objectives in adult community learning. The Works Better programme and work with partners is placing a greater emphasis on supporting people in work to develop skills and progress careers.

Sustainable Economy:

- The Cultural Heart business case has been approved
- Successful submission of several Levelling Up schemes including town centres and transport

Safe and Cohesive:

- Completion of the fire door programme has made living in high rise blocks safer for tenants. It offers greater assurance about safety, helping to reduce anxiety and improve wellbeing
- The Inclusive Communities Framework (ICF) has been completed. The strong relationships built between multiple agencies across Kirklees continue to work together to embed the ICF.

Clean, Green, High quality environment:

- Wide range of pandemic recovery activities undertaken to improve the quality of our environment including ward Councillor priorities.
- The re-use containers continue to be a great success. Since November 2021, 83 tonnes of donated and re-usable items have been collected and distributed from the two HHW containers. Following its launch, the items collected in the containers will be distributed via the new re-use shop.
- The introduction of 35 EV's vans supports the Councils vision of reaching carbon net zero by 2038 by reducing fleet tailpipe emissions, providing an accelerated roadmap to a fully net zero fleet.

Efficient and Effective (Council Ambition)

- The Council is piloting a workforce planning toolkit in priority areas, including introductory priming sessions and an exploration of workforce demographics in the services.

Financial Performance in 2022/23

Service developments in year

During the year, there have been 5 schools that have converted to Academy status, none of these schools were Trust schools. Employees have been transferred to the new bodies together with assets valued at £4.5 million. These transfers have resulted in a reduction in revenue spending of £8.1 million and a corresponding amount of Dedicated Schools Grant.

Revenue – General Fund

The General Fund Net Revenue Budget for 2022/23 was £335.0 million, approved at Council on 16 February 2022.

There was a net transfer from reserves to General Fund in-year, totalling £15.5 million. The revised budget in 2022/23 was £350.5 million.

The Council's net revenue spend totalled £377.5 million in 2022/23.

The overall outturn position was an overspend of £27.0 million revenue budget (compared to break-even in 2021/22). This was attributable in part to specific Cost of Living pressures above budgeted assumptions.

The 2022/23 revenue budget continued the direction of travel set out in successive recent budget rounds to deliver the Council's ambitions and priorities for the district, within overall reducing resources.

The actual spend to budget is summarised by department below:

	Revised Budget	Outturn	Total variance	Variance split: Cost of Living	Variance split: Other
	£000	£000	£000	£000	£000
Children & Families	97,321	103,844	6,523	2,875	3,648
Adults & Health	116,709	118,153	1,444	-	1,444
Environment & Climate Change	38,556	48,549	9,993	915	9,078
Growth & Regeneration	20,905	23,484	2,579	-	2,579
Corporate Strategy, Commissioning & Public Health	52,091	54,168	2,077	712	1,365
Central Budgets	24,898	29,300	4,402	10,553	(6,151)
General Fund Total	**350,480**	**377,498**	**27,018**	**15,055**	**11,963**

Cost of Living Pressures:
The 2022/23 budget plans were approved on 16 February 2022 and reflected the Administration's priorities and Council ambition in the Council Plan, including acknowledgement of the impact of the global pandemic and emerging global recovery, global supply issues, pent up consumer demand pressures on cost inflation, and labour supply recruitment and retention issues across all sectors of the economy. However, the Russian invasion in Ukraine in February 2022 delivered a further global shockwave with significant structural global and national macro-economic and societal impacts that are continuing to have an impact. The final cost of living impacts in 2022/23 amounted to a total of £15.1 million.

There was an overspend of £8.6 million when compared to the budgeted uplift level of 2% as a result of the local government sector national employer representatives pay award.

There was an overall overspend of £5.6 million for energy inflation. Unprecedented inflationary increases in energy prices resulted in an overspend of £2.0 million for Council direct costs. There was a further overspend of £2.9 million within Children & Families (Learning Services) due to costs borne by the Council in excess of annual RPI relating to energy charges for PPP 1 and 2 contracts with 19 schools. There was also a £0.7 million energy pressure on Kirklees Active Leisure (KAL) budgets; aligned to Corporate Services (Sports and Physical Activity).

There was an overall overspend of £0.9 million for fuel/food inflation. Within Environment & Climate change, there was a catering pressure of £0.3 million due to increasing food costs, and a further £0.6 million pressure on Transport services due to high fuel prices.

Beyond the cost of living pressures, there were a number of significant underlying service pressures, including £13.6 million (2021/22: £12.8 million) on Special Educational Needs and Disability (SEND) activity, in excess of the resources available to fund this activity through the High Needs funding block allocation within the Dedicated Schools Grant (DSG).

The overall DSG Deficit was £28.8 million at 31 March 2023. This is off track with the Safety Valve modelled projections by £5.8 million. The increase in costs was mainly due to rising complexity and demand in mainstream schools. The latest 5 year management plan projection still reflects an overall in-year balanced budget position by 2026/27 with a projected remaining balance of DSG deficit now at £1.4 million; significantly reduced from the baseline starting point £35 million deficit projection at year end 2021/22 prior to the Council's participation in the Safety Valve Round 2 Programme in February 2022.

Costs continue to increase in relation to High Needs expenditure. The two main areas with additional cost pressures are Mainstream Top-Ups and Independent School Places. Mainstream top ups have increased by £1.5 million due to increases in complexity and top up rates to reflect pay awards. The vast majority of Education, Health & Care Plans (EHCP) awarded are now at Band A or Band A exceptional which is the highest level of funding provided. Independent School Places costs are increasing by approximately £0.5 million due to rising numbers and placement costs; including an element of placement costs that relates to Cost of Living impacted inflationary increases.

As part of the signed DSG deficit agreement, and the Council's continuing contribution towards the in-year DSG deficit savings target, £1.4 million of costs that would otherwise have been recharged from Learning & Early Support to the High Needs block have instead been absorbed. Due to the timing of the management agreement, the 2022/23 costs have been offset from demand reserves drawdown, and the intention is to build the additional cost absorption into subsequent service budget development for 2023/24 onwards.

Following the introduction of a Statutory Instrument in November 2020 and an extension for a further 3 years (from 2022/23 to 2025/26) along with an update of the CIPFA Code, this 'deficit' balance is held in the 'Dedicated Schools Grant Adjustment Account', an unusable reserve.

The aim of the CIPFA code is to ensure that DSG deficits are ringfenced and held separately from General Fund resources so that specific measures can be put in place to address the deficits without placing pressure on resources required for other essential services.

As a result, this balance has not formed part of the overall financial position for 2022/23.

There was also an overall overspend on Schools Transport of £3.7 million relating mostly to volume pressures and also increased fuel costs. As at 31 March 2023, 388 children with Education Health and Care Plans (EHCP's) are using Post 16 Home to School Transport (214 at 31 March 2022). Approved 2023/24 budget plans include £3.2 million base budget uplift to reflect recurrent demand pressures on schools transport service.

There was also an overspend in the SENDACT Team of £0.7 million as a result of the use of agency staff to cover vacancies and sickness absence. It should be noted that agency usage is now at a minimum and has ended in March 2023 as the substantive posts have now been successfully recruited to. There was also an overspend of £0.8m on Special Educational Needs and Disability Inclusion Fund (SENDIF). The overspend was a result of the continued increase in the numbers of children accessing the system and a rising complexity of need in these cases.

There was a £1.0 million overspend within Child Protection and Family Support largely a result of increased volumes and complexity of need on demand led Children with Disability Service (CDS) Agency Homecare Packages. The main area of this budget relates to Demand Led Sufficiency. Costs also increased because of Orchard View being unavailable at the moment and alternative placements needing to be utilised. The service is also experiencing increasing numbers of UASC (Unaccompanied Asylum Seeking Children).

The overall position for Adults was an overspend of £1.4 million. Variances have been seen across key demand-led headings, notably on Independent Sector Home Care, on Independent Sector Residential & Nursing Placements, and on Self Directed Support.

Environment and Climate Change included an overspend of £1.2 million within Highways, with approximately £0.6 million of the additional costs relating to hired vehicles, materials and subcontractors within Highways operations and a £0.6 million pressure on General Maintenance reactive works. There were also pressures of £1.1 million within parking largely due to multi storey and other site closures and lower than budgeted parking fees and fines income. Adverse Weather budgets were also overspent by £0.6 million due to above average gritting, night patrol actions and snowfall. There were other overspends including: £1.2 million for catering due to a shortfall in income, £0.8 million in Markets, £0.3 million in Town & Public Halls £0.3 million in Bereavement largely due to reduced income and £0.3 million within Licensing resulting from a shortfall of income.

Growth and Regeneration included an overspend of £2.5 million on Property, £0.9 million of which related to Commercial Properties. There was also a £1.0 million overspend in Planning and Building control due to lower than expected demand for planning and inspections. This was partly offset by smaller underspends including Major Projects (£0.3 million) and Employment and Skills (£0.4 million).

Within Corporate Strategy, Commissioning and Public Health there was an overspend of £0.9 million within People Service. This largely related to staffing overspends within both HR, with regards to succession planning, and HD-One, for specific projects. There was also an overspend of £0.9 million on Benefit Payments, due to Homelessness costs in excess of Homelessness Support grant, plus cost of non-HRA claims administered under historic rules which are not fully eligible for Housing Subsidy grant.

Within Central budgets a £4.0 million contingency, reflecting the protracted recovery of service income from sales fees and charges and commercial rents as a result of COVID over the medium term, was released from central budgets in-year to offset service losses held within Directorates. There was a further benefit of £0.7 million from an unbudgeted distribution of the 2022/23 business rates levy account. There was also a surplus of £0.6 million compared to budget across various un-ringfenced grants from government. in-year pressure of £1.2 million reflecting increased demands on Legal Services as the requirement for legal intervention rises, in particular relating to childcare. This was offset in part by the re-direct of £0.5 million Social Care grant funding.

General Fund reserves and balances have decreased through 2022/23 by £70.2 million; from £166.8 million at the start of the year to £96.6 million as at 31 March 2023.

Revenue – Housing Revenue Account (HRA)

The HRA is a ring-fenced account that holds all income and expenditure in relation to the provision of landlord services to approximately 23,000 tenancies.

In 2022/23, the HRA reported a £1.7 million deficit after a transfer from reserves of £4.5 million, against an annual turnover budget of £94.8 million. The deficit follows a review of inflationary pressures, where there was an increase in the contribution from HRA reserves by £1.8 million and a commitment to in-year efficiency savings of £3 million.

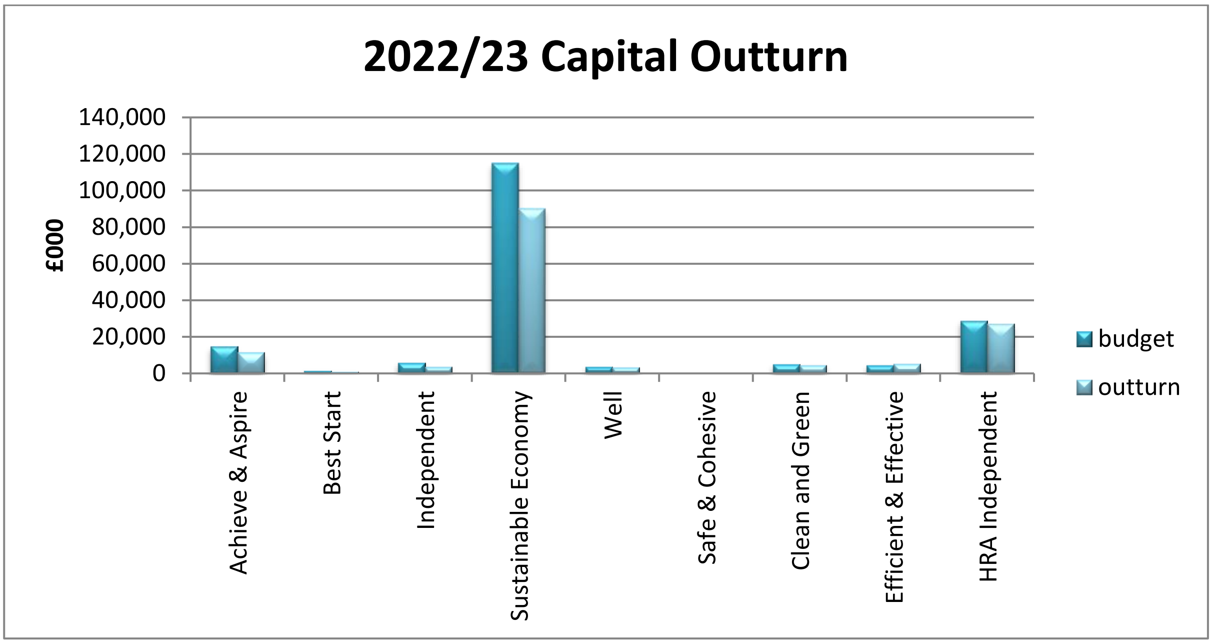
Capital Expenditure

The Council's revised capital plan budget was £179.3 million in 2022/23.

Capital expenditure in 2022/23 totalled £146.2 million; equivalent to 82% against committed investment. Of the total spend, £72.6 million related to strategic priorities, £67.2 million related to baseline spend and the balance of £6.4 million related to schemes of a one-off nature.

The outturn position relative to budget reflects a number of deferred expenditure commitments rolled forward into future years; examples include slippage on strategic priority capital schemes, including £8.5 million on Cultural Heart, £8.6 million on the Town Centre Action Plans (Huddersfield/Dewsbury), £2.6 million on Transforming Cities Fund schemes and £1.4 million on Knowl Park House new build. Delays and slippage are also reflected in Baseline schemes, including Highways at £2.5 million, Corporate Landlord at £2.2 million and £2.1 million on School Capital Maintenance schemes.

Capital budget and expenditure in 2022/23, is summarised by outcome below:



Capital expenditure in 2022/23 was funded by the following sources of finance; borrowing £67.2 million, grants and contributions £48.1 million, capital receipts at £7.7 million, Major Repairs Reserve (HRA) at £18.8 million, Reserves/Revenue contributions to capital at £4.4 million.

Collection Fund

The Collection Fund separately accounts for income and expenditure relating to Council Tax and Business Rates by the billing authority. Council Tax and Business Rates are separate accounts held within the Collection Fund and cannot cross-subsidise each other.

Payments are made from the Collection Fund at the start of each year to the various precepting bodies i.e. West Yorkshire Police Authority and West Yorkshire Fire & Rescue Authority in relation to Council Tax, and West Yorkshire Fire & Rescue Authority and Central Government in relation to Business Rates. Payments are based on annual income estimates.

Actual income received in-year can vary from estimates, which normally results in there being either a deficit or surplus on Council Tax and Business Rates at each year end.

Surpluses or deficits roll forward automatically through the Collection Fund, but the intention is that these surpluses or deficits are ‘smoothed out’ over subsequent financial years, through corresponding payment adjustments, including the relevant precepting authorities and Central Government.

The in-year Council Tax performance was a £1.7 million deficit (0.8% of budgeted income). This position was largely due to reduced income because of higher than budgeted exemptions and Single

Person Discounts. There was also an increased bad debt provision requirement, resulting from slower than anticipated debt repayments linked to Cost of Living pressures on residents.

The in-year Business Rates performance was a net £0.5 million deficit (1.0% of budgeted income). The estimated growth in Business Rates income (post-COVID recovery) was not seen in-year, with Kirklees' total non domestic rateable value increasing by only 0.1% between 31st March 2022 and 31st March 2023. Approximately £1.5 million of additional budgeted Business Rates income was therefore not achieved.

The Council's share of overall Collection Fund financial performance in 2022/23 is summarised below.

Collection Fund Summary

Collection Fund (Council Share)	**Council Tax**	**Business Rates**	**Total**
	£000	**£000**	**£000**
(Surplus)/Deficit at 1 April 2022	**744**	**13,398**	**14,142**
Re-payments to/(from) General Fund 2022/23	(1,026)	(15,135)	(16,161)
In year Financial Performance	1,729	490	2,219
(Surplus)/Deficit at 31 March 2023	**1,447**	**(1,247)**	**200**
Planned Repayments to general fund 23/24	282	1,737	2,019
Adjusted (Surplus)/Deficit	**1,729**	**490**	**2,219**

Due to the impact of Covid-19 on the collection of both Council Tax and Business Rates, a change to Collection Fund accounting was introduced for 2020/21, which spreads the impact of Covid-19 related deficits over three financial years, thus smoothing the impact on the revenue budget. The Council's 2021/22 – 2023/24 budgets have been prepared using this new facility.

The percentage of Council Tax collected in year was 95.94% (2021/22 95.78%). The Council's share of the arrears outstanding as at 31 March 2023 was £20.6 million (31 March 2022 £18.6 million).

The percentage of Business Rates collected in the year was 95.27% (2021/22 94.65%). The Council's share of the arrears outstanding at 31 March 2023 was £4.4 million (31 March 2022 £4.5 million). In addition, there is a provision for Business Rates appeals outstanding. The Council's share of this provision at 31 March 2023 is £1.7 million (31 March 2022 £1.6 million).

The Council is also part of a regional business rates pooling arrangement – Leeds City Region Business Rates Pool, for 2022/23.

Balance Sheet

The table below summarises the Balance Sheet movements during 2022/23 and indicates that the Council maintains an overall positive Balance Sheet in terms of net assets and usable reserves.

	At March 2022	At March 2023	Movements in-year
	£m	£m	£m
Long Term Assets	1,800.8	1,931.3	130.5
Net Current Assets	-52.0	-85.5	-33.5
Long Term Liabilities	-1,293.5	-659.2	634.3
Net assets	455.3	1,186.6	731.3
Represented by :			
Usable Reserves	-279.4	-224.5	54.9
Unusable Reserves	-175.9	-962.1	-786.2

Assets

The value of Property, Plant and Equipment has increased during the year by £68.1 million to £1,657.6 million. The increase is largely due to additions of £117.8 million, net revaluation gains on Plant, Property and Equipment of £21.9 million, offset by assets being reclassified as Held for Sale (£4.8 million), the disposals of assets (£6.7 million), including schools transferring to academy status, and depreciation (£60.3 million). In addition, the Council had Heritage Assets and Investment Property valued at £55.2 million and £97.5 million respectively as at 31 March 2023 (31 March 2022 £55.2 million and £103.7 million). Current assets decreased by £16.6 million to £145.3 million.

The Council's policy towards cash flow management is prudent and all deposits/investments in 2022/23 have been placed short-term with a view towards security and liquidity. As at 31 March 2023, the Council held investments of £34.2 million within "cash equivalents", that is highly liquid deposits with an insignificant risk of change in value (31 March 2022 £69.0 million).

Liabilities

Current liabilities increased by £16.9 million to £230.9 million and long-term liabilities decreased by £634.3 million to £659.2 million. As at 31 March 2023, the Council had total provisions (long term and short term) of £13.6 million (31 March 2022 £13.2 million).

Total external borrowing during the year increased from £473.3 million to £619.3 million. £70.0 million of new long term borrowing was taken from the Public Works Loan Board (PWLB) in the year and short term borrowing increased by £75.5 million.

The average interest rate for long term borrowing in 2022/23 was 3.67% (2021/22 3.84%).

Other long term assets contains a LGPS funded pension asset of £74.2 million (at 31 March 2022 this was a long term liability of £693.1 million). This represents an actuarial assessment of the Council's share of the pension fund assets and the underlying commitment of the Council to pay future retirement benefits. The significant movement in the pension liability reflects increases in actuarial gains due to changes in financial assumptions.

Whilst the net pensions figure is substantial it should be remembered that:

- The sum is the current assessment taking a long-term view of the current and future contributions to the fund and the future liabilities for existing pensioners and current employees who are accruing pension entitlement.
- It is not a situation unique to Kirklees Council or Local Authorities generally, with many pension funds currently in a net asset position.

- The West Yorkshire Pension Fund is regularly reviewed and contributions to the fund are amended accordingly to ensure it remains sustainable over the long term.
- Employee contribution rates may change as may the method of calculating accrued benefits and therefore, liabilities.

The net asset is matched by an appropriate accounting entry under Reserves.

Balances and Reserves

General Fund Balances at 31 March 2023 were £96.6 million (31 March 2022 £166.8 million), a net decrease of £70.2 million. This compares to a projected year end figure of £98.8 million assumed in the 2023/24 Annual Budget Report; equating to a difference of only £2.2 million. The difference from the Budget Report projections reflects additional net drawdowns of £5.5 million in-year, including £3.8 million from School balances, offset by a lower than anticipated revenue overspend. Estimates in the budget report assumed an overspend of £30.3 million, in line with Quarter 2 projections. The final overspend position of £27.0 million reflects a £3.3 million reduction from this estimate; thereby reducing the impact on general balances by this amount.

Of the £70.2 million in-year reduction in General Fund Reserves, £27.7 million relates to transfers approved in the 2022-27 Annual Budget report. The remaining £42.5 million balance of movement is broken down as follows:

- £11.4 million planned net drawdowns from reserves during the year, including the £3.8 million from Schools Balances as noted above. The most significant drawdowns to support Directorate spending were £2.7 million from Specific Risk reserves, £2.1 million from COVID reserves, £2.1 million from Development Funding reserves and £1.3 million from the Social Care reserve.
- Drawdown of £1.4 million from the demand reserve to offset annual General Fund costs previously recharged to High Needs block, now absorbed by Learning Services as part of the Council contribution to the overall Safety Valve funding agreement.
- Drawdown of £2.7 million from Specific Risk reserves to fund the creation of a bad debt provision with regards to KSDL, as currently negotiations are taking place between shareholders regarding restructuring.
- Transfer of the 2022/23 overspend of £27.0 million against unallocated reserves at year end.

£27.0 million was transferred in year from existing earmarked reserves into unallocated reserves to offset the in-year overspend.

The unallocated reserves balance at 31st March 2023 was £47.1 million; equivalent to 12.6% of the 2023/24 net revenue budget. There is also a further planned drawdown of £24.6 million of unallocated reserves in 2023/24 to balance the overall budget position; approved in the Annual Budget report to Cabinet and Council in February and March 2023 respectively. This leaves a remaining unallocated reserves balance of £22.5 million, or 6.0%, of the 2023/24 net revenue budget.

Council reserves also includes an amount of £11.7 million (31 March 2022 £15.5 million) relating to schools' balances.

Total usable reserves (excluding ring-fenced Schools and Public Health Reserves) as at 31 March 2023 are £84.1 million, equivalent to 22.5% of the 2023/24 £373.0 million (net) revenue budget (31 March 2022 44.7% of £335.0 million).

For comparator purposes, the median percentage across the 36 Metropolitan Councils on this particular indicator was 56% as at 31 March 2022.

The significance of this indicator is that it features as part of CIPFA's suite of 'financial resilience' performance indicators to support officers, members and other stakeholders as an independent and objective suite of indicators that measure the relative financial sustainability and resilience of Councils, given extensive and ongoing national coverage and concern about financial sustainability across the local government sector. The updated 2022/23 indicator is expected to be released towards the end of 2023 by CIPFA.

HRA Balances at 31 March 2023 were £44.4 million and these will be used to help sustain a balanced revenue position for the HRA over the medium to longer term informed by the 30 year HRA business plan. There was a nil balance on the Major Repairs Reserve as at 31 March 2023 (31 March 2022 nil), which was previously used to support capital expenditure and repay debt within the year.

There are two Capital reserves – unapplied capital grants and capital receipts – which total £83.5 million as at 31 March 2023 (31 March 2022 £57.9 million).

The unusable reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

Also, as previously noted, since 31 March 2021 the DSG deficit is held separately as an unusable reserve.

Group accounts

The Council's Group Accounts are made up of the accounts of the Council and a joint venture - Kirklees Stadium Development Limited (KSDL). The Group Accounts show the full extent of the Council's economic activities by including the Council's involvement with its group company. The Group Accounts are of equal stature to the Council's single-entity accounts. Based on draft accounts and the Council's interest and adjusted in line with the Group's accounting policies, KSDL made an operating deficit of £0.3 million.

Council finances – future prospects

Achieving objectives within available resources in the context of the ongoing inflationary, demographic and other demand pressures locally continues to be amongst the biggest challenges facing the Council. The approved 2023/24 budget includes sustainable savings of £18.6 million, plus the use of £24.6 million in unallocated reserves as a short-term stability measure largely to address the unprecedented Cost of Living pressures. The Council must ensure that it delivers the £18.6 million savings proposals in 2023/24, alongside maintaining overall plans within the approved budget envelopes. This will be supported by appropriate and robust member and officer stewardship, monitoring and review, and will form the basis of overall in-year financial reporting in the corporate member arena through established annual Council planning cycle and governance processes.

Budget plans for 2023-28 were approved at budget Council on 8 March 2023. These are summarised below.

Summary General Fund budget plans 2023-28:

	23/24	24/25	25/26	26/27	27/28
	£m	£m	£m	£m	£m
Budget Gap (MTFP 22-27)	**16.4**	**31.4**	**33.5**	**38.2**	**38.2**
Funding Changes	(10.5)	(10.5)	(10.5)	(10.5)	(10.5)
Spending Changes	35.4	37.7	41.3	41.5	41.5
Budget gap (23/24 MTFS Update report)	**41.3**	**58.6**	**64.3**	**69.2**	**69.2**
Funding Changes	1.1	(9.3)	(10.3)	(11.4)	(24.4)
Spending Changes	0.8	6.0	10.4	13.0	26.6
Budget gap (Post-Financial Settlement 2023/24)	**43.2**	**55.3**	**64.4**	**70.8**	**71.4**
Savings proposals	**(18.6)**	**(30.1)**	**(39.6)**	**(42.9)**	**(40.6)**
Use of unallocated reserves	**(24.6)**				
Balanced Budget position 2023/24	**-**	**25.2**	**24.8**	**27.9**	**30.8**

The Council set its budget for 2023/24 against one of the most challenging economic backdrops in living memory. Many of the sources of economic turbulence were unforeseeable, such as war in Ukraine and its impact on energy prices. Though inflation was already a feature of the economy at the start of 2022/23, its rapid rise during 2023 exerted significant extra pressure on pay, goods and services beyond the council's planning. Rises in interest rates have added further costs to the council which could not reasonably have been forecast at the start of the financial year.

The external crises of 2022/23 have compounded long-running structural challenges for the council. This includes historic central government underfunding, and when compared to local authorities with similar characteristics and challenges to Kirklees. The 2023/24 local government financial settlement continues to leave Kirklees at a relative disadvantage and failed to mitigate many of the Cost of Living cost increases faced by the Council. Government expectation is that Councils use their reserves to mitigate these pressures. As well, the Government pause in implementing social care reforms continues to put future uncertainty on budgets for all Councils that deliver these vital services. The above sits alongside increasing demand, especially during a cost-of-living crisis when many residents need additional support from a variety of council activities.

The approved budget plans reflected the Administration's primary aim; to give stability to the council's finances in the face of extraordinary pressures. Achieving financial sustainability is essential to allowing the council to continue to deliver services for residents. In achieving this aim, the 2023/24 budget will utilise over £24 million in unallocated reserves as a short-term stability measure largely to address unprecedented Cost of Living pressures. In recent years, the council has maintained a prudent level of reserves to be deployed in the event of major economic and/or fiscal shocks that could not have been forecast. Those unforeseeable circumstances have now materialised. By using its reserves in this way, the council acknowledges that it will be operating with a minimum prudent level of reserves in 2023/24.

Council updated budget plans reflect a 2.99% general Council Tax uplift in 2023/24 plus a further 2.00% Adult Social Care precept uplift; 4.99% in total, and equivalent to £10.5 million additional funding. The majority of Kirklees homes are classified as Band A. At this level, a 4.99% Council Tax uplift is equivalent to an increase of £56.46; from £1,131.61 in 2022/23 to £1,188.07 in 2023/24 (before Fire, Police and Parish Council precepts).

High Needs

The Council signed up to the Government's Safety Valve Agreement in March 2022 as one of a number of Councils with a significant Dedicated Schools Grant (DSG) deficit; £36 million at the time the safety valve agreement was signed in March 2022.

The Safety Valve Agreement, is intended to eliminate the Council's DSG deficit completely by 2026/27 through a Council 5 year Special Educational Needs & Disabilities (SEND) management plan. The plan is intended to bring the in-year High Needs spend position into 'balance' within available in-year DSG funding, by 2026/27. Government have agreed a contribution of £33.5 million to help clear the historic DSG deficit, including an initial £13.5 million 'down payment' received in March 2022.

Further annual contributions by Government of £4.0 million over the next 4 years will be released quarterly in £1.0 million tranches; subject to satisfactory quarterly monitoring reviews with the Department for Education (DfE) Safety Valve Team. There was an in-year spend on High Needs spend in excess of the Dedicated Schools Grant (DSG) funding allocation of £13.6 million (equivalent in-year deficit in 2021/22 was £12.8 million). The overall DSG Deficit was £28.8 million at 31 March 2023. This is off track with the Safety Valve modelled projections by £5.8 million.

The 5 year DSG management plan projection continues to be updated on a regular basis to reflect actual income and expenditure. Quarterly reports are submitted to the ESFA to highlight the progress towards the safety valve planned position and the Council continues to have regular meetings with the ESFA Safety Valve Team to track progress. The management plan also allows for some flexibility to review spend and funding profiles over the lifetime of the Plan, with appropriate DfE Safety Valve agreement where circumstances permit.

The DSG deficit at 31st March 2023 is £28.8 million and is held as an 'unusable reserve' in line with accounting regulations.

High Needs remains an area of significant and growing pressure on Council budgets nationally and locally. It is anticipated that medium term, growth pressures may be mitigated at least in part through other measures, with the Council currently working on the implementation of a transformational action plan with key educational partners across the borough. Budget proposals reflect the Council's commitment to continued SEND investment (both revenue and capital) over the medium term.

Social Care

The Autumn Statement made clear Government's commitment to prioritise additional funding for social care. This was confirmed in the 2023/24 financial settlement with an increase in Council Social Care grant funding of £16.9 million in 2023/24. Of this increase, £7.1 million had already been assumed in existing budget plans. The balance of additional funding is intended to mitigate the additional £6.9 million Cost of Living pressures, and a further £1.3 million Social Care Grant earmarked to Children's.

The Local Government Finance Settlement for 2023/24 also included provision for Councils with Social Care responsibilities to raise a proportion of their Adult Social Care funding requirement through an Adult Social Care precept up to 2%. The additional 2% has been applied in full in updated baseline funding forecasts for 2023/24 to meet forecast Adult Social Care spending needs over the coming financial year.

Government also confirmed the deferral of expected social care reforms to 2025/26 at the earliest. The funding previously set aside to fund these reforms at a national level has instead been re-directed to support existing Council social care pressures. The Council's share of this is £4.4 million and forms part of the overall £16.9 million funding uplift for 2023/24.

Demand led volume and cost pressures and demographic trends are having a continuing and significant impact on already stretched Council budgets and this has been well documented both nationally and at a local level over recent years.

Work will also be undertaken with the wider Health and Care system to ensure that the cost and design of services are properly reflected. With regard to the wider trends and shape of the market, transformational work will also be undertaken with an external change partner to model future demand and to identify and deliver social care efficiencies. The Communities and Access Service area will work to create an integrated model to further maximise citizen and community outcomes.

Future Accounting Developments

The implementation of International Financial Reporting Standard (IFRS) 16 Leases, previously expected to be applied from 2022/23, has been deferred until 2024/25, although local authorities will have the option to adopt it earlier.

Key Risks

The Council Corporate Risk Matrix for 2023/24 was agreed in March 2023. The matrix highlights risk areas, and headline mitigations and management actions.

The areas identified are summarised below:

- The risks associated with the response to crises and events and the implications on the local community and the Council.
- Failure to maintain sufficient level of priority and focus that could lead to in year savings not being achieved, resulting in budget overspend and / or next years budget not being delivered to timetable.
- Risk of medium-long term financial instability caused by failure to develop or adhere to robust financial planning processes and procedures leading to reductions in service provision, possible government intervention and reputational damage.
- Inflationary pressures are resulting in cost increases, which impact on the council directly, and on the ability of contractors to deliver activities of the specified quality at the agreed price.
- The risk of a reduction in expected income as tenants, residents and businesses are unable to meet financial commitments resulting in a failure to meet budgeted income targets for Council Tax, Business Rates and other payments.
- Risk of infection with a High Consequence Infectious Disease (HCIDs airborne) with the consequent impacts of pressure on services through demand, and a reduced ability to deliver services resultant from staff absences and similar.
- The financial regime set by Government causes a further loss of resources or increased and under-funded obligations (e.g. in relation to Social Care), with impact on the strategic plans.
- Workforce management issues (including loss of experienced staff; need for different skills sets and inability to identify or reach all staff to deliver appropriate training; difficulties recruiting and retraining staff in specific areas).
- Insufficient visibility of the council-wide change delivery programme incorporating both transformation and project activity, concerns that the organisational capacity to deliver is insufficient to cope with the ambitious change agenda, coupled with challenging 'steady state' conditions.

- Funding shortfall in partner agencies e.g. NHS.
- Failure to address matters of violent extremism and related safer stronger community factors.
- Unforeseen legislative changes.
- The impact of the "cost of living crisis" (specifically inflationary pressure leading to increased prices for food and fuel) on individuals, the community, partners and the business sector, and on their priorities, and their consequent demands for council service. Impact on the voluntary sectors may reduce their ability to support communities, with a consequent impact on the council.
- Unforeseen significant environmental events e.g. severe weather impact.
- Management of information from loss or inappropriate destruction or retention and the risk of failure to comply with the obligations of General Data Protection Regulations (GDPR), Freedom of Information (FOI) and Data Protection.
- Cyber related threats affecting data integrity and system functionality/security.
- Heightened national attention to Child Sexual Exploitation and historical abuse cases leading to increased demand, higher professional expectations and greater public scrutiny.
- Inadequate arrangements to effectively determine and implement policies in a timely manner leading to delays, failure, error or illegality.
- Inadequate health and safety measures leading to harm to employees or customers/possible litigious action.
- Exposure to increased liabilities arising from property ownership and management (corporate and residential).
- Financial risks associated with Treasury Management.
- Exposure to material unforeseen costs or uninsured losses and the overall adequacy of Council Reserves.
- Unanticipated costs or operational consequences of the Council's own climate change commitments, and or statutory climate change obligations.

<u>**Statement of Accounts**</u>

The Financial Statements
The Statement of Accounts contains four core accounting statements:

- **Comprehensive Income and Expenditure Statement (CIES)**
- **Movement in Reserves Statement (MiRS)**
- **Balance Sheet at 31 March 2023**
- **Cash Flow Statement**

Each of the above accounting statements is preceded by a short note describing its purpose, and they are followed by notes explaining figures in the statements.

Group Accounts are produced which include companies and similar entities which the Council either controls or significantly influences.

Other Accounting Information
This main section of the Statement of Accounts is followed by supplementary statements:

- **Housing Revenue Account (HRA)**
- **Collection Fund**

The Council is required to keep separate accounts for HRA and Collection Fund by statute. The Group Accounts reflect the presentational changes mentioned above. Each of these supplementary statements is preceded by notes explaining their purpose and followed by explanatory notes.

The accounts also include:

- **The Statement of Responsibilities and Certificate** - sets out the respective responsibilities of the Council and the Service Director Finance for the accounts.
- **The Statement of Accounting Policies** - explains the basis of the figures in the financial statements, and the concepts and policies underpinning the accounts.
- **The Annual Governance Statement** - sets out a framework within which overall governance and internal control are managed and reviewed.

Wherever possible, technical accounting terms have been explained either in the main text or in the glossary at the back of this publication.

The Council's Responsibilities

The Council is required to:

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

The Service Director Finances' Responsibilities

The Service Director Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC "Code of Practice on Local Authority Accounting in the United Kingdom" (the Code).

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

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

The Service Director has also:

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

The Service Director also confirms that to the best of his knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Council and the undertakings included in the consolidation taken as a whole; and;
- the Narrative Statement includes a fair review of the development and performance of the business and the position of the Council and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.

Certification of the Statement of Accounts

I certify that this Statement of Accounts presents a true and fair view of the financial position of Kirklees Council at the reporting date, and its income and expenditure for the year ended 31 March 2023.

Isabel Brittain
Service Director Finance
Xxxxxxxxx 2023

I certify that this Statement of Accounts was approved by the Corporate Governance and Audit Committee on xxxxxxx 2023.

Cllr J Homewood
Chair, Corporate Governance and Audit Committee

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

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 and rents. Authorities raise taxation and rent to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and Expenditure and Funding Analysis shown in Note 8.

			2022/23			2021/22	
	Gross Exp	**Gross Income**	**Net Exp**	Gross Exp	Gross Income	Net Exp	
	£000	**£000**	**£000**	£000	£000	£000	Note
Children & Families	**436,219**	**-306,277**	**129,942**	428,931	-310,740	118,191	
Adults & Health	**257,686**	**-125,940**	**131,746**	242,172	-120,039	122,133	
Growth & Regeneration	**72,796**	**-23,146**	**49,650**	157,095	-25,361	131,734	
Environment & Climate	**139,921**	**-40,163**	**99,758**	118,861	-33,973	84,888	
Corporate Strategy, Commissioning & Public	**182,494**	**-110,377**	**72,117**	195,218	-122,730	72,488	
Central Budgets	**29,592**	**-1,101**	**28,491**	33,360	-1,911	31,449	
HRA	**86,994**	**-104,744**	**-17,750**	80,462	-107,103	-26,641	
Cost of Services	**1,205,702**	**-711,748**	**493,954**	1,256,099	-721,857	534,242	
Other operating expenditure			**5,542**			730	**12**
Financing and investment income and expenditure			**55,688**			38,259	**13**
Taxation and non-specific grant income			**-398,066**			-371,980	**14**
Deficit on Provision of Services			**157,118**			201,251	
Surplus(-)/Deficit on revaluation of Property, Plant and Equipment (PPE) and Heritage assets			**-30,869**			-66,642	**15&16**
Surplus(-)/Deficit from investments in equity instruments designated at fair value through other comprehensive income			**219**			-69	
Remeasurements of the net defined benefit asset/liability			**-857,773**			-432,447	**41**
Other Comprehensive Income and Expenditure			**-888,423**			-499,158	
Total Comprehensive Income and Expenditure			**-731,305**			-297,907	

STATEMENT OF MOVEMENT IN RESERVES

This statement shows the movement in the year on the different reserves held by the Council, analysed into "usable reserves" (i.e. those that can be applied to fund expenditure or reduce local taxation) and other "unusable reserves". The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and statutory adjustments required to return to the amounts chargeable to Council Tax/Housing Rents for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments. Explanations and detailed movements of each reserve can be found in the Glossary and in Notes 11 and 28.

	General Fund Balances	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
2022/23								
Balance at 31 March 2022	**-166,793**	**-54,694**	**-19,508**	**0**	**-38,409**	**-279,404**	**-175,850**	**-455,254**
Movement in reserves during 2022/23								
Total Comprehensive Income and Expenditure	169,329	-12,211	0	0	0	157,118	-888,423	-731,305
Adjustments between accounting & funding basis under regulations (Note 10)	-99,157	22,489	-3,294	0	-22,278	-102,240	102,240	**0**
Net Increase(-)/ Decrease	**70,172**	**10,278**	**-3,294**	**0**	**-22,278**	**54,878**	**-786,183**	**-731,305**
Balance at 31 March 2023 carried forward	**-96,621**	**-44,416**	**-22,802**	**0**	**-60,687**	**-224,526**	**-962,033**	**-1,186,559**
2021/22								
Balance at 31 March 2021	-197,353	-58,418	-17,088	0	-39,801	-312,660	155,313	-157,347
Movement in reserves during 2021/22								
Total Comprehensive Income and Expenditure	218,121	-16,870	0	0	0	201,251	-499,158	-297,907
Adjustments between accounting & funding basis under regulations (Note 10)	-187,561	20,594	-2,420	0	1,392	**-167,995**	167,995	**0**
Net Increase(-)/ Decrease	**30,560**	**3,724**	**-2,420**	0	**1,392**	**33,256**	**-331,163**	**-297,907**
Balance at 31 March 2022 carried forward	**-166,793**	**-54,694**	**-19,508**	0	**-38,409**	**-279,404**	**-175,850**	**-455,254**

BALANCE SHEET

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

	31 March 2023	31 March 2022	
	£000	£000	Note
Property, Plant & Equipment (PPE)	**1,657,600**	1,589,513	**15**
Heritage Assets	**55,197**	55,156	**16**
Investment Property	**97,535**	103,670	**17**
Intangible Assets	**1,779**	770	**18**
Long Term Investments	**13,162**	15,134	**19**
Long Term Debtors	**31,796**	36,534	**19&20**
Pension Asset	**74,210**	0	**26&41**
Long Term Assets	**1,931,279**	1,800,777	
Inventories	**3,363**	7,360	**21**
Short Term Debtors	**102,994**	78,252	**19&22**
Assets Held for Sale	**4,757**	7,325	
Cash and Cash Equivalents	**34,211**	69,000	**19&23**
Current Assets	**145,325**	161,937	
Bank Overdraft	**-7,345**	-3,935	**23**
Short Term Borrowing	**-106,475**	-31,015	**19**
Short Term Creditors	**-109,355**	-168,455	**19&24**
Other Short Term Liabilities	**-4,566**	-6,934	
Provisions	**-3,122**	-3,629	**25**
Current Liabilities	**-230,863**	-213,968	
Long Term Borrowing	**-512,785**	-442,282	**19**
Other Long Term Liabilities	**-146,397**	-851,210	**26**
Long Term Liabilities	**-659,182**	-1,293,492	
Net Assets	**1,186,559**	455,254	
Usable Reserves	**-224,526**	-279,404	**27**
Unusable Reserves	**-962,033**	-175,850	**28**
Total Reserves	**-1,186,559**	-455,254	

CASH FLOW STATEMENT
Single Entity and Group

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

		2022/23		2021/22	
	£000	**£000**	£000	£000	Note
Net surplus(-)/deficit on the provision of		**157,118**		201,251	
Adjustments to net surplus/deficit on the provision of services for non-cash movements		**-119,194**		-290,419	**30**
Adjustment for items included in the net surplus/deficit on the provision of services that are investing and financing activities		**71,799**		43,860	**31**
Net cash flows from Operating Activities		**109,723**		**-45,308**	
Net cash flows from Investing Activities					
Purchase of property, plant and equipment, investment property and intangible assets	**126,719**		96,539		
Purchase of short-term and long-term investments	**2,396**		8,691		
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	**-12,135**		-14,153		
Proceeds from short-term and long-term investments	**-826**		-951		
Other receipts from investing activities	**-33,611**	**82,543**	-26,625	63,501	
Net cash flows from Financing Activities					
Cash receipts of short and long-term borrowing	**-186,257**		-167,515		
Other receipts from financing activities	**-15,002**		-19,485		
Cash payments for the reduction for the outstanding liabilities relating to finance leases and PFI contracts	**6,597**		6,040		
Repayments of short and long-term borrowing	**40,296**		124,270		
Other payments for financing activities	**299**	**-154,067**	-369	-57,059	
Net increase(-)/decrease in cash and cash equivalents		**38,199**		**-38,866**	
Cash and cash equivalents at the beginning of the reporting period		**65,065**		26,199	
Cash and cash equivalents at the end of the reporting period		**26,866**		65,065	**23**

1 Accounting Policies

1.1 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 Regulations 2015, in accordance with proper accounting practices. These practices 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).

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.

1.2 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 the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- 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.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature within 90 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts as the use of the latter is considered to be an integral part of cash management.

1.4 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

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

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

1.5 Collection Fund

The transactions of the Collection Fund are wholly prescribed by legislation. The effect of this is:

- Shares of Non-Domestic Rating income to major preceptors and a billing authority are paid out of the Collection Fund and credited to the CIESs of precepting and billing authorities. However, the transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the financial year, whereas each authority will recognise income on a full accruals basis (ie sharing out in full of surpluses and deficits at the end of the year, even though it will be distributed to or recovered in a subsequent financial year).
- A share (after allowable deductions) of the Non-Domestic Rating income is paid out of the Collection Fund to Central Government.
- Council Tax precepts for major precepting authorities and a billing authority's demand on the fund are paid out of the Collection Fund and credited to the CIESs of precepting and billing authorities. However, as with Non-Domestic rating income, the transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the financial year, whereas each authority will recognise income on a full accruals basis (ie sharing out in full of surpluses and deficits at the end of the year, even though it will be distributed to or recovered in a subsequent financial year).
- Parish precepts are paid from the General Fund of billing authorities and are disclosed on the notes to the CIES.
- The difference between the Non-Domestic Rate and Council Tax income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

1.6 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, annual and sick leave, and bonuses for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday and flexi-time entitlements earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then statutory regulations require this to be reversed out through the Movement in Reserves Statement, so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits
Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or, where applicable, to Non Distributed Costs within the Central Budgets line in the CIES when the Council is demonstrably committed to the termination of the employment of an officer or group of officers.

Post Employment Benefits
Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Business Services on behalf of the Department for Education (DfE).
- The NHS Pension Scheme, administered by the NHS Business Services Authority.
- West Yorkshire Pension Fund, which is part of the Local Government Pension Scheme (LGPS), administered by City of Bradford Metropolitan District Council.

The schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Teachers' Pension Scheme -
This scheme is unfunded, meaning it has no investment assets. The administrator uses a notional fund as the basis for calculating the employers' contribution rate by local education authorities. This means that liabilities for benefits cannot be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children & Families service line in the CIES is charged with the employer's contributions payable to Teachers' Pensions in the year.

The NHS Pension Scheme -
Public Health staff transferred to the Council on 1 April 2013 have retained access to the NHS Pension Scheme. This scheme is also unfunded and is accounted for on a defined contribution basis. The Corporate Strategy, Commissioning and Public Health line in the CIES is charged with the employer's contributions payable to NHS Pensions in the year.

The Local Government Pension Scheme (LGPS) -
This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets over the long term.

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

- The liabilities of the West Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – that is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices (based on UK AA rated bond prices compiled into a model by the Council's actuary Aon Solutions UK Ltd.
- The assets attributable to the Council are included in the Balance Sheet at their fair value.

The change in the net pension asset/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 CIES to the services for which the employees worked.
    - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. Debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs in Central Budgets.
    - Net interest on the net defined benefit liability (asset) ie net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, taking account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising –
    - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset). Charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated their assumptions. Charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

The LGPS permits employees retiring to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. The figures in this year's Statement of Accounts have been prepared by our actuary, based on the assumption that each member will exchange 75% of the maximum amount permitted of their service pension rights on retirement for additional lump sum.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers 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 earned by employees.

<u>*Discretionary Benefits*</u> -
The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of

staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.7 Events After the Balance Sheet Date

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

- Those that provide evidence of conditions that existed at the end of the reporting period. In these cases, the accounting statements are adjusted to reflect such events, if they have a material effect;
- Those that are indicative of conditions that arose after the reporting period. In these cases, the accounting statements are not adjusted to reflect such events, but where they would have a material effect, disclosure is made in the notes as to the nature of the events and their estimated financial effect.

1.8 Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings 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 takes place either:

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses appropriate valuation techniques for each circumstance and for which sufficient data is available, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

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

1.9 Financial Instruments

Financial Liabilities
Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line

in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the 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 CIES is the amount payable for the year according to the loan agreement.
Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the CIES in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the losses over the term that was remaining on the replacement loan and similarly for gains up to a maximum of ten years. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets
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 Council's business model is to hold investments to collect contractual cash flows i.e. payments of interest and principal. Most of the Council's 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 Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

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

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

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

The inputs to the measurement techniques are categorised in accordance with the accounting policy set out in the accounting policy section on Fair Value Measurement.

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

IFRS 9 Financial Instruments sets out that investments in equity should be classified as fair value through profit and loss unless there is an irrevocable election to recognise changes in fair value through other comprehensive income. The Council will assess each investment on an individual basis and assign an IFRS 9 category. The assessment will be based on the underlying purpose for holding the financial instrument.

Any changes in the fair value of instruments held at fair value through profit or loss will be recognised in the net cost of service in the CIES and will have a General Fund impact.

Financial Assets measured at Fair Value through other Comprehensive Income (FVOCI)
The Council has equity instruments designated at fair value through other Comprehensive Income (FVOCI). These were previously classified as Available for Sale assets at 31 March 2018.

The Council has made an irrevocable election to designate four of its equity instruments as FVOCI on the basis that they are held for non-contractual benefits, they are not held for trading but for strategic purposes. These assets were transferred to the new asset category on 1 April 2018 and are held at fair value. The value is based on the principal that these equity shares have no quoted market prices and are based on an appraisal of the company valuation and forecasted dividends.

Dividend income is credited to Financing and Investment Income and Expenditure line in the CIES when it becomes receivable by the Council. Changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve.

When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

The same accounting treatment was adopted previously when the asset was classified as Available for Sale, except accumulated gains and losses on the available for sale asset were previously held in an Available for Sale Financial Instruments Reserve at 31 March 2018. The balance on this reserve was transferred to the new Financial Instruments Revaluation Reserve as at 1 April 2018.

Expected Credit Loss Model
The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Lifetime losses are recognised for trade receivables (debtors) based on a simplified approach by using default rates driven from own historical credit loss experience and adjusted for forward looking information.

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

Instruments Entered into Before 1 April 2006
The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required, or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

Soft loans
For any soft loans that the Council may have made to outside organisations at less than market rates, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement

1.10 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council 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 CIES 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. The grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the CIES.

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

Where capital grants are credited to the CIES, 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. When capital grants have been applied, they are posted to the Capital Adjustment Account.

1.11 Heritage Assets

These are assets generally with historical, artistic, scientific, technological, geophysical, or environmental qualities that the Council holds principally for their contribution to knowledge and culture.

Recognition and Measurement

The Code requires heritage assets to be recognised and measured in accordance with accounting policies on Property, Plant and Equipment. However, the unique nature of many heritage assets makes reliable valuation complex and some of the measurement rules have been relaxed. As such, valuations may be made by any method that is appropriate and relevant, and valuations need not be carried out or verified by external valuers. A full valuation is not required every five years but the Code does specify that reviews must be carried out with sufficient regularity to ensure they remain current.

A de minimis level of £10,000 has been established for the recording of heritage assets in the Balance Sheet. The Council has recognised three main groups of heritage assets on its Balance Sheet – the art collection, museum exhibits and other (notably civic silver and certain structural heritage assets). The recognition and measurement policies for these assets are as follows:

- **Fine Art Collection**
  These items are reported on the Balance Sheet using insurance valuations. Higher value items have been formally valued during the last three years by Bonhams Fine Art Auctioneers and Valuers, whilst lower value items are based on values estimated by the Council's Museum and Gallery staff with reference to recent information from sales at auctions and, occasionally, expert advice. The valuations are reviewed on an annual basis. Acquisitions are occasionally made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation in accordance with the policy on valuations of the art collection.

- **Museum Exhibits**
  Only a small proportion of these items have market values and are reported on the Balance Sheet. The values have been estimated by the Council's Museum and Gallery staff with reference to recent information from sales at auctions and, occasionally, expert advice. The valuations are updated on an annual basis. The collection is relatively static and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost and donations are recognised at valuation in accordance with the policy on valuations of museum exhibits.

- **Other**
  The Civic Silver Collection is reported on the Balance Sheet at replacement cost. There is a regular programme of valuations and the items in the collection are valued by an external valuer (Gerard Laurence Collins) who specialises in precious metal craft and design. The Council has a number of structural heritage assets which are not recognised elsewhere on the Balance Sheet. These

comprise of two clock towers, a Victorian tower and two park band stands. These items have been valued by internal valuers and are reported in the Balance Sheet at replacement cost. They will be revalued at least every five years.

Where cost information is not available and the cost of obtaining valuations outweighs the benefits to users of the financial statements, the Code does not require that the asset is recognised on the Balance Sheet. Where this approach has been adopted, it is set out in the disclosure note on heritage assets.

Where assets are not principally maintained for their contribution to knowledge and culture, for example listed buildings being used for operational purposes such as museums, they are recorded on the Balance Sheet under Property, Plant and Equipment.

The Council has had a number of heritage assets kindly donated over the years. The Council has insufficient information as to when such assets were donated and/or what the value of these items would have been when they were donated. The Council therefore has not recognised any heritage assets in the Donated Assets Account on the Balance Sheet prior to 1 April 2010. The Council has no material intangible heritage assets.

Depreciation and impairment
Depreciation is only provided on the structural heritage assets. Depreciation is not warranted on other heritage assets as their lives are either indefinite or sufficiently long to mean any charge would not be material. The carrying amounts of heritage assets are reviewed for evidence of impairment, for example where an item has suffered physical deterioration, breakage or doubts arise to its authenticity. Any impairment is recognised and measured in accordance with the Council's policies on impairment for Property, Plant and Equipment.

Disposal
The Council has a strong presumption against the disposal of any items in its collections. However, it will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the provisions relating to the disposal of Property, Plant and Equipment.

1.12 Intangible Assets

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

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

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

A de minimis level of £10,000 has been established for the recording of new assets in the Balance Sheet.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life (usually between 5 and 10 years) to the relevant service line in the CIES. Straight-line amortisation has been adopted and it is assumed that residual value is insignificant or nil. 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 in the CIES.

Amortisation and impairment charges are not permitted to have an impact on the General Fund Balance. Entries are effectively reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

1.13 Interests in Companies and Other Entities

The Council has material interest in entities that require it to prepare Group accounts. In the Council's single entity accounts the Council's interest in companies and other entities are recorded as financial assets at cost less any impairment. Any gains or losses are recognised in the CIES.

1.14 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is now assigned using the (First In First Out/weighted average) costing formula. Work in Progress is shown at current cost, including overheads.

1.15 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, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

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

1.16 Joint Operations

Joint operations are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. If material, the Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs, and debits and credits the CIES with the expenditure it incurs and the share of income it earns from the activity of the operation.

1.17 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 Council 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 lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

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 CIES as an expense of the services benefiting from use of the leased Property, Plant or Equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

The Council as Lessor

Finance Leases:
Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the CIES also as part of the gain or loss on disposal (that is netted off against the carrying value of the asset at the time of disposal), matched by a lease (Long Term Debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases:
Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

1.18 Overheads and Support Services

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

1.19 Prior Period Adjustments, Changes in Accounting Policies, Errors and Changes in Accounting Estimates

Prior period adjustments may arise as a result of a change in accounting policies or, to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively 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.

Changes in accounting estimates are accounted for prospectively, that is in the current and future years affected by the change and do not give rise to a prior period adjustment.

1.20 Private Finance Initiative (PFI) and Similar Contracts

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

The Council has four PFI schemes –

- A twenty five year contract from April 1998 for waste disposal services extended during the year by a further two years to 2025.
- A thirty two and a half year contract, starting March 2001, for major repairs/refurbishment and continuing maintenance of nineteen schools, together with caretaking and cleaning services.
- A twenty six and a half year contract, starting March 2005 for the new build of two special schools and full refurbishment of existing buildings at a third special school, together with the maintenance of buildings and premise management functions at all three schools.
- A twenty two and a half year contract starting December 2011, for the design, build, financing and operation of 466 housing units. This is accounted for within the HRA.

Non-current assets are recognised in the Balance Sheet and are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

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

- Fair value of services received during the year – debited to the relevant service in the CIES.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to Financing and Investment Income and Expenditure line in the CIES.
- Payment towards liability – applied to write down the Balance Sheet liability.
- Lifecycle replacement costs – recognised as additions to Property, Plant and Equipment when the relevant works are carried out.

The Council receives an annual PFI Grant from Central Government which is credited to the CIES.

Under the waste disposal contract, the operator receives a significant part of their income from third parties, either from gate fees, sale of energy production or recycled materials. A proportion of the assets on the Balance Sheet are therefore financed with third party revenues rather than with fixed payments from the Council. A balancing credit, pro rata to the proportion of fixed payments from the Council and expected third party payments, has been created in the form of a Deferred Income balance. This effectively represents the benefits that the Council is deemed to receive over the life of the contract through its control of the services provided through use of the property and plant. The Deferred Income is released to the CIES over the life of the contract, with a corresponding appropriation from the Capital Adjustment Account to the Movement in Reserves Statement.

1.21 Property, Plant and Equipment (PPE) – Excluding Highways Network Infrastructure Assets

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 (PPE).

Recognition
Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (that is repairs and maintenance) is charged as an expense when it is incurred.

A de minimis level of £10,000 has been established for the recording of new assets in the Balance Sheet.

Measurement
Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use.

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

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every three years. Council dwellings are valued annually. Assets are carried in the Balance Sheet using the following measurement bases:

- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- Surplus – fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. In certain circumstances gains might be credited to the CIES where they arise from the reversal of a previous loss charged to a service, adjusted for depreciation that would have been charged if the loss had not been recognised.

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

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

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.

Depreciation
Depreciation is provided for on all PPE assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (that is freehold land and certain Community Assets) and assets under construction. Assets are depreciated on a straight line basis over their estimated useful lives. Depreciation is calculated on the opening Balance Sheet value of the assets, with residual values being taken into account where appropriate. Estimated lives for new assets vary but are typically as follows:

• Buildings	50/60 years
• Vehicles and operational equipment	5 – 10 years
• Computer equipment	7 years

Where an item of PPE has a major component whose cost is significant in relation to the total cost of the item and whose life is significantly different from the life of the asset to which it is attached, the component is separately identified and depreciated. The calculation of depreciation on the Council's housing stock is based on an analysis of the major components of a typical dwelling.

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

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 CIES.

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

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 CIES, even if there are accumulated revaluation gains on the asset in the Revaluation Reserve. Gains in fair value are recognised only up to the amount of any previously recognised losses 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.

When an asset is derecognised, the carrying amount of the asset in the Balance Sheet (whether PPE or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (that is netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to HRA housing disposals (net of statutory deductions and allowances) is payable to the Government. The balance of receipts is 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 Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of 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.

1.22 Highways Network Infrastructure Assets

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

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

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

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

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

Annual depreciation is the depreciation amount allocated each year. All highways network infrastructure assets are assumed to have an estimated useful life as follows:

- Carriageways 25 years
- Footways and Cycle tracks 25 years
- Structures (bridges, tunnels and underpasses) 100 years
- Street lighting and street furniture 40 years
- Traffic management systems 15 years

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

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

Where a part of the network is replaced, an adaptation provided in a separate update to the Code (Update to the Code and Specification for Future Codes for Infrastructure Assets November 2022) assumes that from the introduction of the IFRS based Code when parts of an asset are replaced or restored the carrying amount of the derecognised part will be zero because parts of infrastructure assets are rarely replaced before the part has been fully consumed.

1.23 Provisions, Contingent Liabilities and Contingent Assets

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

Provisions are charged as an expense to the appropriate service line in the CIES 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 material, provisions are split between long term and short term depending on whether the provision is likely to be settled in the next financial year. If it is not possible to split out, the full amount is put to short term.

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

Contingent Assets
A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.24 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 CIES. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

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

1.25 Revenue Expenditure Funded from Capital under Statute (REFCUS)

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's Council Tax. These items are generally grants and expenditure on property not owned by the Council, and amounts directed under section 16(2) of part 1 of the Local Government Act 2003. Such expenditure is charged to the relevant service in the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

1.26 Revenue Recognition

Revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient.

Revenue is measured as the amount of the transaction price which is allocated to that performance obligation. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

1.27 Schools

In line with accounting standards and the Code on group accounts and consolidation, all maintained schools are considered to be entities controlled by the Council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the Council's single entity accounts. The Council has the following types of maintained schools under its control:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation Trust
- Foundation

Schools' non-current assets (school buildings and playing fields) are recognised on the Balance Sheet where the Council directly owns the assets, where the Council holds the balance of control of the assets or where the school or the school governing body own the assets.

When a maintained school converts to an Academy, the school's non-current assets held on the Council's Balance Sheet are treated as a disposal for nil consideration, on the date the school converts to Academy status. The carrying value of the asset is written off to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off asset value is not a charge against the General Fund, as the cost of non-current asset disposals resulting from schools transferring to an Academy status 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.

1.28 Value Added Tax (VAT)

VAT payable is included as an expense only where irrecoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2 Prior Period Adjustments

No prior period adjustments were required in this year's accounts.

3 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.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 2023/24:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2023/24 year)
- Definition of Accounting Estimates (Amendments to IAS8) issued in February 2021
- Disclosure of Accounting Policies (Amendments to IAS1 and IFRS Practice Statement 2) issued in February 2021
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS12) issued in May 2021
- Updating a Reference to the Conceptual Framework (Amendments to IFRS3 Business Combinations) issued in May 2020

These changes are not expected to have a material impact on the Council’s single entity statements or group statements.

4 Critical Judgements

In preparing the accounts, the Council has made judgements in applying its accounting policies in Note 1. Those which have a significant bearing on the figures recognised in the financial statements include:

Accounting for Schools – Balance Sheet Recognition

The Council recognises the land and buildings used by schools in line with the provisions of the Code of Practice. It states that property used by Local Authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The Council recognises school land and buildings on its Balance Sheet where it directly owns the assets or where the school or school Governing Body own the assets or where rights to use the assets have been transferred from another entity.

Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body then it is not included on the Council’s Balance Sheet. The exception is where the entity has transferred the rights of use of the asset to the Council, school or school Governing Body.

The Council has completed a school-by-school assessment across the different types of schools it controls within the Borough. Judgements have been made to determine the arrangements in place and the accounting treatment of the land and building assets.

All Community schools are owned by the Council and the land and buildings used by the schools are included on the Council’s Balance Sheet. Legal ownership of Voluntary Controlled (VC) and Voluntary Aided (VA) school land and buildings usually rests with a charity, normally a religious body who have granted a licence to the school to use the land and buildings. Under this licence arrangement, the rights of use of the land and buildings have not transferred to the school and thus are not included on the Council’s Balance Sheet.

Foundation and Foundation Trust schools were created to give greater freedom to the Governing Body responsible for school staff appointments and who also set the admission criteria with legal ownership of the land and buildings by a separate Trust, so these assets are not included on the Council’s Balance Sheet.

Academies are not considered to be maintained schools in the Council’s control. The land and building assets are not owned by the Council and are therefore not included on the Council’s Balance Sheet.

The total numbers and types of schools are noted in the table below.

Type of School	Number of Nursery Schools	Primary Schools	Secondary Schools	Special Schools	Other Schools	Total
Community	1	57	2	3	0	**63**
Voluntary Controlled (VC)	0	28	0	0	0	**28**
Voluntary Aided (VA)	0	10	1	0	0	**11**
Foundation/Foundation Trusts	0	3	3	1	0	**7**
Maintained Schools	**1**	**98**	**6**	**4**	**0**	**109**
Academies	0	45	19	2	4	**70**
Free Schools	0	0	0	0	1	**1**
Total Schools	**1**	**143**	**25**	**6**	**5**	**180**

Group Boundaries
The Council carries out a complex range of activities, often in conjunction with external organisations. Where those organisations are in partnership with or under the ultimate control of the Council a judgement is made by management as to whether they are within the Council's group boundary. This judgement is made in line with the provisions set out in the Code and relevant accounting standards.

Those entities which fall within the boundary and are considered to be material, are included in the Council's group accounts. Profit and loss, net worth, and the value of assets and liabilities are considered individually for each organisation against a materiality limit set by the Council.

The Council has assessed its group boundary for 2022/23 and has identified one Joint Venture considered to be material and will be consolidated into its group accounts. This is KSDL (Kirklees Stadium Development Ltd). Further details can be found in the group accounts section of the accounts.

Asset Classifications
The Council has made judgements on whether assets are classified as Investment Property, or Property, Plant and Equipment. These judgements are based on the main reason that the Council is holding the asset. If the asset is used in the delivery of services or is occupied by third parties that are subsidised by the Council it is deemed to be a Property, Plant and Equipment asset. If there is no subsidy and/or a full market rent being charged this would indicate that the asset is an Investment Property. The classification determines the valuation method used. Details of the fair value of Investment Property are provided in Note 17.

PFI and Similar Contracts
The Council has made judgements on its four PFI schemes under the requirements of the Code and determined, irrespective of legal title, whether the Council controls through ownership, beneficial entitlement or otherwise any significant residual interest at the end of the arrangement, that the assets should be recognised on its Balance Sheet, together with a liability to pay for the assets. – Note 40 in the Notes to the Main Financial Statements and Note H10 to the HRA give further details for each scheme.

5 Assumptions and Major Sources of Estimation Uncertainty

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

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

- **Property, Plant and Equipment (Note 15)**

The Council carries out a rolling programme of valuations for PPE required to be measured at current value and £322.4 million of assets were valued at current value in 2022/23. The Council's external valuers provided valuations for approximately 33% of its operational portfolio. Property values will vary according to market conditions, or where an asset is valued on a depreciated replacement cost (DRC) basis, land values, construction costs and remaining life's are key variables. Build costs, in particular, can fluctuate - a 10% change to the DRC building valuations would change the reported value of PPE by £34.1 million.

Assets are depreciated over their useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced (non HRA), the depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge would increase by £7.8 million for every year that the useful lives had reduced.

- **Investment Property (Note 17)**

The Council values its Investment Property (IP) annually (greater than £0.25 million) and the fair value at 31 March 2023 was £83.8 million. It is uncertain what impact the current economic climate will have on property values and there is a risk of material changes during the next year. A 1% change to the IP valuations would change the reported value of IP by £0.8 million.

- **Pensions Asset/Liability (Note 41)**

The estimation of the net liability to pay pensions depends on a number of complex judgements such as the discount rate used, the rate at which salaries are projected to increase, changes in retirement age, mortality rates and expected returns on pension fund assets. A firm of qualified actuaries is engaged to provide the Council with expert professional advice about the assumptions to be applied.

During 2022/23 the Council's actuaries advised that the net pension liability had decreased by £775.1 million. This resulted in the creation of a net pension asset of £15.3 million to be held on the Balance Sheet under Long Term Assets.

Variations in key assumptions would have the following impact on the net liability:

- A 0.1% increase in the discount rate would reduce the net pension liability by £38.2 million
- A 0.1% increase in the assumed level of pension increases will increase the net pension liability by £33.7 million
- An increase in one year of longevity would increase the net pension liability by £58.4 million

- **Arrears**

At 31 March 2023, the Council had a gross balance of debtors (other entities and individuals) of £64.7 million. The current level of impairment allowance (bad debt provision) based on previous experience, current and forecast economic conditions, is £27.6 million, which represents 43% of the balance. If collection rates were to deteriorate and our impairment rate (bad debt) increased to 50% of the balance, it would require and additional £4.8 million to set aside as an allowance.

6 Exceptional Items and Material Items of Income and Expense

Where items are not disclosed on the face of the Comprehensive Income and Expenditure Statement (CIES) the Council must set these out in a note.

There were no exceptional items during 2022/23. However in 2021/22 £99.4 million of KNH pension was included in the Growth and Regeneration line of the CIES. This relates to KNH coming back into Council ownership on 1st April 2021.

7 Events after the reporting period

These accounts were authorised for issue on the date the Service Director Finance signed the accounts – see Statement of Responsibilities and Certificate on page 23.

Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no non-adjusting events after the Balance Sheet date.

8 Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax and rent payers how the funding available to the Council (ie government grants, rents, Council Tax and Business Rates) for the year has been used in providing service in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services.

	Outturn reported to Council	Adjustments between net cost of services and other income and expenditure	**Net Expenditure Chargeable to the General Fund and HRA Balances**	Adjustments between the Funding and Accounting Basis	**Net Expenditure in the CIES**
2022/23	£000	£000	**£000**	£000	**£000**
Children & Families	103,844	3,745	**107,589**	22,353	**129,942**
Adults & Health	118,152	0	**118,152**	13,594	**131,746**
Growth & Regeneration	23,484	3,772	**27,256**	22,394	**49,650**
Environment & Climate Change	48,549	-128	**48,421**	51,337	**99,758**
Corporate Strategy, Commissioning & Public Health	54,167	0	**54,167**	17,950	**72,117**
Central Budgets	29,305	-5,884	**23,421**	5,070	**28,491**
HRA	10,278	-9,762	**516**	-18,266	**-17,750**
Net Cost of Services	**387,779**	**-8,257**	**379,522**	**114,432**	**493,954**
Other operating expenditure	5,426	-2,582	**2,844**	2,698	**5,542**
Financing and investment income and expenditure	0	21,764	**21,764**	33,924	**55,688**
Taxation and non-specific grant income	-312,754	-10,925	**-323,679**	-74,387	**-398,066**
Net Surplus(-)/Deficit	**80,451**	**0**	**80,451**	**76,667**	**157,118**
Opening Balances at 31 March 2022:					
General Fund			-166,794		
HRA			-54,694		
			-221,488		
Add net deficit in Year			80,451		
Closing General Fund and HRA Balance at 31 March 2023			**-141,037**		
General Fund			-96,621		
HRA			-44,416		

	Outturn reported to Council	Adjustments between net cost of services and other income and expenditure	**Net Expenditure Chargeable to the General Fund and HRA Balances**	Adjustments between the Funding and Accounting Basis	**Net Expenditure in the CIES**
2021/22	£000	£000	**£000**	£000	**£000**
Children & Families	80,797	4,119	**84,916**	33,275	**118,191**
Adults & Health	107,701	0	**107,701**	14,432	**122,133**
Growth & Regeneration	14,066	-109	**13,957**	117,777	**131,734**
Environment & Climate Change	41,519	-244	**41,275**	43,613	**84,888**
Corporate Strategy, Commissioning & Public Health	55,370	0	**55,370**	17,118	**72,488**
Central Budgets	27,748	3,253	**31,001**	448	**31,449**
HRA	8,084	-10,833	**-2,749**	-23,892	**-26,641**
Net Cost of Services	**335,285**	**-3,814**	**331,471**	**202,771**	**534,242**
Other operating expenditure	-3,657	5,659	**2,002**	-1,272	**730**
Financing and investment income and expenditure	0	21,047	**21,047**	17,212	**38,259**
Taxation and non-specific grant income	-297,345	-22,892	**-320,237**	-51,743	**-371,980**
Net Surplus(-)/Deficit	**34,283**	**0**	**34,283**	**166,968**	**201,251**
Opening Balances at 31 March 2021:					
General Fund			-197,353		
HRA			-58,418		
			-255,771		
Add net deficit in Year			34,283		
Closing General Fund and HRA Balance at 31 March 2022			**-221,488**		
General Fund			-166,794		
HRA			-54,694		

A more detailed breakdown of the adjustments between funding and accounting basis is shown below:

(i) This note details the adjustments from the Net expenditure Chargeable to the General Fund and HRA Balances to arrive at amounts in the CIES.

	Adjustments for Capital Purposes (a)	Net change for the Pensions Adjustments (b)	Other Differences (c)	Total Adjustments
2022/23	£000	£000	£000	£000
Children & Families	4,122	18,502	-271	22,353
Adults & Health	2,002	12,017	-425	13,594
Growth & Regeneration	11,027	11,714	-347	22,394
Environment & Climate Change	38,495	13,399	-557	51,337
Corporate Strategy, Commissioning & Public Health	9,002	9,239	-291	17,950
Central Budgets	783	-2,049	6,336	5,070
HRA	-18,302	0	36	-18,266
Net Cost of Services	**47,129**	**62,822**	**4,481**	**114,432**
Other operating expenditure	2,698	0	0	2,698
Financing and investment income and expenditure	12,468	19,879	1,577	33,924
Taxation and non-specific grant income	-60,201	0	-14,186	-74,387
Difference between General Fund and HRA Surplus/Deficit and CIES Surplus/Deficit on the Provision of Services	**2,094**	**82,701**	**-8,128**	**76,667**
2021/22	£000	£000	£000	£000
Children & Families	11,579	21,605	91	33,275
Adults & Health	1,214	13,081	137	14,432
Growth & Regeneration	3,960	112,407	1,410	117,777
Environment & Climate Change	28,665	14,755	193	43,613
Corporate Strategy, Commissioning & Public Health	6,193	10,835	90	17,118
Central Budgets	5,259	-1,673	-3,138	448
HRA	-23,927	0	35	-23,892
Net Cost of Services	**32,943**	**171,010**	**-1,182**	**202,771**
Other operating expenditure	-1,272	0	0	-1,272
Financing and investment income and expenditure	-3,615	22,599	-1,772	17,212
Taxation and non-specific grant income	-30,242	0	-21,501	-51,743

Difference between General Fund and HRA Surplus/Deficit and CIES Surplus/Deficit on the Provision of Services	**-2,186**	**193,609**	**-24,455**	**166,968**

(a) Adjustments for Capital Purposes

- Adds in capital charges (depreciation, impairment, REFCUS, revaluation gains and losses) and deducts statutory charges for capital financing in the services line;
- Adjusts in the Other Operating Expenditure line for capital disposals with a transfer of income on disposal of PPE assets and amounts written for those assets and for the payment to the Government Housing Capital Receipts Pool;
- The Financing and Investment Income and Expenditure line is adjusted for capital disposals with a transfer of income on disposal of Investment Property and amounts written off for those assets;
- Adds in capital grants into the Taxation and Non-Specific Grant Income line.

(b) Net Change for the Pensions Adjustments

- For services, this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service and past service costs;
- The Financing and Investment Income and Expenditure line is adjusted for the net interest on the defined benefit liability.

(c) Other Differences

- For services, this represents adjustments for premiums and discounts and entries relating to the accrual of compensated absences earned but not taken in the year;
- The Financing and Investment Income and Expenditure line recognises adjustments for soft loans;
- The charge under Taxation and Non-Specific Grant represents the difference between what is chargeable under statutory regulations for Council Tax and Business Rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code.

(ii) This note shows income received on a segmental basis.

	Grants and Contributions	Fees and Charges	Capital Charge and Pension Credits	Total
2022/23	£000	£000	£000	£000
Children & Families	-284,449	-18,041	-3,787	-306,277
Adults & Health	-99,849	-26,014	-77	-125,940
Growth & Regeneration	-10,556	-12,539	-51	-23,146
Environment & Climate Change	-4,751	-34,466	-946	-40,163
Corporate Strategy, Commissioning & Public Health	-104,294	-4,715	-1,368	-110,377
Central Budgets	-1,027	-29	-45	-1,101
HRA	-8,002	-85,376	-11,366	-104,744
Total Income analysed on a segmental basis	**-512,928**	**-181,180**	**-17,640**	**-711,748**
2021/22				
Children & Families	-292,742	-14,907	-3,091	-310,740
Adults & Health	-94,879	-25,150	-10	-120,039

Growth & Regeneration	-9,298	-15,482	-581	-25,361
Environment & Climate Change	-4,315	-28,657	-1,001	-33,973
Corporate Strategy, Commissioning & Public Health	-117,956	-4,685	-89	-122,730
Central Budgets	-733	-1,097	-81	-1,911
HRA	-7,912	-82,880	-16,311	-107,103
Total Income analysed on a segmental basis	**-527,835**	**-172,858**	**-21,164**	**-721,857**

9 Expenditure and Income analysed by nature (Subjective Analysis)

	2022/23	2021/22
	£000	£000
Expenditure		
Employee Expenses*	**568,361**	649,573
Premises and Transport	**148,383**	137,216
Supplies and Services	**189,282**	206,908
Other Service Expenses	**390,630**	365,622
Support Charges	**27,852**	30,477
Capital Charges	**103,081**	68,173
Precepts and Levies	**1,004**	913
Payments to Housing Capital Receipts Pool	**0**	2,013
Losses on the Disposal of PPE and Investment Assets	**4,522**	0
Interest Payable and Similar Charges	**26,122**	24,668
Net interest on the defined benefit obligation	**19,879**	22,599
Central Items	**266**	4,190
Total Expenditure	**1,479,382**	**1,512,352**
Income		
Fees, Charges and Other Service Income	**-183,669**	-175,803
Grants, Reimbursements and Contributions	**-661,949**	-670,616
Capital Charges Credits	**-21,180**	-24,203
Internal Recharges	**-202,987**	-187,993
Interest and Investment Income	**-3,344**	-6,347
Gains on the Disposal of PPE and Investment Assets	**-89**	-5,582
Income from Council Tax and Business Rates	**-249,046**	-240,557
Total Income	**-1,322,264**	**-1,311,101**
Surplus(-)/Deficit on Provision of Services	**157,118**	**201,251**

*This includes £37.4 million in 2022/23 (£41.3 million in 2021/22) relating to employees of Voluntary Aided and Trust schools who are not employees of the Council but are required to be consolidated into the Council's financial statements.

10 Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. An explanation of each Usable Reserve is provided in the Glossary.

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
2022/23						
Adjustments involving the Capital Adjustment Account (CAA):						
Charges for depreciation and impairment of non-current assets	-41,459	0	0	-18,886	0	60,345
Amortisation of Intangible Assets	-162	0	0	0	0	162
Revaluation losses on PPE	-26,638	-2,827	0	0	0	29,465
Revaluation gains on PPE	6,273	14,192	0	0	0	-20,465
Movements in the market value of Investment Properties	-8,251	1,035	0	0	0	7,216
Revenue expenditure funded from capital under statute (REFCUS)	-23,568	0	0	0	0	23,568
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-9,400	-6,908	0	0	0	16,308
Capital grants and contributions applied	16,768	1,159	0	0	0	-17,927
Capital grants and contributions applied (REFCUS)	8,599	0	0	0	0	-8,599
Deferred Income written down - Waste PFI	537	0	0	0	0	-537
Provision for the financing of capital expenditure	7,414	2,916	0	0	0	-10,330
Capital expenditure charged against balances	2,089	4,020	0	0	0	-6,109
Financial instruments impairment charges	-3,334	0	0	0	0	3,334
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied and credited to the CIES	43,842	0	0	0	-43,842	0

Application of grants to capital financing transferred to the CAA	0	0	0	0	21,564	-21,564
Adjustments involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	2,873	9,174	-12,047	0	0	0
Financing new capital expenditure	0	0	8,566	0	0	-8,566
Contribution towards administrative costs of asset disposals	-24	-237	261	0	0	0
2022/23 Continued						
Contribution to finance the payments to the Government capital receipts pool	0	0	0	0	0	0
Cash receipts from the repayment of capital loans given	0	0	-907	0	0	907
Used to repay debt (transfer to CAA)	0	0	833	0	0	-833
Adjustment involving the Deferred Capital Receipts Reserve:						
Finance Leases - Amount by which sale proceeds received in CIES differs from those received in accordance with statutory requirements	-3	0	0	0	0	3
Adjustment involving the Major Repairs Reserve:						
Financing of new capital expenditure (transfer to CAA)	0	0	0	18,886	0	-18,886
Used to repay debt (transfer to CAA)	0	0	0	0	0	0
Adjustment involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CIES are different from those required by statutory regulations	275	-35	0	0	0	-240
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	-129,962	0	0	0	0	129,962
Employer's pensions contributions and direct payments	47,261	0	0	0	0	-47,261
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which Council Tax and Non-Domestic Rating income credited to the CIES is different from that required by statutory regulations	14,186	0	0	0	0	-14,186
Adjustment involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from that required by statutory regulations	1,891	0	0	0	0	-1,891
Adjustment involving the Dedicated Schools Grant Adjustment Account						

Amount of schools budget deficit to DSG adjustment accounts	-6,612	0	0	0	0	6,612
Adjustment involving the Pooled Fund Adjustment Account						
Charges for fair value movements on the CCLA Property Fund	-1,752	0	0	0	0	1,752
Total Adjustments 2022/23	**-99,157**	**22,489**	**-3,294**	**0**	**-22,278**	**102,240**

2021/22

Adjustments involving the Capital Adjustment Account (CAA):						
Charges for depreciation and impairment of non-current assets	-36,919	0	0	-18,289	0	55,208
Amortisation of Intangible Assets	-334	0	0	0	0	334
Revaluation losses on PPE	-12,938	0	0	0	0	12,938
Revaluation gains on PPE	4,853	16,311	0	0	0	-21,164
Movements in the market value of Investment Properties	4,681	-1,642	0	0	0	-3,039
Revenue expenditure funded from capital under statute (REFCUS)	-28,343	0	0	0	0	28,343
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-2,924	-7,073	0	0	0	9,997
Capital grants and contributions applied	13,734	370	0	0	0	-14,104
Capital grants and contributions applied (REFCUS)	6,835	0	0	0	0	-6,835
Deferred Income written down - Waste PFI	537	0	0	0	0	-537
Provision for the financing of capital expenditure	5,000	3,027	0	0	0	-8,027
Capital expenditure charged against balances	2,224	4,590	0	0	0	-6,814
Financial instruments impairment charges	35	0	0	0	0	-35
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied and credited to the CIES	18,407	0	0	0	-18,407	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	19,799	-19,799
Adjustments involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	4,623	9,478	-14,101	0	0	0
Financing new capital expenditure	0	0	9,662	0	0	-9,662
Contribution towards administrative costs of asset disposals	-73	-72	145	0	0	0
Contribution to finance the payments to the Government capital receipts pool	-2,013	0	2,013	0	0	0
Cash receipts from the repayment of capital loans given	0	0	-931	0	0	931

Used to repay debt (transfer to CAA)	0	0	792	0	0	-792
Adjustment involving the Deferred Capital Receipts Reserve:						
Finance Leases - Amount by which sale proceeds received in CIES differs from those received in accordance with statutory requirements	-3	0	0	0	0	3
2021/22 Continued						
Adjustment involving the Major Repairs Reserve:						
Financing of new capital expenditure (transfer to CAA)	0	0	0	15,368	0	-15,368
Used to repay debt (transfer to CAA)	0	0	0	2,921	0	-2,921
Adjustment involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the CIES are different from those required by statutory regulations	286	-35	0	0	0	-251
Adjustments involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the CIES	-236,898	0	0	0	0	236,898
Employer's pensions contributions and direct payments	43,290	0	0	0	0	-43,290
Adjustments involving the Collection Fund Adjustment Account:						
Amount by which Council Tax and Non-Domestic Rating income credited to the CIES is different from that required by statutory regulations	21,501	0	0	0	0	-21,501
Adjustment involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from that required by statutory regulations	-1,921	0	0	0	0	1,921
Adjustment involving the Dedicated Schools Grant Adjustment Account:						
Amount of schools budget deficit to DSG adjustment accounts	2,852	0	0	0	0	-2,852
Adjustment involving the Pooled Fund Adjustment Account:						
Charges for fair value movements on the CCLA Property Fund	1,587	0	0	0	0	-1,587
Adjustment involving KNH Surplus Reserve:						
Transfer to HRA	4,360	-4,360	0	0	0	0
Total Adjustments 2021/22	**-187,561**	**20,594**	**-2,420**	**0**	**1,392**	**167,995**

11 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund Balance in earmarked reserves to provide financing for future expenditure plans. No earmarked reserves have been set up for the HRA.

	Balance at 31 March 2021	Transfers Out 2021/22	Transfers In 2021/22	Balance at 31 March 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance at 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
Earmarked Reserves							
Statutory	-15,004	558	-2,499	-16,945	4,615	-241	-12,571
Member Led	-5,102	1,171	-994	-4,925	2,767	-304	-2,462
Apprenticeship Levy	-3,191	276	0	-2,915	0	-216	-3,131
Transformation	-2,348	1,051	-2,869	-4,166	1,245	-918	-3,839
Demand	-19,307	1,955	0	-17,352	6,602	0	-10,750
Development Funding	-13,638	5,782	-4,330	-12,186	12,129	-791	-848
Revenue Grants	-17,515	15,320	-16,626	-18,821	21,624	-12,139	-9,336
Stronger Families Grant	-1,531	7	0	-1,524	384	0	-1,140
Health and Social Care	-2,099	814	0	-1,285	1,312	-27	0
Schools PFI	-1,282	1,282	0	0	0	0	0
Specific Risk	-5,860	0	0	-5,860	6,560	-700	0
Covid-19	-59,014	41,956	-13,004	-30,062	29,833	-3,511	-3,740
Other	-41,459	1,644	-975	-40,790	39,511	-416	-1,695
Total Earmarked Reserves	**-187,350**	**71,816**	**-41,297**	**-156,831**	**126,582**	**-19,263**	**-49,512**
Unallocated Balances	*-10,003*			*-9,962*			*-47,109*
General Fund Balances	***-197,353***			***-166,793***			***-96,621***

- The Statutory Reserve relates to individual school balances/deficits carried forward to following years under the terms of the Education Reform Act 1988 and timing issues on Public Health grant spend commitments. The balance at 31 March 2023 represents 86 Schools with cumulative balances of £12.1 million (109 schools and £15.7 million at 31 March 2022) and 23 schools with cumulative deficits amounting to £0.4 million (5 schools and £0.2 million at 31 March 2022) and Public Health grant spend commitments of £0.9 million (£1.4 million at 31 March 2022).
- The Member Led Reserve reflects timing issues on ward-based activity spend commitments, support of a number of local area based mental health initiatives and to support the resourcing of emerging Place Standard action plans.
- The Apprenticeship Levy Reserve is to be used to fund future payments into the apprenticeship levy.
- The Transformation Reserve has been set up for strategic transformation developments over the next 12 to 24 months.
- The Demand Reserve has been set up to mitigate the impact/volatility of a range of potential demand risks on statutorily provided service activity.
- The Development Funding Reserve was set aside to address the scale of development costs required to support targeted development and the upscaling of capital investment activity and major project activity over the MTFP.

- The Revenue Grants Reserve represents grants and contributions recognised in the CIES before expenditure has been incurred.
- The Stronger Families Grant Reserve reflects timing issues on expenditure commitments supporting a range of Stronger Families activity, funded from external grant.
- The Health and Social Care Reserve had been set up to cover phased rollout of a range of social care expenditure commitments as agreed at Cabinet in August 2018.
- The Schools PFI Reserve was set aside to cover reduced DSG budget contributions to Council services in 2020/21 and 2021/22.
- The Specific Risk Reserve was set aside to manage specific risks, including the potential risk of future loan defaults and managing the volatility surrounding treasury management budgets with respect to both potential changes in interest rates and the level of delivery of the capital plan.
- The Covid-19 Reserves reflects a specific reserve set aside to cover the costs of the Council's Covid-19 response, including specific Covid-19 grants recognised in the CIES before expenditure has been incurred.
- The Other Reserve balance includes a transfer of £37.1 million Financial Resilience Reserve to General Fund Unallocated Balances.

12 Other Operating Expenditure

	2022/23	2021/22
	£000	£000
Parish council precepts	786	704
Levies	218	209
Payment to Government Housing Capital Receipts Pool	0	2,013
Gains(-)/losses on the disposal of non-current assets	2,698	-3,285
De-recognition of Academies' Balances	1,840	1,089
Total	**5,542**	**730**

Net loss on the disposal of non-current assets includes academy transfers. These totalled £4.5 million in 2022/23 as part of four academy conversions (2021/22 £0.7 million as part of six schools' academy conversions).

13 Financing and Investment Income and Expenditure

	2022/23	2021/22
	£000	£000
Interest payable and similar charges	26,126	24,699
Net interest on the net defined benefit obligation	19,879	22,599
Interest receivable and similar income	-2,918	-1,494
Income and expenditure in relation to investment property and changes in fair value (Note 17)	8,209	-5,201
Dividend Income	-694	-722
Other – movements on financial instruments	5,086	-1,622
Total	**55,688**	**38,259**

14 Taxation and Non-Specific Grant Income

	2022/23	2021/22
	£000	£000
Council Tax income	-205,980	-198,817
Non Domestic Rates	-43,066	-41,741
Non-ring fenced government grants	-88,819	-101,178
Capital grants and contributions	-60,201	-30,244
Total	**-398,066**	**-371,980**

More detail on grant income is shown in Note 37 and on Council Tax and Non Domestic Rate income in the section on Collection Fund.

15 Property, Plant and Equipment (PPE)

Movement in 2022/23	Council Dwellings £000	Other Land and Buildings £000	Vehicles. Plant Furniture and Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	*PFI Assets Included in PPE £000*
Cost or Valuation								
At 1 April 2022	784,236	558,714	46,116	13,135	22,490	7,543	1,432,234	*95,075*
Additions	21,558	19,301	3,722	599	4,923	18,765	68,868	*2,960*
Revaluation increases/ decreases(-) recognised in the Revaluation Reserve	-50	2,566	0	0	677	0	3,193	*6*
Revaluation increases/ decreases(-) recognised in the Provision of Services	10,823	-19,759	0	0	-4,370	0	-13,306	*-526*
De-recognition – disposals	-1,626	-8,635	-5,907	-796	-193	0	-17,157	*0*
De-recognition – other	0	0	0	0	0	0	0	*0*
Assets reclassified to Held for Sale	-4,757	0	0	0	0	0	-4,757	*0*
Other movements in cost or valuation	1,862	-10,879	0	0	9,732	-1,226	-511	*0*
At 31 March 2023	**812,046**	**541,308**	**43,931**	**12,938**	**33,259**	**25,082**	**1,468,564**	***97,515***
Accumulated Depreciation and Impairment								
At 1 April 2022	0	-13,252	-23,989	-11,443	-50	0	-48,734	*-597*
Depreciation charge	-18,556	-11,834	-5,179	-216	-346	0	-36,131	*-4,638*
Depreciation written out to the Revaluation Reserve	18,256	9,315	0	0	68	0	27,639	*4,711*
Depreciation written out to the Deficit on the Provision of Services	303	3,854	0	0	180	0	4,337	*432*
Impairment losses recognised in the Revaluation Reserve	0	0	0	0	0	0	0	*0*
Impairment losses recognised in the Deficit on the Provision of Services	0	0	0	0	0	0	0	*0*
De-recognition – disposals	0	3,868	5,847	796	16	0	10,527	*0*
Other movements in depreciation and impairment	-3	993	0	0	-272	0	718	*0*
At 31 March 2023	**0**	**-7,056**	**-23,321**	**-10,863**	**-404**	**0**	**-41,644**	***-92***
Net Book Value								
at 31 March 2023	**812,046**	**534,252**	**20,610**	**2,075**	**32,855**	**25,082**	**1,426,920**	***97,423***
at 31 March 2022	784,236	545,462	22,127	1,692	22,440	7,543	1,383,500	*94,478*

Movement in 2021/22	Council Dwellings	Other Land and Buildings	Vehicles. Plant Furniture and Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	*PFI Assets Included in PPE*
	£000	£000	£000	£000	£000	£000	£000	*£000*
Cost or Valuation								
At 1 April 2021	720,632	535,762	41,799	12,473	22,828	10,300	1,343,794	*93,627*
Additions	19,245	14,518	5,184	662	2,701	16,829	59,139	*2,657*
Revaluation increases/ decreases(-) recognised in the Revaluation Reserve	39,666	6,146	0	0	1,243	0	47,055	*-2,300*
Revaluation increases/decreases(-) recognised in the Provision of Services	12,744	-2,372	0	0	-7,904	0	2,468	*1,091*
De-recognition – disposals	-2,806	-10,899	-867	0	-1	0	-14,573	*0*
De-recognition – other	0	0	0	0	0	0	0	*0*
Assets reclassified to Held for Sale	-5,245	0	0	0	0	0	-5,245	*0*
Other movements in cost or valuation	0	15,559	0	0	3,623	-19,586	-404	*0*
At 31 March 2022	**784,236**	**558,714**	**46,116**	**13,135**	**22,490**	**7,543**	**1,432,234**	***95,075***
Accumulated Depreciation and Impairment								
At 1 April 2021	0	-20,673	-20,297	-11,294	-46	0	-52,310	*-4*
Depreciation charge	-17,931	-9,932	-4,436	-149	-149	0	-32,597	*-2,886*
Depreciation written out to the Revaluation Reserve	14,364	5,224	0	0	4	0	19,592	*1,878*
Depreciation written out to the Deficit on the Provision of Services	3,567	2,050	0	0	141	0	5,758	*415*
Impairment losses recognised in the Revaluation Reserve	0	0	0	0	0	0	0	*0*
Impairment losses recognised in the Deficit on the Provision of Services	0	0	0	0	0	0	0	*0*
De-recognition – disposals	0	10,079	744	0	0	0	10,823	*0*
Other movements in depreciation and impairment	0	0	0	0	0	0	0	*0*
At 31 March 2022	**0**	**-13,252**	**-23,989**	**-11,443**	**-50**	**0**	**-48,734**	***-597***
Net Book Value								
at 31 March 2022	**784,236**	**545,462**	**22,127**	**1,692**	**22,440**	**7,543**	**1,383,500**	***94,478***
at 31 March 2021	720,632	515,089	21,502	1,179	22,782	10,300	1,291,484	93,623

Highways Infrastructure Assets
Movements on Balances

	2022/23	2021/22
	£000	£000
Net Book Value (Modified Historical Cost)		
At 1 April	**206,013**	196,534
Additions	**48,877**	32,085
De-recognition – disposals	**0**	0
Depreciation charge	**-24,210**	-22,606
Impairment	**0**	0
Other movements in cost	**0**	0
Net Book Value 31 March	**230,680**	**206,013**

Reconciling note with the Balance Sheet

	2022/23	2021/22
	£000	£000
Infrastructure Assets	**230,680**	206,013
Other PPE Assets	**1,426,920**	1,383,500
Total PPE Assets	**1,657,600**	**1,589,513**

In accordance with the Update to the Code on infrastructure assets (Update to the Code and Specifications for Future Codes for Infrastructure Assets November 2022) 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.

Gross costs and accumulated depreciation have not been disclosed in the accounts because it would be difficult to identify and account for those parts of the Highways Network that have been derecognised during the year – the Council does not hold the required level of detail to comply with Code without the application of the Update noted above.

The Council believes that the information not disclosed does not prevent users of the financial statements to take economic or other decisions.

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

<u>Fair value measurement of surplus assets</u>
The Council has accounted for surplus assets in accordance with IFRS13 which has been achieved through a fair value hierarchy. Surplus assets have been valued at the highest and best use. The fair value of surplus property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets. The valuers are of the opinion that all surplus assets are at Level 2 on the fair value hierarchy using significant observable inputs.
There have been no transfers between the different levels of hierarchy during the year. There has been no change in the valuation techniques used during the year for surplus assets.

<u>Revaluations</u>
The Council carries out a rolling valuation programme which ensures that all PPE that is required to be measured at current value is revalued at least every three years. All valuations this year were carried out by external valuers - HRA properties by DVS Property Specialists and General Fund properties by

Wilks Head & Eve. The valuers hold the appropriate qualification required and belong to the Royal Institution of Chartered Surveyors (RICS). Both valuations were carried out on 31 December 2022 in accordance with the methodologies and bases for estimation set out in the professional standards of the RICS.

There was a net gain in the PPE values of £21.9 million as the result of revaluations. The effect of any gains and losses have been split between the revaluation reserve and the provision of services in the CIES.

Assets not revalued in year have been assessed for accurate valuation at 31 March 2023. Specialised operational assets valued at Depreciated Replacement Cost have been assessed by using BCIS indices as a reference for construction costs. Assets valued at Exiting Use Value have been assessed to ensure ongoing remaining service potential and by looking at comparable market evidence.

The table below shows current values of assets, whether valued at historical cost or at revalued amounts, identifying the year they were last revalued.

	Council Dwellings	**Other Land & Buildings**	**Vehicles, Plant, Furniture and Equipment**	**Infrastructure Assets**	**Community Assets**	**Surplus Assets**	**Assets Under Construction**	**Total**
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	0	5,184	20,610	230,680	2,075	1,923	25,082	285,554
Carried at current value as at:								
2022/23	812,046	320,871	0	0	0	10,429		1,143,346
2021/22	0	114,591	0	0	0	16,045		130,636
2020/21	0	29,062	0	0	0	1,864		30,926
2019/20	0	64,544	0	0	0	2,594		67,138
Total	**812,046**	**534,252**	**20,610**	**230,680**	**2,075**	**32,855**	**25,082**	**1,657,600**

<u>Capital Commitments</u>

In March 2023, the Council approved a capital programme of £237.0 million for 2023/24. A further £866.0 million of capital investment was also approved for the following four years. This covers expenditure on PPE, intangible assets and revenue expenditure funded from capital under statute. The Council has capital commitments of £49.3 million at 31 March 2023 (£25.1 million at 31 March 2022) for schemes under progress.

16 Heritage Assets

	Fine Art Collection	Museums and Galleries Exhibits	Other	Total Assets
Movement in 2022/23	£000	£000	£000	£000
Cost or Valuation				
At 1 April 2022	49,566	3,302	2,298	55,166
Additions	0	0	38	38
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	0	0	36	36
Revaluations recognised in the Provision of Services	0	0	-38	-38
At 31 March 2023	**49,566**	**3,302**	**2,334**	**55,202**
Accumulated Depreciation				
At 1 April 2022	**0**	**0**	**-10**	**-10**
Depreciation charge	0	0	-4	-4
Depreciation written out to the Revaluation Reserve	0	0	1	1
Depreciation written out to the Provision of Services	0	0	8	8
At 31 March 2023	0	**0**	**-5**	**-5**
Movement in 2021/22				
Cost or Valuation				
At 1 April 2021	49,566	3,302	2,303	55,171
Additions	0	0	0	0
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	0	0	-5	-5
Revaluations recognised in the Provision of Services	0	0	0	0
At 31 March 2022	**49,566**	**3,302**	**2,298**	**55,166**
Accumulated Depreciation				
At 1 April 2021	0	0	-5	-5
Depreciation charge	0	0	-5	-5
Depreciation written out to the Revaluation Reserve	0	0	0	0
Depreciation written out to the Provision of Services	0	0	0	0
At 31 March 2022	**0**	**0**	**-10**	**-10**
Net Book Value				
at 31 March 2023	**49,566**	**3,302**	**2,329**	**55,197**
at 31 March 2022	**49,566**	**3,302**	**2,288**	**55,156**

Fine Art and Museum Exhibits Collections

Kirklees Museums and Galleries Service manages the collections of fine art and museum exhibits. Although many early additions to the collections were acquired by purchase, more recent additions are likely to be by donation or, occasionally, by bequests.

Some items have been purchased through the national purchase grant fund administered by the Victoria and Albert Museum and the Museums, Libraries and Archives Council. The collection has also benefited from continued membership of the Contemporary Art Society. The majority of items acquired in this way have covenants covering terms of use and restrictions on sale.

Like most museums and galleries services, much of the collection is in store. The Council showcases the best of the collections and includes wide ranging collections from the dawn of time to present day of local, regional, national and international significance. The Council has a "Collections Development Policy" which gives details on how the collections are managed through review, rationalisation, acquisition, disposal, care, conservation and documentation. The Policy is approved by Council and is reviewed at least once every five years.

There have been no significant purchases, disposals or impairments of items over the last five years.

Fine Art Collection

The collection comprises of around 3,000 artworks. Although a small number of artworks are on display in Kirklees museums and town halls along with artworks from the collection that are on loan and on display at other institutions (nationally and internationally), the majority of the Kirklees Art Collection is now in storage whilst repair work is being undertaken on the Huddersfield Library building, the top floor of which is the location of Huddersfield Art Gallery.

The most significant exhibit in the collection is the "Figure Study II" by Francis Bacon. It was acquired as a gift from the Contemporary Art Society. The painting has a value of £20.0 million (£20.0 million at 31 March 2022) and was last valued externally by Bonhams. Being a donated asset, the painting has conditions placed upon it. Other notable pieces include two paintings by L S Lowry, the "Huddersfield Canvas" and "Level Crossing Canvas", with a combined value of £6.7 million (£6.7 million 31 March 2022) and the "Falling Warrior" sculpture by Henry Moore valued at £6.0 million (£6.0 million 31 March 2022. The total value of donated artwork items as at 31 March 2023 is £26.6 million (£26.6 million 31 March 2022).

Museum Exhibits

The collection consists of around 750,000 items relating to archaeology, arts and crafts (ceramics, furniture etc), industry, natural sciences, social history and world cultures which have been collected during the nineteenth and twentieth centuries. At any time 4% of the collection is on display across the museum sites. Some of the more significant items include the Skelmanthorpe Flag; the Porritt Collection (British butterflies and moths); a collection linked to Bamforth and Company (publishers of comic postcards); a collection of Mesolithic material; and a photographic archive of over 250,000 images on glass plate and celluloid negatives, lantern slides and original prints.

Other Heritage Assets

This category includes the Civic Silver Collection, structural heritage assets, statues and books of remembrance. In terms of monetary value, the first two are the most significant. There have been no significant purchases, disposals or impairments under this category over the last five years.

The Civic Silver Collection consists of 387 items, mainly comprising of chains and pendants of office, maces and silverware. Its value as at 31 March 2023 is £1.6 million (£1.6 million 31 March 2022). Many of the pieces have been donated over the years to mark historic occasions or events and the current value of donated civic silver items recognised as Long Term Assets is £0.9 million (£0.9 million 31 March 2022).

The Council has a number of structural heritage assets which are not recognised elsewhere on the Balance Sheet. These comprise of two clock towers, a Victorian tower and two park band stands. Of particular note is the Victorian Tower on Castle Hill, Huddersfield which was completed in 1899 to celebrate the 60th anniversary of Queen Victoria's reign. The value of structural assets as at 31 March 2023 is £0.2 million (£0.2 million 31 March 2022).

Heritage Assets not recognised on the Balance Sheet

The Council also holds a number of heritage assets which are not recognised on the Balance Sheet, notably Castle Hill, war memorials, the local studies collection and a number of museum exhibits, including the British Archaeology, Natural Sciences (bird's eggs) and the Ethnography Collections. Castle Hill, Huddersfield is a Scheduled Ancient Monument and a Regionally Important Geological Site. The Victorian Tower mentioned above is built on Castle Hill. The land and the Tower were transferred into the Council's ownership from the Ramsden Estate in 1920.

Heritage Assets recognised under other asset categories

Where assets are operational and not principally maintained for their contribution to knowledge and culture, they are recorded on the Balance Sheet under Property, Plant and Equipment. The most notable building is Oakwell Hall in Gomersal, a grade one listed Elizabethan manor house with Bronte connections which is used as a museum. The Council also has a number of grade two listed buildings largely used for museum, civic and commercial purposes.

17 Investment Property

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

	2022/23	2021/22
	£000	£000
Rental income from Investment Property	**-2,221**	-2,698
Direct operating expenses arising from Investment Property	**1,478**	1,262
Net gain	**-743**	-1,436
Net gains (-)/loss from fair value adjustments	**7,216**	-3,039
Net gains (-)/loss on disposals of assets	**1,736**	-726
Net income (-)/expenditure in relation to investment property and changes in fair value	**8,209**	**-5,201**

There are no restrictions on the Council's ability to realise the value inherent in its Investment Property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repair, maintain or enhance such property.

The movement in the fair value of Investment Property over the year is as follows:

	2022/23	2021/22
	£000	£000
Balance at 1 April	**103,670**	97,335
Additions	**3,640**	4,972
Disposals	**-2,353**	0
Net gains (-)/loss from fair value adjustments	**-7,216**	3,039
Transfers to Property, Plant and Equipment	**-206**	-1,676
Balance at 31 March	**97,535**	**103,670**

Fair Value Measurement

The Council has accounted for Investment Property in accordance with IFRS13 which has been achieved through a fair value hierarchy. The fair value of Investment Property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rental, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's investment asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

There have been no transfers between the different levels of hierarchy during the year.

Investment Property has been valued at highest and best use. There have been some changes in valuation technique from income based approach to market value approach. This is not always the current use of the asset – in some cases, agricultural holdings which are being used for grazing land are in residential areas and could be used for development.

Revaluations

The fair value of the Council's Investment Property is measured annually at each reporting date. Valuations are carried out by external valuers – Wilks Head and Eve – in accordance with the methodologies and bases for estimation set out in the professional standards of RICS.

18 Intangible Assets

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

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life (usually between 5 and 10 years) on a straight line basis.

Amortisation of £0.2 million was charged to CIES in 2022/23 (£0.3 million in 2021/22).

	2022/23	2021/22
	£000	£000
Balance at 1 April		
Gross carrying amounts	**7,705**	7,095
Accumulated amortisation	**-6,935**	-6,602
Net carrying amount at 1 April	**770**	493
Additions – Purchases	**1,171**	610
Amortisation for the period	**-162**	-333
Net carrying amount at 31 March	**1,779**	**770**
Comprising:		
Gross carrying amounts	**7,816**	7,705
Accumulated amortisation	**-6,037**	-6,935
	1,779	**770**

There are no significant contractual commitments relating to intangible assets for 2022/23.

19 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 (Council Tax, Non-Domestic Rates) and government grants, do not give rise to financial instruments.

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

Financial Assets

	Non-Current				Current			
	Investments		Debtors		Investments		Debtors	
	31 March		31 March		31 March		31 March	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	£000	£000	**£000**	£000	**£000**	£000	**£000**	£000
Amortised cost								
Investment principal	**60**	60	**11,347**	15,213	**0**	0	**67,406**	38,155
Soft loans principal	**0**	0	**14,624**	15,344	**0**	0	**0**	0
Soft loans accrued interest	**0**	0	**0**	0	**7**	7	**0**	0
Cash and cash equivalents	**0**	0	**0**	0	**8,215**	42,754	**0**	0
Cash and cash equivalents accrued interest	**0**	0	**0**	0	**12**	3	**0**	0
Total Amortised cost	**60**	**60**	**25,971**	**30,557**	**8,234**	**42,764**	**67,406**	**38,155**
Fair value through profit and loss	**8,876**	10,628	**0**	0	**18,632**	22,301	0	0
Fair value through other comprehensive income – designated equity instruments	**4,226**	4,446	**0**	0	**0**	0	0	0
Total Financial Assets	**13,162**	**15,134**	**25,971**	**30,557**	**26,866**	**65,065**	**67,406**	**38,155**
Non-Financial Assets	**0**	0	**5,825**	5,977	**0**	0	**35,588**	40,097
Total	**13,162**	**15,134**	**31,796**	**36,534**	**26,866**	**65,065**	**102,994**	**78,252**

Financial Liabilities

	Non-Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March		31 March		31 March		31 March	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	£000	£000	**£000**	£000	**£000**	£000	**£000**	£000
Amortised cost								
Principal	**-511,331**	-440,795	**0**	0	**-101,024**	-26,659	**-78,390**	-112,727
Loans accrued interest	**0**	0	**0**	0	**-5,451**	-4,356	**0**	0
Market loans EIR adjustment	**-1,454**	-1,487	**0**	0	**0**	0	**0**	0
PFI, finance lease and transferred debt	**-77,095**	-81,324	**0**	0	**-4,566**	-6,934	**0**	0
Total Financial Liabilities	**-589,880**	**-523,606**	**0**	**0**	**-111,041**	**-37,949**	**-78,390**	**-112,727**
Non-Financial Liabilities	**0**	0	**0**	0	**0**	0	**-30,965**	-55,728
Total	**-589,880**	**-523,606**	**0**	**0**	**-111,041**	**-37,949**	**-109,355**	**-168,455**

Borrowings

	Non-Current	Current	Non-Current	Current
	31 March 2023		31 March 2022	
	£000	**£000**	£000	£000
PWLB	**-361,706**	**-20,448**	-309,509	-6,643
LOBOs	**-61,454**	**-652**	-61,487	-648
Other market debt	**-82,642**	**-85,106**	-64,303	-23,455
Stock	**-6,983**	**-269**	-6,983	-269
Total	**-512,785**	**-106,475**	**-442,282**	**-31,015**

Material Soft Loans made by the Council

The Council provided support in 2009/10 to Kirklees College's Waterfront Development with a loan. The loan is secured against the assets of the College and the loan is charged at the cost of the borrowing to the Council plus a small margin to cover administration. The fair value of the loan at initial recognition was arrived at by adding a margin of 1.75% to reflect risk. The loan is being repaid on an annuity basis. The College requested a repayment holiday for one year from August 2019 to July 2020. This was approved by the Strategic Director Economy and Infrastructure on the 28 September 2018 so the College will now repay the full amount advanced by 2035/36. The Council has also provided interest free loans to Kirklees' householders in respect of renewable energy works. The loans are secured as a fixed charge on the householder's properties (that is the loans are recoverable when the householder sells the property). The fair value of the renewable energy loans at initial recognition were arrived at by taking the cost to the Council of taking a ten year loan and adding an allowance of 2% for risk.

Movements on material soft loans are detailed as follows:

	College £000	Renewable Energy £000	Total £000
Balance at 1 April 2021	14,506	1,921	16,427
Loans repaid	-792	-116	-908
Change in impairment loss allowance	30	5	35
Unwinding of discount	176	19	195
Balance at 31 March 2022	**13,920**	**1,829**	**15,749**
Loans repaid	-833	-47	-880
Change in impairment loss allowance	32	3	35
Unwinding of discount	175	0	175
Balance at 31 March 2023	**13,294**	**1,785**	**15,079**
Nominal value at 31 March 2022	16,484	1,925	18,409
Nominal value at 31 March 2023	**15,652**	**1,878**	**17,530**

Equity Instruments Designated at Fair Value Through Other Comprehensive Income

The Council has elected to account for the following investments in equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance.

	Fair Value	
	31 March 2023 £000	31 March 2022 £000
LCR Revolving Investment Fund	**2,988**	3,090
Kirklees Schools Services Ltd	**941**	1,006
QED (KMC) Holdings Ltd	**172**	225
Kirklees Henry Boot Partnership Ltd	**125**	125
Total	**4,226**	**4,446**

Offsetting Financial Assets and Liabilities

The Council has legal right of offset on its current account banking arrangements and as at 31 March 2023 had a credit balance of £1.3 million at the bank (£1.4 million 31 March 2022) offset by a debit balance of £1.3 million (£1.4 million 31 March 2022).

Income, Expense, Gains and Losses

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

	Financial Liabilities	**Financial Assets**			**2022/23**	**2021/22**
	Amortised Cost	Amortised Cost	Fair Value through OCI	Fair Value through Profit and Loss	**Total**	Total
	£000	£000	£000	£000	**£000**	£000
Interest expense	26,154	0	0	0	**26,154**	24,729
Losses on de-recognition	40	0	0	0	**40**	38
Impairment losses	0	7,681	0	0	**7,681**	1,522
Interest payable and similar charges	**26,194**	**7,681**	**0**	**0**	**33,875**	**26,289**
Interest income	0	-2,188	0	-475	**-2,663**	-1,494
Dividend income	0	0	0	-379	**-379**	-349
Gains on de-recognition	-39	0	0	0	**-39**	-37
Interest and investment income	**-39**	**-2,188**	**0**	**-854**	**-3,081**	**-1,880**
Net impact on Surplus/Deficit on the Provision of Service	**26,155**	**5,493**	**0**	**-854**	**30,794**	**24,409**
Gains on revaluation	0	0	0	0	**0**	-69
Losses on revaluation	0	0	220	0	**220**	0
Impact on other comprehensive income	**0**	**0**	**220**	**0**	**220**	**-69**
Net gain(-)/loss for the year	**26,155**	**5,493**	**220**	**-854**	**31,014**	**24,340**

Fair Value of Financial Instruments

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

Recurring Fair Value Measurements	Input level in Fair Value Hierarchy	Valuation technique used to measure Fair Value	**31 March 2023 Fair Value**	31 March 2022 Fair Value
			£000	£000
Fair Value through Profit and Loss				
Money Market Funds	Level 1	Unadjusted quoted prices in active markets for identical shares	**18,537**	22,301
CCLA Property Fund	Level 2	Inputs that are observable for the asset, other than quoted prices	**8,971**	10,628
Fair Value through Other Comprehensive Income				
LCR Revolving Investment Fund	Level 3	Discounted cash flow techniques	**2,988**	3,090
Kirklees Henry Boot Partnership Ltd Kirklees Schools Services Ltd QED (KMC) Holdings Ltd	Level 3	Discounted cash flow techniques or historic cost of the original investment	**1,238**	1,356

In addition, the fair value of short-term instruments, including investments, borrowing, cash, trade payables and receivables, is assumed to approximate to the carrying amount. However, there are a number of financial assets and liabilities which are carried in the Balance Sheet at amortised cost. Their fair values are shown in the tables below:

Financial Assets

		31 March 2023		31 March 2022	
	Fair Value level	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
		£000	**£000**	£000	£000
Long-term debtors	2	**25,971**	**29,765**	30,557	34,876
Short-term debtors		**67,406**	**67,406**	38,155	38,155
Cash and cash equivalents		**8,234**	**8,234**	42,764	42,764
Total Amortised Cost		**101,611**	**105,405**	111,476	115,795
Cash and cash equivalents - Fair value through profit and loss		**18,632**	**18,632**	22,301	22,301

The fair value of financial assets held at amortised cost is higher than their Balance Sheet carrying amount because the interest rate on similar investments is now lower than that obtained when the investment was originally made.

Financial Liabilities

		31 March 2023		31 March 2022	
	Fair Value level	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
		£000	**£000**	£000	£000
Borrowings					
PWLB	2	**-382,154**	**-341,648**	-316,152	-380,053
LOBOs	2	**-62,106**	**-68,607**	-62,135	-86,987
Other market debt	2	**-167,748**	**-157,155**	-87,758	-97,813
Loan stock	2	**-7,252**	**-10,493**	-7,252	-12,495
PFI, transferred debt & finance lease liabilities	2	**-81,661**	**-94,803**	-88,258	-117,883
Short-term creditors		**-78,390**	**-78,390**	-112,727	-112,727
Total		**-779,311**	**-751,096**	-674,282	-807,958

The fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2023, using the following methods and assumptions:

- Loans from the Public Works Loan Board (PWLB) have been valued by discounting the contractual cash flows over the life of the instrument at the appropriate market rate for local authority loans.
- The value of “Lender’s Option Borrower’s Option” (LOBO) loans have been increased by the value of the embedded options. Lenders’ options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower’s contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other market debt, loan stock and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March 2023.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.

The above fair values are judged to be Level 2 in the fair value hierarchy, using significant observable inputs.

The fair value of liabilities is less than the carrying amount because the Council’s portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders above current market rates.

Nature and Extent of Risks Arising from Financial Instruments
The Council’s activities expose it to a variety of financial risks:

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

- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and other financial market movements.

The Council's overall risk management programme focuses on minimising any potential adverse effects on the resources available to fund services. Procedures for risk management on treasury management are set out in the Local Government Act 2003 and associated regulations. As directed by the Act, the Council has formerly adopted the CIPFA Treasury Management Code of Practice and complies with the CIPFA Prudential Code. As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of the year to which it relates and sets out the parameters for the management risks associated with financial instruments. The Service Director Finance manages the function on behalf of the Council under policies approved by Members in the annual treasury management strategy and the treasury management policy statement and practices.

Full details of the Council's Treasury Management Strategy for 2022/23 can be found on the Council's website.

The strategy also includes an Annual Investment Strategy for the forthcoming year, setting out the Council's criteria for both investing and selecting investment counterparties in compliance with Government guidelines together with guidance from Arlingclose Limited, its Treasury Management advisor.

Credit Risk

Credit risk arises from deposits with banks and other financial institutions, as well as credit exposures to the Council's customers. The risk is minimised through the Annual Investment Strategy which requires that deposits are not made with counterparties unless they meet the minimum criteria set out in the strategy and also considers the maximum time and amounts of investments with each institution.

The full Investment Strategy for 2022/23 was approved by the Council on 16 February 2022 and is available on the Council's website.

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

	31 March 2023	31 March 2022
Credit rating	**Short-term**	Short-term
	£000	£000
AAA	**18,487**	22,210
AA-	**15,000**	46,660
A+	**512**	0
Total	**33,999**	**68,870**

The investments detailed above are for cash flow purposes, made up entirely of cash equivalents with no short-term investments. Cash equivalents by definition are highly liquid deposits with an insignificant risk of change in value. The Council did not make any investments of a treasury management nature longer than six months in 2022/23.

The Council's maximum exposure to credit risk in relation to the above balances cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution.

The Council does not generally allow credit for customers and trade debts are actively pursued. As at 31 March 2023, the Council had a balance owing from its customers (mainly services and rent) of £70.5 million (£40.8 million 31 March 2022). The exposure to default has been assessed and is reflected in an impairment provision of £4.8 million (£4.1 million 31 March 2022). Of the trade debtors outstanding as at 31 March 2023 of £18.8 million, 73% (2021/22 72%) relate to outstanding debt due within 3 months of the Balance Sheet date, 5% (2021/22 6%) within 3 to 6 months, 7% (2021/22 5%) within 6 to 12 months and 15% (2021/22 17%) more than 12 months.

Liquidity Risk
As well as keeping cash in instant access deposit accounts, the Council has ready access to borrowings from the Public Works Loan Board. Because of this, there is no significant risk that it will be unable to raise finance to meet its commitments. Instead, the risk is that the Council will be bound to replenish its borrowings at less favourable rates or, alternatively, liquidate its investments at more favourable rates. The strategy is to ensure that the loan repayment profile is even with around no more than 10% of loans due to mature in any one year.

The Council holds £19.0 million (£38.3 million 31 March 2022) of liquid financial assets that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.

The maturity analysis of financial instruments is shown below:

	31 March 2023			31 March 2022		
Time to maturity (years)	**Liabilities**	**Assets**	**Net**	Liabilities	Assets	Net
	£000	**£000**	**£000**	£000	£000	£000
Less than one year	**-184,865**	**94,273**	**-90,592**	-143,742	103,221	-40,521
Between 1 and 2 years	**-24,951**	**3,008**	**-21,943**	-30,016	5,653	-24,363
Between 2 and 5 years	**-51,586**	**13,336**	**-38,250**	-19,453	14,384	-5,069
Between 5 and 10 years	**-49,889**	**14,493**	**-35,396**	-27,605	15,731	-11,874
Between 10 and 20 years	**-107,055**	**5,234**	**-101,821**	-74,585	5,518	-69,067
More than 20 years	**-277,850**	**3,061**	**-274,789**	-289,136	4,404	-284,732
	-696,196	**133,405**	**-562,791**	**-584,537**	**148,911**	**-435,626**

The above analysis assumes that Lender Option, Borrower Option loans (LOBOs – see below) run their full term.

The Council has a general target of paying all trade and other payables within 30 days, although due to the Covid-19 pandemic and the subsequent cost of living crisis, payments are being made immediately once the payment has been processed and approved.

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

- Borrowings at variable rates – the interest expense charged to the CIES will rise.
- Borrowings at fixed rates – the fair value of the liabilities will fall.
- Investments at variable rates – the interest income credited to the CIES will rise.
- Investments at fixed rates – the fair value of the assets will fall.

The Council has a number of strategies for managing interest rate risk, including keeping a maximum of 40% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates and provide compensation for a proportion of any higher borrowing costs.

The Treasury Management Strategy is proactive, providing for the constant assessment of interest rate exposures and deciding whether new borrowing taken out is fixed or variable.

As at 31 March 2023, investments held by the Council for cash flow purposes were at both fixed and variable rates, with 56% being at variable rate for instant access. In terms of borrowing, the Council held £61.5 million debt in the form of LOBOs which equates to 10% of its total borrowing. LOBO agreements have periodic option dates on which lenders can opt to change the interest rate on a loan. If lenders exercise their option then the Council can either repay the loan (at no extra cost) or agree to the change of interest rate for the remaining term of the loan or until the lender chooses to exercise the option again. All LOBO debt is exposed to variable rates through lender options. A 1% change in interest rates with all other variables held constant would increase or decrease interest costs by £0.6 million.

<u>Price Risk</u>

The Council does not generally invest in equity shares but does have shareholdings to the value of £1.3 million in a number of joint ventures. The Council is consequently exposed to losses arising from movements in the values of the shares. As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio.

The equity shares are classified as “fair value through other comprehensive income – designated equity instruments”, meaning that any movements in fair value will not be recognised in the CIES, instead movements will be shown in the Financial Instruments Revaluation Reserve.

The Council holds investment units with the CCLA Property Fund which is subject to the risk of falling commercial property prices. The fund has been classified as fair value through profit and loss, however the Council has chosen to use the statutory override as allowed by CIPFA to allocate to fair value through other comprehensive income, therefore any gains or losses on prices will be charged to Financing and Investment Income and Expenditure line in the CIES which is then transferred to the Pooled Fund Adjustment Account.

<u>Foreign Exchange Risk</u>

The Council has no material financial assets or liabilities denominated in foreign currencies. In this way, the Council has little exposure to loss arising from movements in exchange rates.

20 Long Term Debtors

This note identifies amounts owing to the Council which are being repaid over various periods longer than one year.

	31 March 2023	31 March 2022
	£000	£000
Kirklees College	**13,130**	13,831
PFI Prepayments (i)	**2,427**	2,576
Finance Leases (ii)	**3,398**	3,401
Charges on Property for Residential Care	**1,129**	1,105
Renewable Energy	**1,879**	1,925
103 New Street	**12,131**	9,910
Kirklees Stadium Development Ltd	**3,822**	3,822
Other	**777**	826
	38,693	37,396
Impairment Provision	**-6,897**	-862
Net Long Term Debtors	**31,796**	**36,534**

(i) Under the terms of the PFI contracts, the Council makes prepayments which the contractor puts into sinking funds which will be used to meet future costs incurred in the schemes.

(ii) Relates to obligations outstanding from lessees on leases judged to be finance leases.

21 Inventories

	Consumable Stores and Maintenance Materials	Rechargeable Work in Progress	**Total**
	£000	£000	**£000**
Balance at 1 April 2022	2,578	4,782	**7,360**
Purchases	6,934	0	**6,934**
Recognised as an expense in the year	-6,533	0	**-6,533**
Reversals of write-offs in previous years	168	0	**168**
Movement in work in progress	0	-4,566	**-4,566**
Balance at 31 March 2023	**3,147**	**216**	**3,363**

22 Short Term Debtors

	31 March 2023 £000	31 March 2022 £000
Central government bodies	**19,391**	24,575
Other local authorities	**3,703**	3,271
NHS bodies	**539**	1,664
Public corporations & trading funds	**106**	0
Capital debtors	**29,255**	7,214
Payments in advance	**12,851**	10,276
Other entities and individuals	**64,700**	56,656
	130,545	**103,656**
Bad debt provision – Other entities and individuals	**-27,551**	-25,404
Net Short Term Debtors	**102,994**	**78,252**

The Capital debtors figure of £29.3 million includes grants owed at 31 March 23 of £12.2 million West Yorkshire Combined Authority (WYCA) City Region Transport and £11.1 million WYCA Transport Fund.

23 Cash and Cash Equivalents

	31 March 2023 £000	31 March 2022 £000
Cash held by the Council	**47**	29
Instant access deposit accounts/investments that mature within 90 days or less	**34,164**	68,971
Cash and Cash Equivalents	**34,211**	**69,000**
Bank overdraft considered to be an integral part of cash management	**-7,345**	-3,935

24 Short Term Creditors

	31 March 2023 £000	31 March 2022 £000
Central government bodies	**-39,031**	-61,843
Other local authorities	**-2,611**	-3,532
NHS bodies	**-1,366**	-510
Capital creditors	**-2,172**	-6,298
Accumulated absences	**-12,156**	-14,047
Receipts in advance	**-13,938**	-39,952
Other entities and individuals	**-38,081**	-42,273
Total	**-109,355**	**-168,455**

The Central government bodies movement above relates to a reduction in amounts owing at 31 March 2023 of £5.5 million (£19.3 million 31 March 2022) in S31 Business Rates and £3.8 million (£7.4 million 31 March 2022) of CARF (Covid Additional Restrictions Funding).

The reduction in receipts in advance of £26.0 million was mainly due to a receipt of £25.6 million Council Tax Energy Rebate grant monies received on 30 March 2022 paid out during 2022/23.

25 Provisions

	Insurance	Business Rate Appeals	Housing Benefits Subsidy	Total
	£000	£000	£000	£000
Balance at 1 April 2022	-11,168	-1,593	-486	-13,247
Additional provision made in 2022/23	-3,804	-763	0	-4,567
Amounts used in 2022/23	3,410	680	168	4,258
Amounts reversed in 2022/23	0	0	0	0
Balance at 31 March 2023	**-11,562**	**-1,676**	**-318**	**-13,556**

The insurance provision covers obligations arising from claims relating to Employer's Liability, Public Liability, Motor, Fire and miscellaneous risks. The nature of insurance claims, particularly liability claims, means that there can be significant lead in times as claimants do not need to lodge claims for some time after the event occurred. For each insurance claim received an expected value is calculated based on best known estimates at the time. The figures are derived from those calculated during the latest three-yearly actuarial valuation (2020/21). The short term element of this provision is estimated based on the percentage of claims paid out in the previous year.

Amounts have been set aside within the Council's reserves to cover uninsured and unexpected losses which may arise from possible claims for third party asbestos, flooding and environmental impairment (pollution). It is not possible to state with any certainty the amount or timing of the likely use of the reserve due to the nature of the risks covered.

Councils are liable for a share of any repayments to ratepayers as a result of reductions in Rateable Value (RV) arising from successful appeals against rates charged. Appeals are determined by the Valuation Office Agency and can go back a number of years.

The split between long term and short term provisions is as follows:

	Short Term Provisions	Long Term Provisions	Total Provisions
	£000	£000	£000
Balance at 31 March 2023	**-3,122**	**-10,434**	**-13,556**
Balance at 1 April 2022	-3,629	-9,618	-13,247

26 Other Long Term Liabilities

	31 March 2023 £000	31 March 2022 £000
Deferred Liabilities (mainly outstanding PFI finance lease obligations)	**-77,094**	-81,324
Net Liability Related to Defined Benefit Pension Scheme	**-58,869**	-759,731
Long Term Provisions	**-10,434**	-9,618
PFI Deferred Income	**0**	-537
Total	**-146,397**	**-851,210**

The Net Liability Related to Defined Benefit Pension Scheme only includes the LGPS Unfunded and Teachers pensions schemes in 2022/23 as the LGPS Funded pension scheme is now a Pension Asset as at 31 March 2023 and is shown in Long Term Assets. Note 41 on retirement benefits provides further detail.

27 Usable Reserves

Movement in the Council's usable reserves are detailed in the Statement of Movement in Reserves, Note 10 Adjustments between accounting basis and funding basis under regulations and Note 11 Transfers to and from Earmarked Reserves.

28 Unusable Reserves

Some of the Council's reserves are required to comply with proper accounting practice and are not usable reserves available to meet revenue or capital expenditure. These are listed as follows:

	31 March 2023 £000	31 March 2022 £000
Capital Adjustment Account	**-702,869**	-725,440
Revaluation Reserve	**-283,699**	-257,749
Pensions Reserve	**-15,341**	759,731
Financial Instruments Revaluation Reserve	**-1,146**	-1,366
Financial Instruments Adjustment Account	**2,346**	2,587
Pooled Fund Adjustment Account	**1,124**	-627
Deferred Capital Receipts Reserve	**-3,401**	-3,403
Collection Fund Adjustment Account	**-69**	14,116
Accumulated Absences Account	**12,156**	14,047
Dedicated Schools Grant Adjustment Account	**28,866**	22,254
Total Unusable Reserves	**-962,033**	**-175,850**

The Dedicated Schools Grant Adjustment Account was created on 1 April 2020 following new provisions put in place by the School and Early Years Finance (England) Regulations 2020 and Local Authority Finance Regulations. These regulations require the Council to carry forward a deficit on the Dedicated Schools Grant (DSG) from the current and previous years to be dealt with from future DSG income up to 2025/26. The Council must record the deficit in an unusable reserve created solely for the purpose of recording deficits relating to its school's budget.

The Dedicated Schools Grant Adjustment Account negative balance of £28.8 million as at 31 March 2023 includes a £29.0 million High Needs deficit carried forward on the Balance Sheet to be funded by future DSG income as per updated statutory guidance. The remaining surplus balance of £0.2 million includes net savings on Early Years and Central School Services budgets in 2022/23.

Details of the movements on the Capital Adjustment Account, Revaluation Reserve and Pensions Reserve are detailed below.
The purpose of the other reserves is explained in the Glossary and the movements of the larger ones are detailed in Note 10.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.
The Account contains accumulated gains and losses on Investment Property. It also contains the revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

	2022/23	2021/22
	£000	£000
Balance at 1 April	**-725,440**	-722,259
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	**-8,566**	-9,662
Use of Capital Receipts Reserve to repay debt	**-832**	-792
Use of the Major Repairs Reserve to finance new capital expenditure	**-18,886**	-15,368
Capital grants and contributions credited to the CIES that have been applied to capital financing	**-26,526**	-20,939
Application of grants to capital financing from the Capital Grants Unapplied Account	**-21,564**	-19,799
Statutory provision for the financing of capital investment charged against the General Fund, HRA Balances and Major Repairs Reserve	**-10,330**	-10,948
Capital expenditure charged against the General Fund and HRA Balances	**-6,109**	-6,814
	-818,253	-806,581
Charges for depreciation and impairment of non-current assets	**60,345**	55,208
Amortisation of intangible assets	**162**	334
Revaluation losses on PPE	**29,465**	12,938
Revaluation gains on PPE	**-20,465**	-21,164
Movements in the market value of Investment Property	**7,216**	-3,039
Revenue expenditure funded from capital under statute (REFCUS)	**23,568**	28,343
Amounts of non-current assets written off on disposal or sale	**16,308**	9,997
Adjusting amounts written out of the Revaluation Reserve	**-4,919**	-1,835
Deferred Income written down - Waste PFI	**-537**	-537
Long-term debtors written down	**907**	931
Financial Instruments impairment charge	**3,334**	-35
Balance at 31 March	**-702,869**	**-725,440**

Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost
- 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 the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2022/23	2021/22
	£000	£000
Balance at 1 April	**-257,749**	-192,942
Upward revaluation of assets	**-53,530**	-72,281
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	**22,661**	5,639
	-288,618	**-259,584**
Difference between fair value depreciation and historical cost depreciation	**3,799**	1,356
Accumulated gains on assets sold or scrapped	**1,120**	479
Balance at 31 March	**-283,699**	**-257,749**

Pensions Reserve

This Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, charging assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

			2022/23			2021/22
	LGPS	**Teachers**	**Total**	LGPS	Teachers	Total
	£000	**£000**	**£000**	£000	£000	£000
Balance at 1 April	**714,320**	**45,411**	**759,731**	948,835	49,735	998,570
Pension cost payable to Pension Fund	**-43,887**	**-3,374**	**-47,261**	-39,611	-3,679	-43,290
Actuarial gain (-) /loss	**-854,578**	**-3,195**	**-857,773**	-430,796	-1,651	-432,447
Reversal of IAS19 entries	**128,781**	**1,181**	**129,962**	235,892	1,006	236,898
Balance at 31 March	**-55,364**	**40,023**	**-15,341**	**714,320**	**45,411**	**759,731**

29 Cash Flow - Operating Activities

The cash flows for operating activities include the following items:

	2022/23	2021/22
	£000	£000
Interest received	-2,743	-1,302
Interest paid	26,120	24,846
Dividend received	-694	-443

30 Cash Flow - Adjustments to net surplus or deficit on the provision of services for non-cash movements

	2022/23	2021/22
	£000	£000
Pension adjustments	**-82,701**	-193,608
Depreciation, impairment and amortisation	**-58,401**	-52,739
Revaluation gains/losses	**-16,216**	11,265
Carrying amount of non-current assets sold or de-recognised	**-16,308**	-9,997
Movements on -		
Provisions	**-309**	1,433
Inventories	**-3,996**	2,274
Revenue debtors (including bad debt provision)	**49,798**	-26,039
Revenue creditors	**67,412**	-24,817
Other non-cash items	**-7,762**	1,809
Total non-cash movements	**-68,483**	**-290,419**

31 Cash Flow - Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities

	2022/23	2021/22
	£000	£000
Capital grants	**59,664**	29,707
Proceeds from the sale of Property, Plant and Equipment (PPE), Investment Property and Intangible Assets.	**12,135**	14,153
Total	**71,799**	**43,860**

Cash Flow - Reconciliation of Liabilities arising from Financing Activities

	2022/23				2021/22			
	At 1 April	**Financing cashflows**	**Non cash changes**	**At 31 March**	At 1 April	Financing cashflows	Non cash changes	At 31 March
	£000	**£000**	**£000**	**£000**	£000	£000	£000	£000
Long term borrowing	442,282	**70,510**	**-7**	**512,785**	375,817	66,463	2	442,282
Short term borrowing	31,015	**75,451**	**9**	**106,475**	54,233	-23,218	0	31,015
PFI & finance lease liabilities	88,258	**-6,598**	**0**	**81,660**	94,298	-6,040	0	88,258
Total liabilities from financing activities	**561,555**	**139,363**	**2**	**700,920**	**524,348**	**37,205**	**2**	**561,555**

32 External Audit Costs

Grant Thornton is the Council’s appointed Auditor for the audit of the Statement of Accounts. The fees payable were as follows:

	2022/23	2021/22
	£000	£000
Grant Thornton:		
External audit services – scale fee	146	132
External audit services – additional charges	67	68
Certification of grant claims and returns	47	0
	260	**200**
Mazars:		
Certification of grant claims and returns	0	30
	260	**230**
Redmond review grant	0	-63
Total	**260**	**167**

33 Pooled Funds

Section 75 of the National Health Service Act 2006 and the NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000 enable the establishment of joint working arrangements between NHS bodies and local authorities. Pooled funds allow health bodies and local authorities to work collaboratively to address specific local health issues.

Integrated Community Equipment Service

In 2003/04, the Council in association with the local Integrated Care Board (ICB) (formerly Clinical Commissioning Group/Primary Care Trusts) established an Integrated Community Equipment Service. The partners contribute funds to the agreed budget and there is no fixed split of contributions. These are negotiated and agreed between the parties each year. The pooled budget is hosted by the Council on behalf of the partners to the arrangement. The Council accounts for the pool as a whole, along with the Adults and Childrens contributions to the pool.

	2022/23	2021/22
	£000	£000
Funding provided to the pooled budget		
Kirklees Council - Adults	-1,993	-1,826
Kirklees Council - Children	-508	-516
Kirklees ICB	-1,842	-1,683
Total Funding	**-4,343**	**-4,025**
Expenditure met from the pooled budget		
Kirklees Council - Adults	1,374	1,397
Kirklees Council - Children	270	275
Kirklees ICB	1,644	1,671
Total Expenditure	**3,288**	**3,343**
Net surplus arising on pooled budget during the year	-1,055	-682
Council share of the net surplus arising on the pooled budget	-858	-670

Better Care Fund

Introduced with effect from the 2015/16 financial year, the Better Care Fund was established by the Government to drive closer integration with health services and improve outcomes for patients and service users. The Council in association with the local ICBs established a pooled budget to deliver the aims of the Better Care Fund in Kirklees. The pooled budget is hosted by the Council on behalf of the partners to the arrangement. The Council accounts for the gross contribution less amounts retained for ICB commissioned services.

	2022/23	2021/22
	£000	£000
Funding provided to the pooled budget		
Kirklees Council	-27,425	-26,901
Kirklees ICB schemes	-33,726	-31,920
Total Funding	**-61,151**	**-58,821**
Expenditure met from the pooled budget		
Kirklees Council	48,646	46,779
Kirklees ICB schemes	12,505	12,042
Total Expenditure	**61,151**	**58,821**
Net surplus arising on pooled budget during the year	0	0
Council share of the net surplus arising on the pooled budget	0	0

34 Officers' Remuneration

The number of employees whose remuneration was £50,000 or more was as follows. This table includes Senior Officers who are disclosed in the next part of the note:

	2022/23		2021/22	
Remuneration Band (£)	**Teachers**	**Other**	Teachers	Other
50,000 - 54,999	116	196	91	112
55,000 - 59,999	66	70	65	29
60,000 - 64,999	41	16	46	23
65,000 - 69,999	33	19	30	3
70,000 - 74,999	21	5	24	8
75,000 - 79,999	24	3	12	3
80,000 - 84,999	4	8	5	11
85,000 - 89,999	4	8	5	2
90,000 - 94,999	6	1	3	0
95,000 - 99,999	2	1	0	3
100,000 - 104,999	1	4	1	5
105,000 - 109,999	0	9	0	3
110,000 - 114,999	0	0	0	0
115,000 - 119,999	0	1	1	1
120,000 - 124,999	1	0	0	0
125,000 - 129,999	0	0	1	2
130,000 - 134,999	1	2	0	0
135,000 - 139,999	0	3	0	3
140,000 - 144,999	0	0	0	0
145,000 - 149,999	0	0	0	0
150,000 - 154,999	0	0	0	0
155,000 - 159,999	0	0	0	0
160,000 - 164,999	0	0	0	1
165,000 - 169,999	0	0	0	0
170,000 - 179,999	0	0	0	0
180,000 - 189,999	0	1	0	0
190,000 - 194,999	0	0	0	1
Total	**320**	**347**	**284**	**210**

The remuneration figures include employee pension contributions and any severance costs but exclude employer's pension contributions. It should be noted that no employees received redundancy payments in 2022/23 (2021/22 no employees) exceeding the £50,000 remuneration band, who would not normally have done so.

The note excludes employees of Voluntary Aided and Trust Schools as they are employed by the School Governors, not the Council, even though payments are made by the Council.

The following table sets out the remuneration disclosures for the Council's Senior Officers (Directors' Group and Monitoring Officer), whose full time equivalent salary is equal to or more than £50,000 per year. The definition of Senior Officers are those officers who have statutory responsibilities and/or are responsible for strategic decisions in the Council. In line with statutory regulations, officers with a salary of £150,000 or more per year are named.

Senior Officers' emoluments

Post holder information (Post title)	Salary including fees and allowances £	Compensation for loss of office £	Total Remuneration Excluding pension contributions £	Employers pension contributions (1) £	Total Remuneration including pension contributions £
2022/23					
Chief Executive – Jacqui Gedman	187,087	0	187,087	29,747	216,834
Strategic Director Adults & Health	139,860	0	139,860	22,238	162,098
Strategic Director Children & Families	139,860	0	139,860	22,238	162,098
Strategic Director Corporate Strategy, Commissioning & Public Health	139,860	0	139,860	22,238	162,098
Strategic Director Environment & Climate Change	130,366	0	130,366	20,728	151,094
Strategic Director Growth & Regeneration	130,366	0	130,366	20,728	151,094
Service Director Governance & Commissioning (Monitoring Officer)	107,087	0	107,087	17,027	124,114
Service Director Finance (s151 Officer)	107,087	0	107,087	17,027	124,114
2021/22					
Chief Executive – Jacqui Gedman	190,363	0	190,363	30,268	220,631
Strategic Director Adults & Health	137,935	0	137,935	21,932	159,867
Strategic Director Children & Families	138,946	0	138,946	22,092	161,038
Strategic Director Corporate Strategy, Commissioning & Public Health	135,975	0	135,975	21,620	157,595
Strategic Director Environment & Climate Change	127,096	0	127,096	20,208	147,304
Strategic Director Growth & Regeneration	127,003	0	127,003	20,193	147,196
Service Director Governance & Commissioning (Monitoring Officer)	105,162	0	105,162	16,721	121,883
Service Director Finance (s151 Officer)	105,162	0	105,162	16,721	121,883

(1) No added years pensions were provided for Senior Officers.

It should be noted that the 2021/22 figures for senior officer's emoluments only relate to individuals who continued to be employed in 2022/23 and will exclude those who left the Council in 2021/22. This is because the requirements of this note are specific to employees qualifying for the current year, not for persons who left the Council in the prior year.

Exit Packages and Termination Benefits
Exit packages include compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs. Pension strain arises when an employee retires early without actuarial reduction of their pension.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band	Split of exit packages (Termination Benefit)	Split of exit packages (Pension Strain)
2022/23	£000	£000	£000	£000	£000	£000
£0 - £20,000	0	14	14	97	97	0
£20,001 - £40,000	0	5	5	130	122	8
£40,001 - £60,000	0	1	1	42	42	0
£60,001 - £80,000	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0
Total	**0**	**20**	**20**	**269**	**261**	**8**
2021/22						
£0 - £20,000	0	5	5	64	53	11
£20,001 - £40,000	0	1	1	24	24	0
£40,001 - £60,000	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0
Total	**0**	**6**	**6**	**88**	**77**	**11**

35 Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2015. The Schools Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable are as follows:

	Central Expenditure	ISB	Total
	£000	£000	£000
Final DSG for 2022/23 before recoupment			-422,668
Academy and High Needs figure recouped for 2022/23			180,467
Total DSG after recoupment for 2022/23			-242,201
Plus brought forward from 2021/22			-2,852
Less carry forward to 2023/24 agreed in advance			0
Agreed initial budgeted distribution for 2022/23	-57,119	-187,934	-245,053
In year adjustments	-4,200	209	-3,991
Final budget distribution for 2022/23	-61,319	-187,725	-249,044
Less actual central expenditure	66,479		66,479
Less actual ISB deployed to schools		187,725	187,725
Plus Local authority contribution for 2022/23	-1,400	0	-1,400
In Year Carry-forward to 2023/24	**3,760**	**0**	**3,760**
Plus Carry-forward to 2023/24 agreed in advance			0
Carry-forward to 2023/24			0
DSG unusable reserve at the end of 2021/22			25,106
Addition to DSG unusable reserve at the end of 2022/23			3,760
Total of DSG unusable reserve at the end of 2022/23			28,866
Net DSG position at the end of 2022/23			**28,866**

36 Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council. Disclosure of these transactions allows stakeholders 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 transact freely with the Council.

Where members have an interest in companies or other organisations, details of such interest are recorded in the Register of Members' Interests which is open to public inspection and can be found on the Council's website. Members are also required to disclose personal and prejudicial interests in matters being considered at meetings at which they are present. Officers also have a duty to declare any interests which could conflict with those of the Council.

The following members and officers held positions of control or significant influence in related parties to the Council during 2022/23.

i) Elected Members and Chief Officers

There were 5 material disclosures to declare for 2022/23, 5 relating to Elected Members and 2 Chief Officers.

A Councillor and an Officer were Directors of Creative Media Centres Ltd. The Council has given a loan to the Company which as at 31 March 2023, £0.173 million was outstanding (£0.183 million as at 31 March 2022).

2 Councillors were Directors of Kirklees Community Association (KCA). In 2022/23, the Council received £0.181 million from KCA.

2 Councillors were Directors of Calderdale and Kirklees Careers Ltd. In 2022/23, the Council made payments of £2.820 million to the Company and received £0.007 million from it.

5 Councillors were Directors of Kirklees Neighbourhood Housing along with a Senior officer of the Council. The Company was dissolved on 1st November 2022 and in 2022/23 no transactions took place.

A Councillor and a Service Director were Directors for Local Services 2 You Ltd, a Social Enterprise organisation delivering a range of local Services and facilities for the benefit of residents in a local ward of Huddersfield. In 2022/23 the Council made payments of £0.643 million to the enterprise and received no income from it.

There were 4 additional companies where Councillors had control however there were no transactions between the Council during 2022/23.

ii) Companies

The Council has a number of interests in companies. The main transactions were as follows (payments and receipts shown gross):

	Receipts from the companies		Payments to the companies		Net amounts owed to/by(-) the Council	
	2022/23	2021/22	**2022/23**	2021/22	**31 March 2023**	31 March 2022
	£000	£000	**£000**	£000	**£000**	£000
Calderdale and Kirklees Careers Service Ltd	**-7**	-10	**2,820**	2,332	**-358**	-1
Kirklees Active Leisure	**-1,649**	-1,295	**3,161**	6,708	**19**	135
Kirklees Community Association	**-181**	-266	**0**	0	**24**	35
Kirklees Theatre Trust	**-11**	-16	**229**	266	**0**	0
North Huddersfield Trust	**-319**	-144	**0**	0	**1**	1

The following related party transactions are disclosed elsewhere in the accounts:

- The UK Central Government exerts significant influence through legislation and grant funding (see Note 37).
- NHS Bodies (see Notes 33 and 37).
- Precepting authorities (see the CIES and the Collection Fund Income and Expenditure Statement). The Council also pays Joint Committees for providing services such as Trading Standards and West Yorkshire Combined Authority. Payments in 2022/23 amounted to £19.9 million (2021/22 £19.7 million). Certain Parish Councils have also invested funds with the Council. As at 31 March 2023, £0.298 million (£0.352 million at 31 March 2022) was invested.

- Pension Fund (see Note 41).
- Joint venture company (Kirklees Stadium Development Limited) included in Group Accounts.
- PFI Transactions with Suez Recycling and Recovery Kirklees Ltd, Kirklees School Services Ltd and QED (KMC) Holdings Ltd (see Note 40).

The Council has provided a £3.8 million loan to Kirklees Stadium Development Ltd (KSDL). The recoverability of the loan is uncertain due to a potential restructure of KSDL and an impairment of the loan may be necessary. At the balance sheet date, a provision of £2.7 million has been reflected in the Statement of Accounts.

37 Grant Income

The Council credited the following grants and contributions to the CIES:

	2022/23 £000	2021/22 £000
Credited to Taxation and Non-Specific Grant Income		
Revenue Support Grant (RSG)	**-13,514**	-13,104
NNDR Top up Grant	**-28,808**	-28,808
PFI Grants	**-11,223**	-11,359
New Homes Grant	**-1,927**	-2,780
Business Rates Relief	**-23,671**	-22,442
Covid-19 Grants	**0**	-19,272
Services Grant	**-5,700**	0
Other Non-Specific Grants (under £2 million)	**-3,973**	-3,413
	-88,816	**-101,178**
Grants and Contributions related to capital financing which cannot be identified to particular services or assets		
Standards Fund	**-18,496**	-2,246
Local Transport Plan (LTP)	**0**	-6,227
City Region Sustainable Transport Settlement	**-12,163**	0
West Yorkshire Transport Fund	**-8,995**	-4,895
Other Capital Grants and Contributions (under £2 million)	**-20,547**	-16,876
Total	**-149,017**	**-131,422**
Credited to Services		
Revenue		
Dedicated Schools Grant	**-244,067**	-254,474
DWP – Rent Allowance	**-32,722**	-35,930
DWP – Rent Rebate	**-29,770**	-31,269
Department of Health Grant (Public Health)	**-27,117**	-26,286
Clinical Commissioning Groups (ICBs) – Better Care Fund	**-21,035**	-19,968
Clinical Commissioning Groups (ICBs) – Other	**-10,975**	-12,348
Pupil Premium Grant	**-11,941**	-12,081
PFI Grant (ring fenced to HRA)	**-7,912**	-7,912
Universal Infant Free School Meals Grant	**-3,340**	-3,561
Social Care Support Grant	**-18,481**	-13,500
Improved Better Care Fund (IBCF)	**-17,822**	-17,298
Covid-19 Grants	**-6,554**	-30,272
Schools Grants - Other	**-10,349**	-6,502
Homes for Ukraine Grant	**-4,839**	0
Other Revenue Grants and Contributions (under £2 million)	**-32,330**	-25,318
Capital (REFCUS)		
Standards Fund	**-3,577**	-3,766
Disabled Facilities Grant	**-3,624**	-3,624
Various Capital Grants and Contributions (under £2 million)	**-3,504**	-2,248
Total	**-489,959**	**-506,357**
Total Grants in CIES	**-638,976**	**-637,779**

38 Capital Expenditure and Capital Financing

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

	2022/23	2021/22
	£000	£000
Opening Capital Financing Requirement	**806,733**	760,957
Capital Investment		
Property, Plant and Equipment	**117,744**	91,039
Investment Property	**3,640**	4,972
Heritage Assets	**38**	0
Intangible Assets	**1,171**	610
Revenue Expenditure Funded from Capital under Statute	**23,568**	20,053
Loans and Investments	**2,220**	8,577
Inventories	**0**	4,847
Sources of Finance		
Capital Receipts	**-7,722**	-9,663
Government Grants and Other Contributions	**-48,090**	-40,737
Major Repairs Reserve	**-18,886**	-15,368
Direct Revenue Contributions	**-6,109**	-6,814
To repay debt:		
Minimum Revenue Provision	**-10,330**	-8,027
Major Repairs Reserve	**0**	-2,921
Capital Receipts	**-832**	-792
Closing Capital Financing Requirement	**863,145**	**806,733**
Explanation of movements in year		
Increase in underlying need to borrow:		
PFI Finance Lease Liability	**336**	201
Other	**67,239**	57,315
Provision for Repayment of Debt	**-11,163**	-11,740
Increase in Capital Financing Requirement	**56,412**	**45,776**

39 Leases

Council as Lessee

Finance Leases

The Council has a finance lease on Civic Centre 1, the Stadium Pool & Fitness Suite and also on part of Dewsbury Sports Centre. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following amounts:

	31 March 2023	31 March 2022
Cost or valuation	**£000**	£000
At 1 April	**16,242**	12,117
Additions	**5,529**	2,027
Revaluation increases recognised in the Revaluation Reserve	**-112**	2,098
Revaluation decreases recognised in the provision of services	**-6,610**	0
At 31 March	**15,049**	**16,242**
Depreciation and impairments		
At 1 April	**-209**	-142
Depreciation charge	**-283**	-208
Depreciation written out to the Revaluation Reserve	**106**	141
Depreciation written out to the provision of services	**386**	0
At 31 March	**0**	**-209**
Net Book Value as at 31 March	**15,049**	**16,033**

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

	31 March 2023	31 March 2022
	£000	£000
Finance lease liabilities (net present value of minimum lease payments):		
Non-current	**1,049**	1,049
Finance costs payable in future years	**5,971**	6,061
Minimum lease payments	**7,020**	**7,110**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2023	31 March 2022	**31 March 2023**	31 March 2022
	£000	£000	**£000**	£000
Not later than one year	**90**	90	**0**	0
Later than one year and not later than five years	**360**	360	**0**	0
Later than five years	**6,570**	6,660	**1,049**	1,049
	7,020	**7,110**	**1,049**	**1,049**

Operating Leases
The Council uses vehicles throughout the Kirklees district, financed under the terms of operating leases. The Council is committed at 31 March 2023 to make future minimum lease payments due under non-cancellable leases as follows:

	Minimum Lease Payments		Minimum Sub Leases Receivable	
	31 March 2023	31 March 2022	**31 March 2023**	31 March 2022
	£000	£000	**£000**	£000
Not later than one year	**991**	1,125	**0**	0
Later than one year and not later than five years	**1,200**	2,178	**0**	0
Later than five years	**0**	0	**0**	0
	2,191	**3,303**	**0**	**0**

Leases and sub lease payments recognised in the year are as follows:

	2022/23	2021/22
	£000	£000
Minimum Lease Payments	**1,245**	1,207
Contingent Rents	**0**	0
Sub Lease Payments	**0**	0
	1,245	**1,207**

Council as Lessor

Finance Leases:
The Council leases out large numbers of long land leases on 999 year terms and various ground leases on varying terms, mainly between 99 and 150 years. In addition, schools that have been transferred to academy status are on long-term leases. However, these are at peppercorn rentals and therefore there is no value in the leases.

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

	31 March 2023	31 March 2022
	£000	£000
Finance lease debtor (net present of value of minimum lease payments):		
Non-current	**3,401**	3,404
Unearned finance income	**14,018**	14,290
Gross investment in the lease	**17,419**	**17,694**

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

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2023	31 March 2022	**31 March 2023**	31 March 2022
	£000	£000	**£000**	£000
Not later than one year	**275**	275	**275**	275
Later than one year and not later than five years	**1,100**	1,100	**1,100**	1,100
Later than five years	**16,044**	16,319	**16,044**	16,319
	17,419	**17,694**	**17,419**	**17,694**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. As there are no contingent rents the minimum lease payments are the same as the gross investment in the leases.

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

- For service provision. For example, the Markets' service hires out stalls within Market Halls.
- Receiving income from land and property on a commercial basis.
- Sports facilities to Kirklees Active Leisure (a company that runs community recreation facilities on behalf of the Council). The rentals are at peppercorn rents.
- Various buildings and sites leased to contractors carrying out the Council's PFI schemes. Rentals are at peppercorn rents.

The value of the assets leased out is as follows:

	31 March 2023 £000	31 March 2022 £000
Cost or valuation		
At 1 April	**184,615**	164,567
Additions	**4,287**	3,046
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	**-786**	4,373
Revaluation increases/decreases(-) recognised in provision of services	**-14,805**	1,141
De-recognition - disposals	**-1,239**	-7,839
De-recognition - other	**0**	0
Other movements in cost or valuation (re-classifications)	**-3,081**	19,327
At 31 March	**168,991**	**184,615**
Depreciation and impairments		
At 1 April	**-1,369**	-9,343
Depreciation and impairment charge for year	**-1,930**	-1,545
Depreciation written out to the Revaluation Reserve	**1,023**	1,498
Depreciation written out to the Surplus/Deficit to Services	**1,636**	182
De-recognition - disposals	**2**	7,839
De-recognition - other	**109**	0
At 31 March	**-529**	**-1,369**
Net Book Value as at 31 March	**168,462**	**183,246**

The Council received £4.9 million in rent on operating leases in 2022/23 (£4.4 million 2021/22).

The following table shows the future minimum lease payments under non-cancellable operating leases for each of the following periods:

	31 March 2023 £000	31 March 2022 £000
Not later than one year	**2,348**	1,684
Later than one year and not later than five years	**3,025**	2,484
Later than five years	**1,690**	1,589
	7,063	**5,757**

40 Private Finance Initiative (PFI) Transactions

The Council has four PFI schemes – two school, one waste disposal and one housing scheme. A summary of all scheme future payments, asset values and liability values are shown below. This is followed by the details on each scheme with the exception of the Housing PFI, which is covered in Note H10 for the HRA.

Estimated payments on all schemes are as follows:

	Service Charges £000	Interest Charges £000	Repayments Of Liability £000	Other £000	Total £000
In 2023/24	35,554	5,661	4,468	1,939	**47,622**
Between 2024/25 to 2027/28	97,671	19,033	23,720	7,158	**147,582**
Between 2028/29 to 2032/33	105,909	11,862	45,788	7,918	**171,477**
Between 2033/34 to 2034/35	10,244	291	8,631	373	**19,539**
	249,378	**36,847**	**82,607**	**17,388**	**386,220**

The value of assets held under all schemes:

	2022/23 £000	2021/22 £000
Net Book Value at 1 April	**94,478**	93,623
Additions	**2,960**	2,657
Revaluations net of depreciation written back	**4,623**	-1,209
Disposals	**0**	296
Depreciation	**-4,637**	-889
Net Book Value at 31 March	**97,424**	**94,478**

The value of liabilities for all schemes:

	2022/23 £000	2021/22 £000
At 1 April	**-84,648**	-90,587
Movement in the year	**6,495**	5,939
At 31 March	**-78,153**	**-84,648**

a) Waste Disposal Services

In April 1998, the Council entered into a twenty five year contract for waste disposal services, with Kirklees Waste Services Ltd (now Suez Recycling and Recovery Kirklees Ltd). The contract has now been extended a further two years to 2024/25. The Council leased various sites, including landfill and civic amenity, to the operator and the operator pledged as part of the contract to carry out capital work, which included the building of a new waste to energy plant/recycling centre at Huddersfield and a transfer station at Dewsbury. All assets constructed on leased land come into Council ownership at the end of the contract and these assets must be in a condition which would allow services to continue. Contract payments are part fixed and the other part varies according to tonnages and meeting targets. The Council pays for any additional costs arising from new statutory requirements concerning waste disposal, such as Landfill Tax.

The Council incurred costs of £15.4 million under the contract in 2022/23 (2021/22 £15.4 million) and received £3.1 million in PFI Grant (2021/22 £3.2 million). Details of estimated payments due to be made are as follows:

	Service Charges £000	Interest Charges £000	Repayments of Liability £000	Total £000
In 2023/24	15,822	0	0	15,822
In 2024/25	15,822	0	0	15,822
	31,644	**0**	**0**	**31,644**

The estimated payments for service charges are based on expected tonnages and 2022/23 price base. The estimates do not include extra charges arising from changes in statutory regulations.

Under this contract, the operator receives a significant part of their income from third parties, either from gate fees, sale of energy production or recycled materials. A proportion of the assets are effectively financed with third party revenues rather than with fixed payments from the Council. A balancing credit, pro rata to the proportion of fixed payments from the Council and expected third party payments, has been created in the form of a Deferred Income balance. This balance is released to income and expenditure over the life of the contract, with a corresponding appropriation from the Capital Adjustment Account to the Movement in Reserves Statement. The balance as at 31 March 2023 was nil (31 March 2022 £0.5 million).

The value of assets (other land and buildings) held under this scheme is as follows:

	2022/23	2021/22
	£000	£000
Net Book Value at 1 April	**27,362**	28,890
Additions	**1,590**	1,174
Revaluations net of depreciation written back	**-1,411**	-2,683
Depreciation	**-3,300**	-19
Net Book Value at 31 March	**24,241**	**27,362**

The value of liabilities held under this scheme is as follows:

	2022/23	2021/22
	£000	£000
At 1 April	**-1,706**	-3,279
Movement in the year	**1,706**	1,573
At 31 March	**-0**	**-1,706**

b) Schools 1

In March 2001, the Council entered into a thirty two and a half year contract with Kirklees Schools Services Ltd for the delivery of services to nineteen of the Council's schools consisting of:

- Initial investment to carry out major repairs and improvements.
- Maintenance of the buildings over the contract period.
- Provision of caretaking and cleaning services for the contract period.

At the start of the contract, existing school buildings were leased to the operator. At the end of the contract, the operator is obliged to hand over the schools to the Council in a specified condition for no incremental consideration. Some of the schools have transferred to academy/trust status during the contract and therefore hold no Balance Sheet value for the Council.

The operator does have the right to use the assets for appropriate third-party use, outside the times they must be available to meet the Council's requirements. The amount of third-party use varies from asset to asset, but is not significant within the overall context of the contract.

The Council incurred costs of £19.7 million under the contract in 2022/23 (2021/22 £16.0 million) and received £5.9 million in PFI Grant (2021/22 £5.9 million). Details of estimated payments due to be made are as follows:

	Service Charges £000	Interest Charges £000	Repayments Of Liability £000	Other £000	Total £000
In 2023/24	14,778	2,141	1,436	1,458	19,813
Between 2024/25 to 2027/28	61,757	7,301	8,085	5,944	83,087
Between 2028/29 to 2032/33	82,547	4,509	18,904	7,277	113,237
In 2033/34	5,130	23	1,290	373	6,816
	164,212	13,974	29,715	15,052	222,953

Estimated payments assume annual inflation of 2.5%, where appropriate. Other costs largely relate to lifecycle replacement costs.

The value of assets (other land and buildings) held under this scheme is as follows:

	2022/23 **£000**	2021/22 £000
Net Book Value at 1 April	**47,133**	46,281
Additions	**471**	547
Revaluations net of depreciation written back	**5,675**	878
Disposals	**0**	0
Depreciation	**-946**	-573
Net Book Value at 31 March	**52,333**	**47,133**

The value of liabilities held under this scheme is as follows:

	2022/23 **£000**	2021/22 £000
At 1 April	**-31,390**	-32,310
Movement in the year	**1,675**	920
At 31 March	**-29,715**	**-31,390**

c) Schools 2

In March 2005, the Council entered into a PFI contract with QED (KMC) Holdings Ltd for a period until 31 August 2031, for delivery to three of the Council's Special Schools of:

- New build schools at two sites, and major extensions to and full refurbishment of existing buildings at a third.
- Maintenance of the buildings over the contract period.
- Provision of caretaking, cleaning and other premises management functions over the term of the contract.

The operator is obliged to hand over the schools to the Council in a specified condition at the end of the contract for no incremental consideration. Some of the schools have transferred to academy/trust status during the contract and therefore hold no Balance Sheet value for the Council.

The Council incurred costs of £2.9 million under the contract in 2022/23 (£2.8 million in 2021/22) and received £2.2 million in PFI Grant (2021/22 £2.2 million). Details of estimated payments due to be made are as follows:

	Service Charges £000	Interest Charges £000	Repayments Of Liability £000	Other £000	Total £000
In 2023/24	1,347	479	413	481	2,720
Between 2024/25 to 2027/28	5,781	1,486	2,446	1,214	10,927
Between 2028/29 to 2031/32	5,422	492	2,909	641	9,464
	12,550	**2,457**	**5,768**	**2,336**	**23,111**

Part of the contract payment deflates at 2.5% annually, whilst the other part is indexed annually in line with “All items RPI”. The estimated payments above assume future annual inflation of 2.5%, where appropriate. Other costs largely relate to lifecycle replacement costs.

The value of assets (other land and buildings) held under this scheme is as follows:

	2022/23 £000	2021/22 £000
Net Book Value at 1 April	**4,513**	3,954
Additions	**563**	736
Revaluations net of depreciation written back	**0**	-177
Disposals	**0**	0
Depreciation	**-88**	0
Net Book Value at 31 March	**4,988**	**4,513**

The value of liabilities held under this scheme is as follows:

	2022/23 £000	2021/22 £000
At 1 April	**-6,302**	-6,920
Movement in the year	**534**	618
At 31 March	**-5,768**	**-6,302**

41 Pensions Disclosures

Participation in Pension Schemes

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

The Council participates in three pension schemes:

- The Local Government Pension Scheme (LGPS) – a funded defined benefit final salary scheme administered by the West Yorkshire Pension Fund (WYPF) whereby the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets in the long term. Employee benefits earned up to 31 March 2014 are linked to final salary, after 31 March 2014 benefits are based on a Career Average Revalued Earnings Scheme.

- Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Business Services Limited on behalf of the Department for Education. Under the Code, this scheme is classed as a multi-employer defined benefit scheme for which liabilities of individual employers cannot be separated. The scheme is therefore treated as a defined contribution scheme under the Code. In 2022/23, the Council paid £18.0 million (2021/22 £17.0 million) in respect of teachers' retirement benefits, representing 23.7% (2021/22 23.7%) of pensionable pay. Payments of £1.5 million were owing to the scheme as at 31 March 2023 (31 March 2022 £1.5 million).

- Employees transferred across from Kirklees PCT (Public Health) are members of the NHS Pension Scheme, administered by the NHS Business Services Authority (NHSBSA). Similar to the Teachers' Pension Scheme, this scheme is classed as a multi-employer defined benefit scheme and is treated as a defined contribution scheme under the Code. In 2022/23, the Council paid £0.1 million (2021/22 £0.1 million) to the NHSBSA, representing 14.4% (2021/22 14.4%) of pensionable pay.

Transactions Relating to Retirement Benefits

In 2022/23 the Council paid an employer's contribution of £41.2 million (2021/22 £37.5 million) to the WYPF.

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

	LGPS		Teachers	Total
	Funded	Unfunded		
	£000	£000	£000	£000
2022/23				
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Current service cost	109,813	0	0	109,813
Past service cost	270	0	0	270
Financing and Investment income and expenditure*:*				
Net interest expense	18,150	548	1,181	19,879
Total Post-employment Benefits charged to the Surplus/Deficit on the Provision of Services	**128,233**	**548**	**1,181**	**129,962**
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	76,384	0	0	76,384
Actuarial gains and losses arising on changes in demographic assumptions	8,415	593	990	9,998
Actuarial gains and losses arising on changes in financial assumptions	-1,175,580	-3,243	-8,171	-1,186,994
Actuarial gains and losses due to liability experience	237,261	1,592	3,986	242,839
Total Post Employment Benefit charged to the CIES	**-725,287**	**-510**	**-2,014**	**-727,811**
Movement in Reserves Statement				
Reversal of net charges made to the Surplus/Deficit on the Provision of Services for retirement benefits	-128,233	-548	-1,181	-129,962
Actual amount charged against General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	42,015	1,872	0	43,887
Retirement benefits payable to pensioners	0	0	3,374	3,374

	LGPS		Teachers	Total
	Funded	Unfunded		
2021/22	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Current service cost	114,882	0	0	114,882
Past service cost	0	0	0	0
Financing and Investment income and expenditure:				
Net interest expense	21,121	472	1,006	22,599
Total Post-employment Benefits charged to the Surplus/Deficit on the Provision of Services	**136,003**	**472**	**1,006**	**137,481**
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	-203,527	0	0	-203,527
Actuarial gains and losses arising on changes in demographic assumptions	-28,080	-329	-670	-29,079
Actuarial gains and losses arising on changes in financial assumptions	-204,012	-505	-1,164	-205,681
Actuarial gains and losses due to liability experience	5,571	86	183	5,840
Total Post Employment Benefit charged to the CIES	**-294,045**	**-276**	**-645**	**-294,966**
Movement in Reserves Statement				
Reversal of net charges made to the Surplus /Deficit on the Provision of Services for retirement benefits	-136,003	-472	-1,006	-137,481
Actual amount charged against General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	37,640	1,971	0	39,611
Retirement benefits payable to pensioners	0	0	3,679	3,679

Pension Assets and Liabilities Recognised in the Balance Sheet

The underlying assets and liabilities for retirement benefits attributable to the Council and the amounts included in the Balance sheet as at 31 March 2023 are shown the following table:

	2022/23	2021/22
	£000	£000
Present value of liabilities:		
LGPS Funded	**-2,245,260**	-3,050,856
LGPS Unfunded	**-18,846**	-21,228
Teachers	**-40,023**	-45,411
Fair value of assets in the LGPS	**2,319,470**	2,357,764
Net asset/liability (-)	**15,341**	**-759,731**
LGPS Funded	**74,210**	-693,092
LGPS Unfunded	**-18,846**	-21,228
Teachers	**-40,023**	-45,411
Net asset/liability (-)	**15,341**	**-759,731**

Asset Ceiling

Following the pensions valuation by the Council's actuary, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31 March 2023 resulting in a pension plan asset for the first time. IAS19 Employee Benefits required that, where a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan: and
- The asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Council's surplus recognition policy is in line with accounting guidance above.

The Council's actuaries calculated that the net pension asset can be recognised in full at the accounting date. This is because, based on the results of the latest valuation, the employer can gain an economic benefit from payment of reduced contributions below the cost of the expected IAS19 service costs in the future. The Council is not paying any deficit recovery contributions (also known as secondary contributions), so there is no additional liability to recognise under a minimum funding requirement, and therefore surplus can be recognised in full.

Assets and Liabilities in relation to Post-Employment Benefits

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

	LGPS		Teachers	Total
	Funded	**Unfunded**		
2022/23	**£000**	**£000**	**£000**	**£000**
Opening balance 1 April 2022	-3,050,856	-21,228	-45,411	-3,117,495
Current Service Cost	-109,813	0	0	-109,813
Interest cost	-81,484	-548	-1,181	-83,213
Contributions by scheme participants	-16,915	0	0	-16,915
Remeasurement gain/loss(-):				
Arising on changes in demographic assumptions	-8,415	-593	-990	-9,998
Arising on changes in financial assumptions	1,175,580	3,243	8,171	1,186,994
Due to liability experience	-237,261	-1,592	-3,986	-242,839
Benefits/transfers paid	84,174	1,872	3,374	89,420
Past service costs	-270	0	0	-270
Net increase in liabilities from disposals/acquisitions	0	0	0	0
Closing balance 31 March 2023	**-2,245,260**	**-18,846**	**-40,023**	**-2,304,129**
2021/22				
Opening balance 1 April 2021	-2,865,993	-23,475	-49,735	-2,939,203
Current Service Cost	-114,882	0	0	-114,882
Interest cost	-65,618	-472	-1,006	-67,096
Contributions by scheme participants	-14,988	0	0	-14,988
Remeasurement gain/loss(-):				
Arising on changes in demographic assumptions	28,080	329	670	29,079
Arising on changes in financial assumptions	204,012	505	1,164	205,681
Due to liability experience	-5,571	-86	-183	-5,840
Benefits/transfers paid	71,073	1,971	3,679	76,723
Past service costs	0	0	0	0
Net increase in liabilities from disposals/acquisitions	-286,969	0	0	-286,969
Closing balance 31 March 2022	**-3,050,856**	**-21,228**	**-45,411**	**-3,117,495**

Reconciliation of the Movements in the Fair Value of Scheme Assets (LGPS)

	31 March 2023	31 March 2022
	£000	£000
Opening balance 1 April	**2,357,764**	1,940,636
Interest income on assets	**63,334**	44,497
Remeasurement gains and losses	**-76,384**	203,527
Employer contributions	**42,015**	37,640
Contributions by scheme participants	**16,915**	14,988
Benefits paid	**-84,174**	-71,073
Net increase in assets from disposals/acquisitions	**0**	187,549
Closing balance 31 March	**2,319,470**	**2,357,764**

The Council's share of pension fund assets is rolled forward, by the actuary, from the latest formal valuation date. The roll forward amount is then adjusted for investment returns, the effective contributions paid into and estimated benefits paid from the fund by the Council and its employees. As such this estimate may differ from the actual assets held by the Pension Fund on 31 March 2023.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets

The actual return on scheme assets in the year showed a loss of £13.1 million (2021/22 return of £248.0 million).

Pension Scheme Assets

The percentage breakdown of Fund assets is as follows:

			2022/23	2021/22
	Quoted	**Unquoted**	**Total**	Total
	%	**%**	**%**	%
Equity investments	**66.1**	**14.7**	**80.8**	79.8
Government Bonds	**6.9**	**0.0**	**6.9**	7.4
Other Bonds	**4.6**	**0.0**	**4.6**	4.8
Property	**1.1**	**2.2**	**3.3**	4.0
Cash/ liquidity	**0.0**	**2.3**	**2.3**	2.9
Other	**0.0**	**2.1**	**2.1**	1.1
	78.7	**21.3**	**100.0**	**100.0**

A more detailed breakdown of assets and associated risks are published in the accounts for the West Yorkshire Pension Fund. These form part of Bradford MDC Statement of Accounts and can be found on Bradford Councils website.

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. Both the LGPS and Teachers' Unfunded Discretionary Benefits liabilities have been assessed by Aon Solutions UK Ltd, an independent firm of actuaries, estimates for the LGPS being based on the latest triennial full valuation of the West Yorkshire Pension Fund carried out as at 31 March 2022.

The significant assumptions used by the actuary have been:

	2022/23			2021/22		
	LGPS		**Teachers**	LGPS		Teachers
	Funded	**Unfunded**		Funded	Unfunded	
Rate of inflation – CPI	**2.70%**	**2.70%**	**2.70%**	3.00%	3.00%	3.00%
Rate of increase in salaries	**3.95%**	**n/a**	**n/a**	4.25%	n/a	n/a
Rate of increase in pensions	**2.70%**	**2.70%**	**2.70%**	3.00%	3.00%	3.00%
Rate for discounting liabilities	**4.70%**	**4.70%**	**4.70%**	2.70%	2.70%	2.70%
Take up of option to convert annual pension into retirement grant	**75%**	**n/a**	**n/a**	75%	n/a	n/a
Mortality assumptions (years):						
Longevity at 65 for current pensioners:						
Men	**21.6**	**21.6**	**21.6**	21.8	21.8	21.8
Women	**24.6**	**24.6**	**24.6**	24.6	24.6	24.6
Longevity at 65 for future pensioners:						
Men	**22.9**	**n/a**	**n/a**	22.5	n/a	n/a
Women	**25.7**	**n/a**	**n/a**	25.7	n/a	n/a

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on possible changes to the assumptions occurring at the end of the reporting period. For each assumption change all other assumptions remain constant. The analysis only applies to Funded LGPS benefits – the sensitivity of unfunded benefits is not included on materiality grounds. The base figure for the liabilities is £2,245.3 million and for projected service cost is £54.0 million.

	Approximate % Increase in Defined Benefit Obligation	Approximate Monetary Amount
		£000
0.1% decrease in real discount rate	**1.70%**	**51,931**
1 year increase in member life expectancy	**2.60%**	**52,202**
0.1% increase in the salary increase rate	**0.20%**	**54,039**
0.1% increase in the pension increase rate	**1.50%**	**56,201**

Impact on the Council's cash flows

The objective of the scheme is to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The contribution rate set by the current triennial valuation took effect from the financial year starting 1 April 2022. The next triennial valuation is due to be completed on 31 March 2025.

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

The total funded contributions expected to be made to West Yorkshire Pension Fund by the Council in the year to 31 March 2024 is £43.1 million. The weighted average duration of the defined benefit obligation for the scheme members is 17.2 years.

GROUP ACCOUNTS

INTRODUCTION

The increasing diversity of service delivery vehicles used by local authorities over recent years has resulted in a requirement to produce Group Accounts. Rather than just using traditional types of service provision, many local authorities now form or invest in separate companies in the public and private sector. As these companies and investments are separate entities, they are not considered in the accounts of the Council. This can result in accounts that do not give a full picture of the services provided and the risks, rewards and costs taken on as a result.

The Group Accounts include:

- **Movement in Reserves Statement**
- **Comprehensive Income and Expenditure Statement**
- **Balance Sheet**
- **Notes to the Accounts**

The Council's Group Accounts for 2022/23 are made up of the accounts of the Council and a joint venture (Kirklees Stadium Development Limited). KSDL is consolidated on the Equity method. The consolidation has been prepared in accordance with the IFRS Code and CIPFA's Group Accounts in Local Authorities Practitioners' Workbook. Any divergences from these recommended practices are explained in the notes to the Group Accounts.

Kirklees Stadium Development Limited (KSDL)
The company was formed to carry out the development, construction and running of the sports stadium in Huddersfield. At the Company's Balance Sheet date, the Council had a shareholding of 40%, with Huddersfield Sporting Pride Limited holding 20% and Huddersfield Town Association Football Club Limited holding 40%.

Given the nature of KSDL's business, the ideal time for preparing accounts is during the football close season, giving the company a year end date of 31 July. In order to achieve a consolidation consistent with the Council's Balance Sheet date, KSDL management have provided management accounts as at 31 March 2023.

In 2022/23, based on the Council's interest and after adjusting for the valuation of the stadium, in line with the Group's accounting policies, the Company made an operating deficit of 0.3 million, (operating deficit £0.1 million 2021/22). Similarly, as at 31 March 2023, the Company had net assets of £18.8 million (£17.6 million at 31 March 2022).

The Council's share of KSDL's financial results is summarised in the table below.

	Company Accounts	Council Share	Council Share
	£000		£000
Net Assets	47,082	40%	18,833
Group Surplus	1,855	40%	742
Other Comprehensive Income and Expenditure	-4,825	40%	-1,930
Total Comprehensive Income and Expenditure	-2,970	40%	-1,188

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)

This Statement sets out the accounting cost of the Group providing services in accordance with generally accepted accounting practices. This may be different from the accounting cost.

	2022/23			2021/22		
	Gross Exp £000	**Gross Income £000**	**Net Exp £000**	Gross Exp £000	Gross Income £000	Net Exp £000
Children & Families	**436,219**	**-306,277**	**129,942**	428,931	-310,740	118,191
Adults & Health	**257,686**	**-125,940**	**131,746**	242,172	-120,039	122,133
Growth & Regeneration	**72,796**	**-23,146**	**49,650**	56,386	-21,001	35,385
Environment & Climate Change	**139,921**	**-40,163**	**99,758**	118,861	-33,973	84,888
Corporate Strategy, Commissioning & Public Health	**182,494**	**-110,377**	**72,117**	291,567	-122,730	168,837
Central Budgets	**29,592**	**-1,101**	**28,491**	33,360	-1,911	31,449
HRA	**86,994**	**-104,744**	**-17,750**	80,462	-107,103	-26,641
Cost of Services	**1,205,702**	**-711,748**	**493,954**	**1,251,739**	**-717,497**	**534,242**
Other operating expenditure			**5,542**			730
Financing and investment income and expenditure			**55,688**			38,259
Taxation and non-specific grant income			**-398,066**			-371,980
Surplus(-)/Deficit on Provision of Services			**157,118**			**201,251**
Joint venture accounted for on an equity basis			**742**			292
Tax expenses of subsidiary and joint venture			**0**			0
Group Surplus(-)/Deficit			**157,860**			**201,543**
Surplus(-)/Deficit on revaluation of PPE and Heritage assets			**-30,869**			-66,642
Impairment losses on non-current assets to the Revaluation Reserve			**0**			0
Surplus(-)/Deficit on revaluation of available for sale financial assets			**219**			-69
Re measurements of the net defined benefit liability			**-857,773**			-432,447
Share of other comprehensive income and expenditure of joint venture			**-1,930**			-620
Other Comprehensive Income and Expenditure			**-890,353**			**-499,778**
Total Comprehensive Income and Expenditure			**-732,493**			**-298,235**

GROUP STATEMENT OF MOVEMENT IN RESERVES

This statement shows the movements in year on the different reserves held by the Group, analysed between usable reserves and unusable reserves.

	General Fund Balances £000	Housing Revenue Account £000	Useable Capital Reserves £000	Total Council Usable Reserves £000	Total Council Unusable Reserves £000	Total Council Reserves £000	Group Entities Usable Reserve £000	Group Entities Unusable Reserves £000	Total Group Reserves £000
2022/23									
Balance at 31 March 2022	-166,793	-54,694	-57,917	-279,404	-175,850	-455,254	-199	-17,446	-472,899
Movement in reserves during 2022/23									
Total Comprehensive Income and Expenditure	169,329	-12,211	0	157,118	-888,423	-731,305	742	-1,930	-732,493
Adjustments between group and Council accounts	0	0	0	0	0	0	0	0	0
Adjustments between accounting & funding basis under regulations	-99,157	22,489	-25,572	-102,240	102,240	0	0	0	0
Net Increase(-)/Decrease	**70,172**	**10,278**	**-25,572**	**54,878**	**-786,183**	**-731,305**	**742**	**-1,930**	**-732,493**
Balance at 31 March 2023 carried forward	**-96,621**	**-44,416**	**-83,489**	**-224,526**	**-962,033**	**-1,186,559**	**543**	**-19,376**	**-1,205,392**
2021/22									
Balance at 31 March 2021	-197,353	-58,418	-56,889	-312,660	155,313	-157,347	95,918	-16,866	-78,295
Movement in reserves during 2021/22									
Total Comprehensive Income and Expenditure	218,121	-16,870	0	201,251	-499,158	-297,907	292	-620	-298,235
Adjustments between group and Council accounts	0	-4,360	0	-4,360	100,735	96,375	-96,409	40	6
Adjustments between accounting & funding basis under regulations	-187,561	24,954	-1,028	-163,635	67,260	-96,375	0	0	-96,375
Net Increase(-)/Decrease	**30,560**	**3,724**	**-1,028**	**33,256**	**-331,163**	**-297,907**	**-96,117**	**-580**	**-394,604**
Balance at 31 March 2022 carried forward	**-166,793**	**-54,694**	**-57,917**	**-279,404**	**-175,850**	**-455,254**	**-199**	**-17,446**	**-472,899**

GROUP BALANCE SHEET

This Group Balance Sheet summarises the financial position of the Group. It shows the value of the Group assets and liabilities at the end of the financial year.

	31 March 2023 £000	31 March 2022 £000	Note
Property, Plant & Equipment	**1,657,600**	1,589,513	
Heritage Assets	**55,197**	55,156	
Investment Property	**97,535**	103,670	
Intangible Assets	**1,779**	770	
Long Term Investments	**13,162**	15,134	
Investments in Joint Venture	**18,833**	17,645	
Long Term Debtors	**31,796**	36,534	
Pension Asset	**74,210**	0	
Long Term Assets	**1,950,112**	**1,818,422**	
Inventories	**3,363**	7,360	
Short Term Debtors	**102,994**	78,252	
Assets Held for Sale	**4,757**	7,325	
Cash and Cash Equivalents	**34,211**	69,000	
Current Assets	**145,325**	**161,937**	
Bank Overdraft	**-7,345**	-3,935	
Short Term Borrowing	**-106,475**	-31,015	
Short Term Creditors	**-109,355**	-168,455	
Other Short Term Liabilities	**-4,566**	-6,934	
Provisions	**-3,122**	-3,629	
Current Liabilities	**-230,863**	**-213,968**	
Long Term Borrowing	**-512,785**	-442,282	
Other Long Term Liabilities	**-146,397**	-851,210	
Long Term Liabilities	**-659,182**	**-1,293,492**	
Net Assets	**1,205,392**	**472,899**	
Usable Reserves	**-223,983**	-279,603	
Unusable Reserves	**-981,409**	-193,296	**G2**
Total Reserves	**-1,205,392**	**-472,899**	

Notes to the Group Accounts

The Council has only included notes which are materially different from the single entity disclosure notes.

G1 Accounting Policies

The main accounting policies to which the Council now complies with under IFRS for Group Accounts are IFRS11 Joint Arrangements and IAS28 Investments in Associates and Joint Ventures.

Companies do have some scope to adopt different accounting policies under UK GAAP and therefore adjustments must be made to the company figures and policies where necessary in order to bring them into line with the reporting authority's policies.

The accounting polices used in the Group Accounts are the same as those for the single entity accounts unless otherwise stated.

Tangible Fixed Assets

The Code requires that the reporting authority and its companies share the same accounting policies in relation to measurement, recognition, valuation and depreciation of fixed assets. These policies are detailed in the single entity accounting policies.

The stadium has been revalued to a Depreciated Replacement Cost basis for the purpose of consolidation to the Group on a consistent basis with the Council's accounting policy. Using the Equity method for joint venture consolidation, this is reported in the "Investments in Joint Venture" row in the Group Balance Sheet.

G2 Unusable Reserves

The following table provides details of the unusable reserves of the Group:

	KSDL	Council	Total
	£000	£000	£000
Capital Adjustment Account	0	-702,869	-702,869
Revaluation Reserve	-15,143	-283,699	-298,842
Pensions Reserve	0	-15,341	-15,341
Other	-4,233	39,876	35,643
Balance at 31 March 2023	**-19,376**	**-962,033**	**-981,409**
Capital Adjustment Account	0	-725,439	-725,439
Revaluation Reserve	-13,213	-257,749	-270,962
Pensions Reserve	0	759,731	759,731
Other	-4,233	47,607	43,374
Balance at 31 March 2022	**-17,446**	**-175,850**	**-193,296**

G3 Related Party Transactions

The notes below disclose the related party transactions between the Council and KSDL.

Kirklees Stadium Development Limited

During 2022/23 the Council incurred costs of £0.04 million in relation to services provided by KSDL.

The Council did not make any additional loans to KSDL in 2022/23 (2021/22 £3.8 million). At 31 March 2023 the total amount owed to the Council is £4.3 million.

HOUSING REVENUE ACCOUNT (HRA) INCOME AND EXPENDITURE STATEMENT

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

	2022/23	2021/22	Notes
	£000	£000	
Expenditure			
Repairs and maintenance	30,874	29,266	
Supervision and management	33,144	29,796	
Special services	2,944	1,731	
Rent, rates, taxes and other charges	372	974	
Depreciation of non-current assets	18,886	18,289	H1
Debt management costs	32	22	
Movement in the allowance for bad debts	742	384	
Total Expenditure	**86,994**	**80,462**	
Income			
Dwelling rents	-82,447	-80,110	
Non-dwelling rents	-187	-186	
Charges for services and facilities	-2,742	-2,584	
Grants and contributions	-8,003	-7,912	H10
Revaluation gains on Property, Plant and Equipment	-11,366	-16,311	H1
Total Income	**-104,745**	**-107,103**	
Net Income of HRA Services as included in the CIES	**-17,751**	**-26,641**	
HRA share of Corporate & Democratic Core	159	156	
HRA share of Non-distributed costs	25	26	
Net Income of HRA Services	**-17,567**	**-26,459**	
HRA share of operating income and expenditure included in the CIES:			
Gain on sale of HRA non-current assets	-2,029	-2,334	H4
Interest payable and similar charges	10,698	11,124	
Interest and investment income	-778	-58	H1
Income and expenditure in relation to Investment Properties and changes in fair value	-1,377	1,226	
Capital grants and contributions receivable	-1,159	-369	
Surplus for the year on HRA services	**-12,212**	**-16,870**	

MOVEMENT ON THE HOUSING REVENUE ACCOUNT (HRA) STATEMENT

This statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

	2022/23		2021/22		Notes
	£000	**£000**	£000	£000	
Balance on the HRA at the end of the previous year		**-54,694**		-58,418	
Surplus for the year on the HRA Income and Expenditure Statement		**-12,211**		-16,870	
Adjustments involving the Capital Adjustment Account:					
Net revaluation gains on PPE	**12,400**		14,669		**H1**
Capital grants and contributions applied	**1,159**		369		
Amounts of non-current assets written off on disposal or sale	**-6,908**		-7,073		**H4**
Capital expenditure charged against balances	**4,020**		4,590		
Provision for the financing of capital investment	**2,916**	**13,587**	3,027	15,582	
Adjustments involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	**9,174**		9,478		**H4**
Contribution towards administrative costs of asset disposals	**-237**	**8,937**	-71	9,407	
Adjustments involving the Financial Instruments Adjustment Account:					
Amount by which finance costs charged to the HRA Income and Expenditure Account are different from those required by statutory regulations		**-35**		-35	
Adjustments involving the KNH Surplus Reserve					
Transfer from General Fund to HRA		**0**		-4,360	
Increase(-)/decrease in the year on the HRA		**10,278**		3,724	
Balance at the end of the current year		**-44,416**		-54,694	

NOTES TO THE HRA

H1 Depreciation and revaluation gains

The depreciation charge for Council dwellings in 2022/23 is £18.6 million (2021/22 £17.9 million) and non-dwellings £0.3 million (2021/22 £0.3 million).

The revaluation of the HRA was carried out on the 31 December 2022 by the DVS Valuation Office Agency.

Revaluations of Council dwellings during the year resulted in a £29.3 million gain (2021/22 £70.3 million gain) of which £11.2 million was credited to the HRA Income and Expenditure statement and £18.2 million to the Revaluation Reserve. The £29.3 million gain included a £43.5 million increase at the formal valuation date of 31 December 2022 and an estimated decrease of £14.2 million from January – March 2023 based on an decrease of 1.75% as advised by the DVS Valuation Office Agency. The value is obtained by taking the cost of buying a vacant dwelling of a similar type, and applying an adjustment factor according to the type of tenancy and regional factors to reflect that the property is used for social housing. The Stock Valuation guidance, which was updated in November 2016, provides the adjustment factor for Yorkshire and Humber as 41% (2021/22 41% as adjusted by the valuer).

Revaluations on non-dwellings during the year resulted in a £0.8 million gain (2021/22 £0.4 million) of which £0.2 million was credited to the HRA Income and Expenditure statement and £0.6 million to the Revaluation Reserve.

There was a revaluation gain on Investment Properties of £1.036 million in 2022/23 (2021/22 £1.642 million loss).

H2 Movement in HRA Fixed Assets

	PPE Council Dwellings	Council Dwellings Held For Sale	Other Land and Buildings	Assets Under Construction	Investment Properties	Total Assets
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1 April 2022	784,236	5,245	4,513	4,197	6,205	804,396
Additions	21,558	0	0	5,187	0	26,745
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	-50	0	323	0	0	273
Revaluation increases/decreases(-) Revaluation recognised in Surplus on the Provision of Services	10,823	0	238	0	1,036	12,097
De-recognition - disposals	-1,626	-5,245	-37	0	0	-6,908
Assets reclassified to(-)/ from Held for Sale	-4,757	4,757	0	0	0	0
Other movements in cost or valuation	1,862	0	-213	-1,495	-40	114
At 31 March 2023	**812,046**	**4,757**	**4,824**	**7,889**	**7,201**	**836,717**
Accumulated Depreciation and Impairment						
At 1 April 2022	0	0	0	0	0	0
Depreciation charge	-18,556	0	-330	0	0	-18,886
Depreciation written out to the Revaluation Reserve	18,256	0	327	0	0	18,583
Depreciation written out to Surplus on the Provision of Services	303	0	0	0	0	303
Other movements in depreciation and impairment	-3	0	3	0	0	0
At 31 March 2023	**0**	**0**	**0**	**0**	**0**	**0**
Net Book Value						
at 31 March 2023	**812,046**	**4,757**	**4,824**	**7,889**	**7,201**	**836,717**
at 1 April 2022	784,236	5,245	4,513	4,197	6,205	804,396

H3 Fixed Asset Valuation

A revaluation of HRA dwellings was carried out as at 31 December 2022 by DVS Property Specialists, who are RICS qualified. As at that date, the vacant possession value of dwellings was £2,011 million. The difference between this and the Balance Sheet value reflects the economic cost of providing Council housing at less than open market rents.

H4 Gains and Losses on Asset Disposals

Gains and losses on asset disposals are shown on the face of the HRA Income and Expenditure Statement. The gain on disposal in 2022/23 was £2.0 million (2021/22 gain £2.3 million), resulting from capital receipts of £8.9 million less net book value of £6.9 million.

H5 Major Repairs Reserve

Statutory regulation requires that a Major Repairs Reserve is maintained. The main credit to the reserve is an amount equivalent to the charge for depreciation on HRA assets. The reserve can be used to finance new capital expenditure on HRA assets or repay HRA debt.

	2022/23	2021/22
	£000	£000
Balance at 1 April	0	0
Amount equivalent to depreciation	-18,886	-18,289
	-18,886	-18,289
Financing of new capital expenditure	18,886	15,368
Used to repay debt	0	2,921
Balance at 31 March	0	0

H6 Capital Expenditure and Sources of Finance

	2022/23	2021/22
	£000	£000
Capital Expenditure:		
Fixed Assets (including PFI)	27,438	22,417
Total Capital Expenditure	27,438	22,417
Financed by:		
Finance Lease (PFI)	-336	-200
Major Repairs Reserve	-18,886	-15,368
Capital Receipts	-3,037	-1,889
Capital Grant and Contributions	-1,159	-370
HRA RCCO/Reserves	-4,020	-4,590
Total Sources of Finance	-27,438	-22,417

H7 Capital Receipts

	2022/23	2021/22
	£000	£000
Capital receipts from sales of:		
Dwellings	-9,119	-9,453
Land	-55	-20
Clawback of legal title on Right to Buy sales	0	-5
	-9,174	-9,478
Contribution to Housing Pooled Capital Receipts	0	2,013
Disposal costs	237	72
Usable capital receipts	-8,937	-7,393

The HRA is required to pay over a certain proportion of capital receipts into a national pooling arrangement. In 2022/23 the Department for Levelling Up, Housing and Communities allowed Local Authorities to retain the contribution to the housing pool so no payment was made.

H8 Housing Stock

The Council's housing stock at 31 March 2023 is analysed below by size and age:

By Size	1 Bedroom	2 Bedrooms	3 Bedrooms	4+ Bedrooms	Total
Houses/ Bungalows	2,771	5,196	4,114	316	12,397
Flats/ Bedsits and Maisonettes	6,960	2,347	102	0	9,409
	9,731	7,543	4,216	316	21,806
By Age	Pre 1945	1945-64	1965-74	Post 1974	Total
Houses/ Bungalows	5,259	4,996	1,497	645	12,397
Flats/ Bedsits and Maisonettes	189	2,310	3,814	3,096	9,409
	5,448	7,306	5,311	3,741	21,806

H9 Rent Arrears

Net rent arrears have increased over the year, as follows:

	2022/23	2021/22
	£000	£000
Rent Arrears	**4,975**	4,672
Less Bad Debt Provision	**-1,485**	-1,559
Net Rent Arrears	**3,490**	**3,113**

H10 Housing PFI

In December 2011, the Council entered into a twenty two and a half year contract with Regenter Excellent Homes for Life for the design, build, financing and operation of a PFI contract to provide 466 units of HRA housing. The contractor has a licence from the Council to build and operate on Council sites. The operator is obliged to hand over the housing units in a specified condition at the end of the contract for no incremental consideration.

The Council incurred costs of £9.4 million under the contract in 2022/23 (2021/22 £9.5 million) and received £7.9 million in PFI Grant (2021/22 £7.9 million). Details of estimated payments due to be made are as follows:

	Service Charges	Interest Charges	Repayments of Liability	Total
	£000	£000	£000	£000
In 2023/24	3,607	3,041	2,619	9,267
Between 2024/25 and 2027/28	14,311	10,246	13,189	37,746
Between 2028/29 and 2032/33	17,940	6,861	23,975	48,776
Between 2034/35 and 2035/36	5,114	268	7,341	12,723
Total	**40,972**	**20,416**	**47,124**	**108,512**

Part of the contract is indexed annually in line with RPI (assumed to be 2.5% throughout the life of the contract).

The value of assets (Council Dwellings) held under this scheme is as follows:

	2022/23	2021/22
	£000	£000
Net Book Value at 1 April	15,472	14,498
Additions	336	201
Revaluations net of depreciation written back	359	773
Depreciation	-303	0
Net Book Value at 31 March	**15,864**	**15,472**

The value of liabilities held under this scheme is as follows:

	2022/23	2021/22
	£000	£000
At 1 April	-45,251	-48,077
Movement in the year	2,580	2,826
At 31 March	**-42,671**	**-45,251**

COLLECTION FUND STATEMENT

The Collection Fund Statement shows the transactions of the billing Council in relation to the collection from taxpayers and distribution to local authorities and Government of Council Tax and Non-Domestic (Business) Rates.

	2022/23			2021/22			
	Business Rates	Council Tax	Total	Business Rates	Council Tax	Total	Note
	£000	£000	£000	£000	£000	£000	
Income							
Income from Council Tax		**-242,775**	**-242,775**		-232,631	-232,631	**C1**
Income Collectable from Business Ratepayers	**-90,841**		**-90,841**	-80,809		-80,809	**C2**
Contributions towards previous years' Collection Fund deficit	**-30,887**	**-1,197**	**-32,084**	-50,443	-2,469	-52,912	
General fund Contribution for discretionary discounts	**0**	**-2,445**	**-2,445**	0	-2,800	-2,800	
Total Income	**-121,728**	**-246,417**	**-368,145**	**-131,252**	**-237,900**	**-369,152**	
Expenditure							
Precepts and demands -							
Central Government	**43,717**		**43,717**	49,328		49,328	
Kirklees Council	**42,843**	**207,710**	**250,553**	48,341	197,123	245,464	
West Yorkshire Fire and Rescue	**874**	**8,799**	**9,673**	987	8,006	8,993	
West Yorkshire Police		**26,975**	**26,975**		25,180	25,180	
Allowance for impairment of debt	**1,960**	**3,769**	**5,729**	-3,728	3,139	-589	
Provision for Appeals	**170**	**0**	**170**	-2,021	0	-2,021	
Cost of collection	**586**		**586**	587		587	
Transitional Protection Payment	**1,271**		**1,271**	1,508		1,508	
Designated Areas	**419**		**419**	252		252	
Distribution of previous year's Collection Fund surplus	**0**	**0**	**0**	0	0	0	
Total Expenditure	**91,840**	**247,253**	**339,093**	**95,254**	**233,448**	**328,702**	
Surplus(-)/Deficit	**-29,888**	**836**	**-29,052**	-35,998	-4,452	-40,450	
Balance at 1 April	**27,343**	**851**	**28,194**	63,341	5,303	68,644	
Balance at 31 March	**-2,545**	**1,687**	**-858**	**27,343**	**851**	**28,194**	**C3**

NOTES TO THE COLLECTION FUND STATEMENT

C1 Council Tax

The Council Tax is charged on a series of property valuation bands. These bands, the charges due for the year and the average Council Tax are shown below.

Estimated at the start of the year						
	2022/23				2021/22	
Number of Chargeable Dwellings	**Band D Equivalent Dwellings**	**Average Council Tax**	Band	Number of Chargeable Dwellings	Band D Equivalent Dwellings	Average Council Tax
		£				£
79	44	1,109.62	A (5/9)	72	40	1,073.61
53,833	35,888	1,331.54	A (6/9)	54,082	36,055	1,288.33
28,004	21,781	1,553.46	B (7/9)	28,057	21,822	1,503.05
27,856	24,761	1,775.39	C (8/9)	27,782	24,695	1,717.77
15,501	15,501	1,997.31	D (9/9)	15,336	15,336	1,932.49
11,342	13,863	2,441.16	E (11/9)	11,146	13,623	2,361.93
5,182	7,485	2,885.00	F (13/9)	5,084	7,344	2,791.37
2,087	3,478	3,328.85	G (15/9)	2,055	3,426	3,220.82
114	228	3,994.62	H (18/9)	109	218	3,864.98
	123,029		Total		122,559	
	-1,123		Estimated losses on collection		-3,381	
	121,906		Council Tax Base		**119,178**	

C2 Non-Domestic (Business) Rates

The Government specifies a multiplier and, subject to the effects of transitional arrangements and other reliefs, local businesses pay rates calculated by applying the multiplier to their rateable value. There are two multipliers – the national non-domestic rating multiplier of 51.2p (2021/22 51.2p) and the small business non-domestic rating multiplier of 49.9p (2021/22 49.9p) which is applicable to those that qualify for small business rate relief. The Council is responsible for collection rates due from ratepayers in its area and pays 50% of the proceeds to Central Government and 1% to West Yorkshire Fire and Rescue Authority.

	2022/23	2021/22
	£000	£000
Non-domestic rate income 2022/23 (average rateable value £284,288,518)	**-141,860**	
Non-domestic rate income 2021/22 (average rateable value £283,701,999)		-141,567
Allowance and other adjustments (net)	**51,019**	60,758
	-90,841	**-80,809**

The actual non-domestic rateable value at 31 March 2023 was £284,264,761 (£283,872,779 at 31 March 2022).

Kirklees has been part of a Leeds City Region (LCR) business rates pool since April 2013. It pools the business rates income of member authorities, which includes Kirklees, Bradford, Wakefield & Calderdale (top up authorities), and Leeds, Harrogate and York (tariff authorities). Leeds are the lead authority for the administration of the LCR Pool.

The pool is established for one year at a time and thus the existing pool will cease at the end of 2022/23. As part of the 2023/24 Local Government Finance Settlement, Government confirmed a further 50% pool application for 2023/24 was successful. For 2023/24, the pool membership includes all West Yorkshire councils plus York.

The pooling proposals offer suitable groups of authorities (where there is a mixture of top-ups and tariffs) the opportunity to avoid or significantly reduce government levies for which their tariff authorities would otherwise be liable if they grow their business rates income by more than inflation. The overall pool position for 2022/23 has yet to be determined, but as in previous years any gain will be utilised for the benefit of all pool members.

C3 Movement on Balances

The balance on the Collection Fund relates to Council Tax, Community Charge and Business Rates. That part of the balance which relates to Community Charge will be paid to the Council in subsequent financial years. That part of the balance which relates to Council Tax will be shared between the Council, West Yorkshire Police Authority and West Yorkshire Fire and Rescue Authority in proportion to their precepts and demand on the Fund, again in subsequent financial years. That part of the balance which relates to Business Rates will be shared between the Council, Central Government and West Yorkshire Fire and Rescue Authority in proportion to their precepts and demand on the Fund, again in subsequent financial years. The balance is split as follows:

	1 April 2022	Share of 2022/23 Surplus (-)/ Deficit	**31 March 2023**
	£000	£000	**£000**
Council Tax and Community Charge			
Kirklees Council: Community Charge	-10	0	**-10**
Council Tax	744	704	**1,448**
Collection Fund Adjustment Account - Council Tax	**734**	704	**1,438**
West Yorkshire Police Authority - Council Tax	87	100	**187**
West Yorkshire Fire and Rescue Authority - Council Tax	30	32	**62**
	851	**836**	**1,687**
Business Rates			
Kirklees Council - Business Rates	**13,398**	-14,645	**-1,247**
Collection Fund Adjustment Account - Business Rates	13,398	-14,645	**-1,247**
Central Government - Business Rates	13,672	-14,944	**-1,272**
West Yorkshire Fire and Rescue Authority - Business Rates	273	-299	**-26**
	27,343	**-29,888**	**-2,545**

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the CIES as it falls due from payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

The financial year 2022/23 marked the second year of charges relating to the phasing of Collection Fund deficits. The intention to implement the three year local tax Collection Fund deficit phasing was announced by the Secretary of State in July 2020. The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 came into force on 1 December 2020. The regulations amended the rules governing the apportionment of Collection Fund surpluses and deficits for Council Tax and Business Rates set out in the Local Authorities (Funds) (England) Regulations 1992 and the Non-Domestic Rating (Rates Retention) Regulations 2013. The phasing of deficits relates only to the ‘exceptional amount’ (i.e relating to Covid-19), therefore does not include any amount brought forward into the Collection Fund, relating to previous years surpluses or deficits.

Glossary of Terms

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

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

Capital Receipts
These are the proceeds from the sale of capital assets.

Cash Equivalents
Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

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

Contingent Asset
A possible asset that arises from past events, and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Examples of contingent assets include claims for compensation being pursued through the legal process.

Contingent Liability
A possible obligation at the Balance Sheet date, whose existence will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. Where a material loss can be estimated with reasonable accuracy a liability is accrued in the financial statements. If, however a loss cannot be accurately estimated or its occurrence is not considered sufficiently probable to accrue it, the obligation is disclosed in a note to the Balance Sheet. Examples of contingent liabilities include legal claims pending settlement.

Corporate and Democratic Core
Costs of corporate policy making and all Council member-based activities, together with costs relating to corporate management, public accountability and treasury management.

Current Service (Pensions) Cost
The current service cost is an estimate of the true economic cost of employing people in a financial year, earning years of service that will eventually entitle them to the receipt of a lump sum and pension when they retire. It measures the full liability estimated to have been generated in the year (at today's prices) and is thus unaffected by whether any fund established to meet liabilities is in surplus or deficit.

Defined Benefit Pension Scheme
A scheme in which retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits. Accounted for by recognising liabilities as benefits are earned (i.e. employees work qualifying years of service), and matching them with the organisation's attributable share of the scheme's investments.

Depreciated Replacement Cost
A method of valuation which provides a recognised proxy for the market value of specialised properties. It is an estimate of the market value for the existing use of land, plus the current gross replacement (or reproduction) costs of improvement, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation.

Depreciation
The measure of the cost or revalued amount of the benefit, of the fixed asset that has been consumed during the period. Consumption includes the wearing out or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

Existing Use Value (EUV)
The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction, after proper marketing, wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

Existing Use Value – Social Housing (EUV – SH)
Existing Use Value for Social Housing is the estimated amount for which a property should exchange, on the date of valuation, between a willing buyer and a willing seller, in an arms-length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion, subject to the following assumptions:

- The property will continue to be let by a body and used for social housing;
- At the valuation date, any regulatory body, in applying its criteria for approval, would not unreasonably hinder the vendor’s ability to dispose of the property to organisations intending to manage their housing stock in accordance with that regulatory body’s requirements;
- Properties temporarily vacant pending re-letting should be valued, if there is a letting demand, on the basis that the prospective purchaser intends to re-let then, rather than with vacant possession; and
- Any subsequent sale would be subject to all of the above assumptions.

Fair Value
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s-length transaction.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. It covers the most straightforward financial assets and liabilities such as trade receivables and payables, and more complex ones such as forward investments and stepped rate loan instruments.

General Fund
This is the account for the major functions for which the Council is responsible, excluding the HRA and Collection Fund.

Heritage Assets
A type of asset which is kept primarily for its contribution to knowledge and culture. Examples of heritage assets include museum artefacts, paintings, sculptures, and civic regalia.

Housing Revenue Account (HRA)
This fulfils the statutory obligation for Councils to account separately for the provision of Council houses. The Local Government and Housing Act 1989 ring fenced the HRA so that no subsidy can be received from the General Fund.

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

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

Intangible Assets
Intangible assets are assets which do not have a physical form e.g., externally purchased software.

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

Leasing
A method of financing capital expenditure which allows the Council to use, but not own an asset. A third party (the lessor) purchases the asset on behalf of the Council (the lessee) which then pays the lessor a rental over the life of the asset. A finance lease substantially transfers the risks and rewards of ownership of a fixed asset to the lessee. An operating lease is any lease other than a finance lease.

Live Condition – Grant
Live conditions are those conditions that specify that a grant must be used for a specific purpose and if it isn't used for that purpose, the grant funding must be returned to the giver.

Net Realisable Value
The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses of realising the asset.

Non-Domestic Rates (also known as Business Rates)
This is the levy on business property, based on a national rate in the pound applied to the rateable value of the property. The Government determines national rate poundage each year.

Non-distributed Costs
These are overheads from which no service now benefits. Costs that may be included are certain pension costs and expenditure on certain unused assets.

Past Service (Pensions) Costs
Past service costs are a non-periodic cost, arising from decisions taken in the current year, but whose financial effect is derived from years of service earned in earlier years. Discretionary benefits, particularly added years, awarded on early retirement are treated as past service costs.

Precept
This is a charge levied by a local authority which is collected on its behalf by another authority (for example, the Police or Fire Authority). It does this by adding the precept to its own Council Tax and paying over the appropriate cash collected.

Provisions
These are liabilities of uncertain timing or amount.

Related Parties
Individuals or bodies who have the potential to influence or control the Council or to be influenced or controlled by the Council.

Revenue Expenditure
This is money spent on the day to day running costs of providing services. It is usually of a recurring nature and produces no permanent asset.

Revenue Expenditure Funded from Capital under Statute (REFCUS)
Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's Council Tax. These items are generally grants and expenditure on property not owned by the Council.

Settlements and Curtailments (Pensions)
Settlements and curtailments are non-periodic costs. They are events that change the pensions' liabilities but are not normally covered by actuarial assumptions, for example a reduction in employees through a transfer or termination of an operation.

Soft Loans
Authorities sometimes make loans to individuals or organisations at less than market rates, where a service objective would justify the Council making a concession. The Code requires the discounted interest rate to be recognised as a reduction in the fair value of the asset when measured for the first time. In subsequent years this discount is unwound by applying a market rate of interest, which will write up the value of the loan less any repayments of principal.

Usable Reserves
These represent reserves available to support revenue and capital expenditure and are divided as follows:

- General Fund Balances – This is the general reserve available for Council use, excluding Housing Revenue Account purposes.
- Earmarked General Fund Reserves – These are reserves set aside for specific areas of expenditure and risk.
- Housing Revenue Account (HRA) – This is a general reserve available for HRA purposes.
- Capital Receipts Reserve – Income from the disposal of assets and capital loans is credited to this reserve. A proportion of the receipts relating to housing disposals is payable to the Government. The balance on the reserve can be used to finance new capital investment or set aside to reduce the Council's underlying need to borrow.
- Major Repairs Reserve – The Council is required by regulations to maintain this reserve. The main credit to the reserve is an amount equivalent to the charge for depreciation on HRA assets. The reserve can be used to finance capital expenditure on HRA assets or repay HRA debt.
- Capital Grants Unapplied – Capital grants and contributions received by the Council are credited to this reserve when there is an expectation that any conditions related to the grants will be met. These grants and contributions are then used to fund related capital expenditure when it is incurred.

Unusable Reserves

- Capital Adjustment Account **-** This account reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.
- Revaluation Reserve **-** This account records the net gain from fixed asset revaluations made after 1 April 2007.
- Accumulated Absences Account – This 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.
- The Collection Fund Adjustment Account – This account manages the differences arising from the recognition of Council Tax income in the CIES as it falls due from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.
- The Deferred Capital Receipts Reserve – This reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new Capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.
- Financial Instruments Adjustment Account – This account provides a balancing mechanism between different rates at which gains and losses (such as premiums on the early repayment of debt and soft loans) are recognised under the Code and are required by statute to be met from the General Fund.
- Available for Sale Financial Instruments Reserve - This Reserve records gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are revalued downwards or impaired and the gains are lost or disposed of and the gains are realised.
- Dedicated School Grant Adjustment Account - A temporary ringfenced reserve established by the 2020/21 Code to hold any DSG deficit separately from the Council's General Fund Earmarked reserves.

Kirklees Council

Annual Governance Statement 2022/23

November 2023

Overall Conclusion & Opinion

We have considered carefully the effectiveness of the Council's governance framework and have been advised by the Corporate Governance and Audit Committee. We are satisfied that the Council's overall governance arrangements are in accordance with our governance framework and Code of Corporate Governance.

We will continue to enhance our governance arrangements as recommended in the Action Plan that underpins this Statement. We are satisfied that these steps will address the need for improvements that were identified in our review and will monitor their implementation during 2023/24 and beyond in conjunction with the Corporate Governance & Audit Committee.

Signed:  Cllr. Catherine Scott, Leader of the Council

 Steve Mawson, Chief Executive

Significant Governance Issues during 2022/23

The annual corporate review process has identified and evaluated both progress with addressing ongoing issues from the 2021/22 Statement and some new areas of potential concern. Any of these that meets one or more of the following criteria (suggested by CIPFA / SOLACE) has been regarded as *significant* and included in this Statement:

A) It undermines / threatens the achievement of organisational objectives.
B) It is a significant failure to meet the principles of good governance.
C) It is an area of significant concern to an inspector, external audit, or regulator.
D) The head of internal audit, one of the statutory officers or the Corporate Governance & Audit Committee (CGAC) has recommended it be included.
E) It is an issue of public or stakeholder concern.
F) It is an issue that cuts across the organisation and requires cooperation to address it.

Progress with the Significant Governance Issues in last year's Statement

Our previous Statements recognise that many issues are complex, and sometimes not solely under the Council's direct control. These often take longer than one year to address and some of these have featured in a similar form for a number of years, though some aspects can be resolved during the year. Good governance is about taking actions and making continuous improvement.

It should be noted that due to an unexpected and prolonged delay in the external auditing of the Statement of Accounts for 2021/22, reflecting national issues and performance, the applicability of last Year's Statement overlaps almost the entirety of this one, (April 2022 to September 2023). Where possible each Statement endeavours to delineate between the two financial years, both as regards the governance arrangements that applied and the Issues arising and management response.

Progress has been made since the 2021/22 Statement in addressing several of the issues highlighted last year, and consequently these have been omitted from the current Statement. There has also been a change of focus or circumstance this has resulted in several being combined and revised in this year's Statement.

No.	Governance Issue / Theme	Reason for Inclusion	Direction of Travel / Progress in 2022/23	Further Action Taken and Planned in 2023/24
1	The Corporate Planning process needs further strengthening with improved linkages to both revenue and capital resource allocation and performance measures to ensure delivery of key Council objectives. (A, B, F)	Delivery of key Council objectives could be undermined.	Although work was conducted to ascertain the Administration's priorities, and this was reflected in the budget for 2023/24 approved by Council in March 2023, the challenging financial position meant that it was not possible to create a more robust arrangement that established a Corporate (Council) Plan first, and then developed a budget that expressed the priorities contained therein.	Recognising the challenging financial circumstances, the Council Plan approved by Council in July 2023, focused on the most significant priorities for the Council up to January 2024. A full, robust process to create a new Council Plan, for approval in January 2024 has already commenced. This will work to the principles of a strategic priority-led approach to planning and budgeting, based upon the key priorities outlined by the new Leader and incorporated in the medium-term financial plan that expresses those priorities in cost terms, utilising intelligence to establish an operational plan as approved by Council.
2	Strengthen and develop Partnership Governance and new relationships. (A, E, F)	Key outcomes require significant input from partners and others.	Although some areas of partnership working have continued to be strengthened, and areas such as the relationships with the West Yorkshire Mayoral Combined Authority, and Integrated Care Boards have been progressing well, there remain some concerns with associated parties at a more local level.	Work closely with the local partnership bodies to ensure that effective service delivery meets prioritised community needs, does not involve cost shifting or shunting, and does not, wherever possible, distort the Council's own policy priorities.

No.	Governance Issue / Theme	Reason for Inclusion	Direction of Travel / Progress in 2022/23	Further Action Taken and Planned in 2023/24
3.	Continue to develop and strengthen the governance arrangements for decision-making and place-based working, including greater clarity to the roles and responsibilities of Members and officers. (B, C, F)	Having the right structures and mechanisms in place is key to achieving delivery of the Council's priorities.	Consideration of proposals to review options around committee structures was completed and approved by Council. The Cabinet and Leader governance model was approved, and a number of recommendations were agreed and are to be implemented throughout 2023/24. Alongside this we have held a number of sessions reviewing how well our existing member-officer protocol is, whether we might need to update it and how we might raise awareness of it. In relation to members working together, there have been changes in the scrutiny process, and at an administrative level, steps taken to ensure that officer delegated decisions are appropriately recorded.	Continue to implement our current governance model with a focus on pre-decision scrutiny and improved communication and training. Implementation of Council recommendations from the Democracy Commission. Complete the work highlighted from the member and officer protocol sessions.
4.	Address the health and safety issues raised in connection with housing properties and the complete buildings portfolio, ensuring that management and operational arrangements provide	Work is ongoing to embed innovation and change but it has not yet reached a *business-as-usual* state.	In respect of the governance of housing services generally a Board has been established, independently chaired, and reporting directly to the cabinet committee, that is meant to address all areas of activity subject to oversight by the government regulator. Steps have also been taken to improve the governance oversight, and operational management of property related matters within the housing function.	Areas of high risk, such as fire safety in high and higher rise residences, and being sure that damp is addressed remain concerns, though this may be an issue of challenge operationally rather than governance. The uncertainty about the extent of the Government's regulatory regime means that continued flexibility with regard to governance oversight,

No.	Governance Issue / Theme	Reason for Inclusion	Direction of Travel / Progress in 2022/23	Further Action Taken and Planned in 2023/24
	for the health and safety of all Council tenants, employees and residents. (A, C, E)			reflecting the regulator's expectations, may be required. .

The previous entries re transformational activity have been subsumed into the existing need to improve corporate planning, and the newly expressed need to strengthen changes in activity and operations to achieve financial savings. Additional effort has made substantial changes to risk management processes; the organisation now needs to learn how to use this to make choices. Governance of employment related areas and the cost-of-living crisis have become a matter for ongoing business, reported through the council's risk management process and general business activity, and new revised policy arrangements look to address counter fraud, bribery and corruption, including new operational arrangements, and improved governance and reporting.

<u>New Issues</u>

The annual review of the effectiveness of our governance arrangements has identified areas of heightened concern, risk, or significant uncertainty that require a corporate response. Where appropriate, these matters have been incorporated into exiting or slightly refocussed Issues brought forward from last year's Statement.

Governance Issue / Theme	Reason for Inclusion	Action Required in 2023/24
1A The Medium-Term Financial Plan shows a significant (minimum) funding deficit of £30m in 2024/25 after assuming £11m savings proposals are delivered in full. Given the significant overspend on the General Fund Budget in 2022/23, with the consequent use of £27m from unallocated reserves, combined with the significant use of unallocated reserves (c£25m) to balance the Council's budget in 2023/24 in addition to a savings requirement of c£19m, the Council has no choice but to identify measures to reduce its net expenditure significantly to maintain a balance budget (and to avoid external intervention). The delivery of c£60m+ of savings in a 2-year period after 13 years of austerity will present a significant challenge for the Council inevitably impacting on its ability to deliver on its strategic objectives. (A, B, C, D, E, F)	Could prevent achievement of any objectives.	Given the structure of the Council's General Fund Revenue Budget in 2023/24, including the use of unallocated reserves totalling £25m (which has reduced reserves to the lower end of what is considered to be an acceptable Minimum Working Balance) and requirement to save c£19m, there are two key objectives - it is vital that all cost/income pressures are contained (which may require additional savings to be identified) so there is no overspend and all savings must be delivered in full. This will require detailed and timely financial and activity monitoring so that, if necessary, early remedial action can be taken if it is considered that either objective will not be achieved. Where such remedial action does not prove effective, consideration may need to be given to implementing some form of spending controls. At the same time, and looking ahead to 2024/25, there will need to be: • A review of all reserves, earmarked or otherwise, to determine how much of any of those reserves can be moved to unallocated reserves to bolster the Minimum Working Balance (a review of the methodology for the Minimum Working Balance will be undertaken so that is founded on a risk-based analysis (as per CIPFA guidance) of what is needed and not a simple %age of Net Revenue Expenditure) and Unallocated Reserves in the event of an overspend in 2023/24; • A review of the strength of the Council's Balance Sheet to determine the extent of any assets/liabilities that may have a

		bearing on the Council's overall financial position bearing in mind the acute financial position of the Council • A review of the Council's Capital Programme with a view to reducing the amount of the Council's Prudential Borrowing given its impact on the General Fund Revenue Budget. In turn, this will necessitate a review of the Treasury Management Strategy not least because the Council, at a time of rising interest rates, is significantly (c£160m) under borrowed with any new borrowing likely to test the viability of projects previously agreed. • A review of the Medium-Term Financial Plan (MTFP) to ensure that it fully reflects both the anticipated income and expenditure of the Council in the period 2024/25 to 2028/29 and is based on a range of sound assumptions. • The early identification of a package of savings proposals to bridge the 'In-Year Funding Gap' reported in the MTFP of £47.8m, that can be delivered in full in 2024/25 (and indeed, identifying any that can be delivered in 2023/24). This will include assessing the robustness of any such savings proposals to make sure they are deliverable, agreed through the appropriate governance mechanism and implemented as early as possible.
1B The effective implementation of the "Safety Valve" programme – to address overspending and historic deficit on special	Affects the ability to achieve a balanced budget.	The Government has awarded additional grant (both capital and revenue) as part of a 'Safety Valve' agreement (over a 5-year period) to seek to address a historical deficit and in year overspending on support for children with additional needs. This activity is focused on increasing sufficiency of provision for children with Additional and

education needs (SEND) budgets as part of the Dedicated Schools Grant (A, C, D, F)		Special Educational Needs and Disabilities and therefore involves both significant capital investment in creating a range of additional educational provision to enable children to be educated locally, as well as system-wide transformational changes in how SEND provision is delivered. Given the complexities of the programme and the complexity of need for our children, progress against the expectations that were set in the Safety Value Agreement with the DfE has been slower than anticipated. This has resulted in additional enhanced monitoring taking place with a revised plan to be submitted back to the Department for Education (DfE). Given the continuing dialogue with DfE, there is a clearer understanding of the Council's plans and a robust plan both in the Childrens and Families Directorate, and, corporately of the need to work with the local area to deliver the plans necessary to reduce the deficit on the High Needs budget and more importantly to provide a service that is financially sustainable within the Dedicated Schools Grant funding provided by the DfE. The programme of work is being overseen by the SEND Programme Board and ultimately by the Executive Team. If the DfE do not allow the Council to continue participating in the Safety Valve Programme there is a risk that the agreed funding may be withdrawn and which would need to be funded from reserves. There is a further risk that once the statutory override that allows Councils to carry DSG deficits expires (currently planned to be March 2026), the Council would be required to fund any remaining deficit from its own resources at that time. A requirement to charge this to the Council's general fund would need to be funded from reserves.

2A During 2023/24 a number of senior managers have retired or taken up new employment elsewhere, including the Chief Executive, two strategic directors and the Service Director of Finance. (A, C, F)	This may present a significant risk to the Council's ability to respond rapidly to the issues.	The changes referenced here have, in the main, been planned (and therefore known about) for some time. The new Chief Executive started at the beginning of October. An interim role will replace one of the Strategic Directors, whilst the other strategic director post is expected to be unfilled. Following the unplanned resignation of her short-term predecessor, an Interim Service Director of Finance (Section 151 Officer) is now in place, which will be advertised in November 2023, the replacement is expected to start in May 2024. The serious financial position does create a particular tension, which needs to be addressed by a positive handover to the new post holders wherever possible.
2B The Council's usage of data and intelligence is not always effective, meaning that it does not always support decisions about efficiency, economy and value for money, as well as creating unintended risks. (A, F)	Strategic decision making should be supported by valid intelligence	Ensuring that there is a structured approach to collecting, handling, processing and disposing of data to ensure that this is not duplicated, delayed or misinterpreted. This relates to all kinds of information; not just the areas that are subject to governance and oversight by the Information Commissioner. In response to this, the Council has in place an agreed Data and Insight Strategy which seeks to address how the Council's collects, stores, uses and deletes data so that there is an organisation-wide consistency in this area. The implementation of the Strategy is at its early stages and is being overseen by the Modern Organisation Board. This Strategy works alongside and in tandem with the Council's Technology and Information Governance Strategies.

A more detailed Action Plan sits behind this summary and the Executive Team and Corporate Governance & Audit Committee will monitor progress during 2023/24 and beyond.

Statement Scope

Kirklees Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

Kirklees Council has a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE framework *Delivering Good Governance in Local Government 2016.* A copy of the Code is available from the Monitoring Officer. The current version following annual review can be found at https://www.kirklees.gov.uk/beta/council-and-democracy.aspx#your-council

This Statement explains how the Council has complied with the Code during 2022/23 and up to the date that the Statement of Accounts is approved (September 2023) and thus meets the requirements of the Accounts and Audit Regulations 2015, and the Accounts and Audit (Amendment) Regulations 2020. It provides assurance about the Council's governance framework, including the other entity in the Group Accounts, a joint venture, Kirklees Stadium Development Limited, to enable readers of the consolidated Accounts to be satisfied that arrangements are in place to govern spending and safeguard assets. Where specific improvements and/ actions are ongoing or needed, brief information is provided about the key issues and the main areas of work that have been progressed during 2022/23 and those which are planned or ongoing in 2023/24.

The purpose of the governance framework

Corporate governance is a phrase used to describe how organisations direct and control what they do. For local authorities this also includes how a Council relates to the communities that it serves. The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and through which it engages with, leads and accounts to its communities. Effective governance should enable the Council to monitor the achievement of its strategic objectives and to assess if this has led to the delivery of appropriate services and value for money.

System of internal control are a significant part of any organisations governance framework, designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and provide reasonable, but not absolute, assurance of effectiveness.

The key parts of the governance framework

- A Local Code of Corporate Governance overseen by the Service Director Legal, Governance & Commissioning and the Corporate Governance and Audit Committee, to assess operational practice and behaviour, and prepare this Statement.
- A Council Constitution.
- A Corporate Plan that outlines how officers will seek to run the Council to meet our community commitments and objectives.
- A Leader and Cabinet model of governance.
- A corporate governance, audit and scrutiny process as set out in the Constitution.
- Oversight and delivery of the Council Programme, including several officer boards as described in the Constitution, notably the Children's Board.
- Statutory officer roles performed by the Chief Executive as Head of Paid Service, the Service Director Legal, Governance & Commissioning as Monitoring Officer and the Service Director Finance as Section 151 Officer. The S151 Officer is a professionally qualified accountant and reports directly on financial matters to the Chief Executive as a member of the Executive Team (ET).
- The Monitoring Officer who has responsibility for the Constitution and ensuring the legality of Council actions and decision making.
- The S151 Officer who has responsibility for ensuring that the financial management arrangements conform with all of the governance requirements of the five principles that define the core activities and behaviours that belong to the role in the CIPFA *Statement on The Role of the Chief Financial Officer in Local Authorities (2014*).
- Codes of conduct defining the standards of behaviour for Members and employees.
- A Counter Fraud, Bribery and Corruption Policy and arrangements that endeavour to comply with the CIPFA Code and best practice.
- A Risk Management Strategy.
- Systems of financial and business internal control.
- An internal audit section, which is compliant with the Public Sector Internal Audit Standards and Code of Ethics.
- Whistle blowing arrangements.
- A complaints system for residents and service users.
- Business continuity arrangements.
- A senior manager to act as the ***Caldicott Guardian*** to protect the confidentiality of patient and service-user information.
- A Data Protection Officer reporting directly to the Chief Executive and a Senior Information Risk Officer (Monitoring Officer).

- Arrangements to manage other parts of the Council's (financial) Group. The S151 Officer monitors and reports on the financial effectiveness of the subsidiary and joint venture companies, whose accounts are subject to external audit.

2022/23 Review of effectiveness

Kirklees Council has a legal responsibility for conducting, at least annually, a review of the effectiveness of its governance framework. The review is informed by several sources including the work of the executive managers, the Head of Audit & Risk's annual report, the external auditor and other review agencies and inspectorates and Member Committees. The Council has four bodies / committees jointly responsible for monitoring and reviewing governance. These are:

- The Executive (Cabinet)
- The Corporate Governance & Audit Committee (CGAC)
- The Overview & Scrutiny Committee; and
- The Standards Committee.

The main parts of the review process are described below:

1. Annual Review of effectiveness of the system of internal control

   In accordance with the requirements of the Accounts and Audit Regulations 2015 and Public Sector Internal Audit Standards (PSIAS), the CGAC approved the annual review of the effectiveness of its system of internal control and internal audit. The Head of Audit & Risk's self-assessment of current compliance with the Public Sector Internal Audit Standards & Code of Ethics and revised CIPFA Local Government Application Note 2019, concluded that overall Internal Audit does conform to these Standards and in December 2022, an external assessment as part of a regional peer review process concluded that Internal Audit "Generally Conforms" to PSIAS, this being the highest level of compliance opinion.

2. Head of Audit and Risk's Annual Assurance Opinion

   Other than in respect of a small number of control issues that have arisen during the year, the Head of Audit and Risk has provided assurance that overall, the Council's systems of governance, risk management and internal control are generally sound and operate reasonably consistently across Services.

3. External Auditor's Review

The audit of the Council's 2022/23 financial statements was completed for approval from the November 2023 meeting of the Corporate Governance & Audit Committee.

As noted in the delayed 2021/22 Annual Governance Statement, the External Auditor's Interim Annual Report in July 2023 reported a significant weakness in the Council's arrangements to secure financial sustainability as part of the delayed 2021/22 audit and recommended the Council take prompt and appropriate action so as to return to a sustainable position in the medium term.

The previous Chief Executive introduced a set of measures including suspending non-essential expenditure and a recruitment freeze to help address the budget situation whilst longer term changes are designed and implemented, and these measures have been maintained since.

Finally, in September 2023, the 2021/22 financial statements were approved unqualified too.

4. Corporate Governance & Audit Committee (CGAC)

During 2022/23 the CGAC reviewed a number of aspects of the Council's constitution and governance arrangements and noted or approved revisions or made recommendations to Council as appropriate.

CGAC also received assurance from various 2022/23 annual reports such as health and safety, emergency planning and business continuity, information governance and customer corporate standards on complaint handling, and a review of the Ombudsman and Third Stage Complaints received, together with details of the Whistleblowing concerns that have been received.

Recognising the need to ensure that both new and existing members of the Committee have the appropriate support and skills to conduct their role, training sessions are provided at various intervals, and this includes treasury management, over which the Committee has corporate oversight.

The Democracy Commission undertook a piece of work on behalf of the Committee in relation to the committee system proposal motion submitted to Annual Council May 2021. The Commission's recommendations were approved by the Committee

(December 2022) and subsequently Council in January 2023. The recommendations are to be implemented throughout 2023 with a review of the recommendations set for March 2024. The recommendations continue to retain the Cabinet and Leader model, with some improvements to recognise the key role of the scrutiny function within key strategy formation and in engaging non-cabinet members in the decision-making process.

5 Overview & Scrutiny Management Committee

During 2022/23 the Committee and its four Panels were themselves reviewed following a review of the Council's governance arrangements and key issues faced and strategies and responses to manage these. Revised panels were agreed at Council in May 2023, retaining the same number but changing some of the areas of focus and making one of the ad hoc panels permanent.

6. Standards Committee

During the year the Committee reviewed various aspects of Member conduct and supported the work reviewing the Member Officer protocol.

7 Role of the Chief Financial Officer

The role of the Service Director of Finance (SDF) continues to reflect the governance arrangements set out in the CIPFA Statement, which are required to ensure she is able to operate effectively and perform her core duties as part of the review of the Constitution. The Council's financial management arrangements continue to fully conform to those set out in the Statement. The SDF and an Internal Audit assessment have confirmed that the Council is compliant with the CIPFA Financial Management Code, although there are some aspects of operations that can be strengthened further in line with recommendations made in the report.

8 External Inspections & Peer Reviews

A central repository of the outcome and future timetable of all external inspections, audits, accreditations and reviews has been established during the year by colleagues in the Policy Team from information provided by Service Directors. Areas for improvement and recommendations to be implemented can be identified quickly and progress monitored accordingly to ensure complete corporate oversight, including any areas that may represent significant governance issues for inclusion herein. All

Strategic Directors are set an annual objective of participating in LGA Peer Reviews to ensure organisation learning from best in class.

9 Officer Governance

Officer Boards as prescribed in the Constitution have continued to drive forward the Transformation Programme with strategic oversight from the Executive Team and escalation of appropriate issues, with particular emphasis on revenue budget and capital plan management. These arrangements are subject to both Cabinet and Scrutiny oversight.

10 Significant Partnerships

Partnerships range from joint venture partnerships, thematic partnerships and their subsidiaries to key contractual agreements managing substantial amounts of public money. The main contact officer for each Partnership is responsible for assessment of the governance arrangements and providing details of any significant changes to the membership and circumstances of the partnership. This information is used by senior officers of the Council to assess the potential risk that the partnership presents to the reputation or financial standing of the Council. The Council is continuing to work on a number of areas where arrangements need to be revised to strengthen and embed the governance framework, as identified in the Action Plan for this Statement.

11 Monitoring Officer / Senior Information Risk Owner

Reviewed information governance and security matters as Chair of the Information Governance Board within the context of an internal review of the Board's terms of reference and increasing focus on an enabling and supportive role, as well as wider assurance concerning organisational governance and compliance with the Constitution. A review of the effectiveness of the Member Officer Protocol in the Council's Constitution has been undertaken.

Commercial in confidence

Grant Thornton UK LLP
2 Glass Wharf
Temple Quay
Bristol
BS2 0EL

Isabel Brittain
Kirklees Council
Service Director – Finance
PO Box 1720
Huddersfield
HD1 9EL

Tel: 01484 221000

isabel.brittain@kirklees.gov.uk
www.kirklees.gov.uk

Date:

Dear Grant Thornton UK LLP

Kirklees Council
Financial Statements for the year ended 31 March 2023

This representation letter is provided in connection with the audit of the financial statements of Kirklees Council and its joint venture undertaking Kirklees Stadium Development Limited for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the group and Council financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include land, buildings & investment property valuation and pension liability valuation. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions, or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. During the year we evaluated our estimation process for infrastructure assets and changes were made to the estimated useful life of the different types of infrastructure. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the group and Council financial statements:

   a. there are no unrecorded liabilities, actual or contingent

   b. none of the assets of the group and Council has been assigned, pledged or mortgaged

   c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiv. The prior period adjustment disclosed in the balance sheet is accurate and complete. There are no other prior period errors to bring to your attention.

xv. We have updated our going concern assessment. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

a. the nature of the group and Council means that, notwithstanding any intention to cease the group and Council operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the group and Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the group and Council's ability to continue as a going concern need to be made in the financial statements

xvi. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.

xvii. The group and Council has complied with all aspects of ring-fenced grants that could have a material effect on the group and Council's financial statements in the event of non-compliance.

Information Provided

xviii. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. access to persons within the Council via remote arrangements, from whom you determined it necessary to obtain audit evidence.

xix. We have communicated to you all deficiencies in internal control of which management is aware.

xx. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xxi. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xxii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

xxiii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxiv. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxv. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.

xxvi. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxvii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxviii. The disclosures within the Narrative Report fairly reflect our understanding of the group and Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council’s Corporate Governance and Audit Committee at its meeting on 24 November 2023.

Yours faithfully

Name……………………………

Position………………………….

Date…………………………….

Name:

Isabel Brittain

Position: Interim Director of Finance, S151 Officer, Kirklees Council

Date…………………………….

Signed on behalf of the Council.

Appendix- Schedule of unadjusted audit misstatements

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2022/23 audit which have not been made within the final set of financial statements. The Corporate Governance and Audit Committee is required to approve management's proposed treatment of all items recorded with the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
IFRS 9 adjustment Management has made a partial impairment of the Council's loan to KSDL (£2.7m out of £3.8m). As reported in the previous year's findings report, we believe that the full balance should be impaired.	Dr Expense 1,100	Cr Receivables (long term) (1,100)	1,100	1,100	[…].
Completeness of expenditure and creditors Our testing of post year-end payments identified a missing year end accrual (value £2.683m) relating to an ongoing capital scheme. Additional testing confirmed this to be an isolated instance.	0	Dr Capital Additions (infrastructure) 2,683 Cr Creditors (2,683)	0	0	[…].
Overall impact	1,100	(1,100)	1,100	1,100	

This page is intentionally left blank

Kirklees COUNCIL

Name of meeting: Corporate Governance and Audit Committee

Date: Friday 24 November 2023

Title of report: Statutory Polling District and Places Review

Purpose of report: The purpose of this report is to seek approval to amend the polling district boundaries and places following the statutory public consultation process.

Key Decision - Is it likely to result in spending or saving £500k or more, or to have a significant effect on two or more electoral wards?	**No**
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports)?	**No**
The Decision - Is it eligible for call in by Scrutiny?	**Not applicable**
Date signed off by Strategic Director & name **Is it also signed off by the Service Director for Finance?** **Is it also signed off by the Service Director for Legal Governance and Commissioning?**	**Rachel Spencer-Henshall – 7 November 2024** **Isabel Brittain – 13 November 2024** **Julie Muscroft – 13 November 2024**
Cabinet member portfolio	**Councillor Paul Davies**

Electoral wards affected: Kirkburton, Dalton, Golcar, Dewsbury West, Batley East, Cleckheaton, Mirfield

Ward councillors consulted: Yes

Public or private: Public

Has GDPR been considered? The report does not contain any personal data.

1. Summary

In accordance with section 18C of the Representation of the People Act 1983, Kirklees Council has conducted the statutory review of all polling districts and places.

The review has been conducted as every five years the Council must review its polling districts and polling places in conjunction with the person responsible for running Parliamentary elections in the constituencies within its area. This person is known as the (Acting) Returning Officer. The review seeks to improve accessibility to polling stations for electors within the defined areas and ensure that Kirklees has a polling scheme in place which reflects the new Parliamentary constituencies.

2. Information required to take a decision

2.1 Background

The last review of polling districts and places for the Kirklees area took place in May 2019. Statutory polling district and places reviews take place on a 5-year cycle. The last review report when to the Committee in September 2019.

The Council is required to determine the polling district boundaries within the ward boundaries. The Council has delegated decision making on polling district boundary changes to the Corporate Governance and Audit Committee.

Electorate figures and the initial proposal documents are provided at appendix 1. When conducting a review, local authorities must comply with the following legislative requirements regarding the designation of polling districts and polling places:

- Each parish in England and community in Wales is to be a separate polling district, unless special circumstances apply.
- The council must designate a polling place for each polling district, unless the size or other circumstances of a polling district are such that the situation of the polling stations does not materially affect the convenience of the electors.
- The polling place must be an area in the polling district, unless special circumstances make it desirable to designate an area wholly or partly outside the district (for example, if no accessible polling place can be identified in the district).
- The polling place must be small enough to indicate to electors in different parts of the district how they will be able to reach the polling station.

Under section 18C of the Representation of the People Act 1983, the next compulsory review must be undertaken within a 16-month window between 1 October 2023 and 31 January 2025. The intention of the legislation was reviews would be completed by the January before a UK Parliamentary general election. However, since the repeal of the Fixed Term Parliaments Act

2011, there is no longer any certainty as to when the next general election will be.

The four parliamentary constituencies for which the (Acting) Returning Officer in the Kirklees Metropolitan Borough Council area is responsible for are currently:

- Colne Valley
- Huddersfield
- Batley and Spen
- Dewsbury

PARLIAMENTARY BOUNDARY REVIEW

The Boundary Commission for England is currently undertaking a review of parliamentary constituency boundaries. The Commission has now published its final recommendations, and Orders for the new parliamentary constituency boundaries will be made by the end of November 2023.

Once the Orders for new parliamentary constituencies have been made, the new boundaries will be used for the next general election.

If a parliamentary by-election is called in the meantime, it would be run on existing boundaries.

It is important that the polling district and places review is carried out as early as possible, so that Kirklees has agreed polling districts and places to be used for the next parliamentary election as well as the scheduled District Council, West Yorkshire Combined Authority Mayoral elections in May 2024 and has a polling scheme in place which reflects the new constituencies.

The new constituencies for the Kirklees Metropolitan Borough Council Area include:

Proposed Constituency	***Wards included***	***Acting Returning Officer***
Colne Valley Constituency	Colne Valley Golcar Holme Valley North Holme Valley South Lindley	Kirklees
Huddersfield Constituency	Almondbury Ashbrow Crosland Moor and Netherton Dalton (part)	Kirklees

	Greenhead Newsome	
Dewsbury and Batley Constituency	Batley East Batley West Dewsbury East Dewsbury South Dewsbury West Kirkburton (part)	Kirklees
Spen Valley Constituency	Birstall & Birkenshaw Cleckheaton Dalton (Part) Heckmondwike Liversedge & Gomersal Mirfield	Kirklees
Ossett & Denby Dale Constituency	Denby Dale Kirkburton (Part)	Wakefield

The Commission's final proposals split three ward areas across three constituencies, the wards affected are Dalton, Denby Dale and Kirkburton.

Polling district DA06 located in the Dalton ward, currently part of the Huddersfield constituency, is to be moved into the Spen Valley constituency whilst the rest of the Dalton ward area will remain in the Huddersfield constituency. The (Acting) Returning Officer for Kirklees, will remain responsible for both Spen Valley and Huddersfield constituency.

However, Denby Dale ward and polling districts KB01, KB02, KB03A, KB03B, KB05, KB06, KB08 and KB09 located in the Kirkburton ward will now become part of the Ossett & Denby Dale constituency. Therefore, Wakefield Metropolitan District Council will have the Acting Returning Officer designation for those areas.

Neither the ward boundaries, nor the parliamentary constituency boundaries, can be changed as part of the council's review of polling districts and polling places, as they are the responsibility of the relevant Boundary Commission.

The Local Government Boundary Commission is currently conducting a full review of the Kirklees ward boundaries. This review is expected to conclude with the Order relating to future ward changes being made in Autumn 2024. After the Order has been made, the (Acting) Returning Officer for Kirklees Council will conduct an interim review of polling districts and places during 2025.

The statutory notice commencing the review was published on Monday 2 October and outlined the proposals for all wards. The notice of the review was published on relevant notice boards, the council website and shared directly with all leading members.

The public and elected officials were invited to make representations on the initial proposals between 2nd and 30th of October. As per the guidance for delivering reviews, all representations made to the (Acting) Returning Officer must then be published. Members can view all representations received during the consultation process at appendix 2.

The (Acting) Returning Officer must also make a representation and address the representations received in his response. You can view the (Acting) Returning Officers full submission at appendix 3. A summary of the responses and proposals is included in this report from 2.2 onwards.

Following the close of the consultation period and the publication of the representations received, the (Acting) Returning Officer must then present the final proposals to the Corporate Governance and Audit Committee for approval before any changes are made to the polling district boundaries. If approved, the changes as proposed will be implemented on the publication of the full electoral register on the 1 December 2023.

The power to determine a polling station location remains with the (Acting) Returning Officer. Decisions regarding polling station changes have been included in this report for transparency.

2.2 Dalton ward – DA03 polling district amendments

The proposed change is to completely split up the existing polling district of DA03 and assign the voters in this area to the two neighbouring polling district and stations. Half of the voters in DA03 would attend the New Church, Grove Place, Long Lane, HD5 9LL and the other half to the Common Room at Rear of Cottage Homes, Wakefield Road, Waterloo, HD5 9XT.

Since 2021, voters in DA03 polling district have been casting their vote at the DRAM Centre, Ridgeway, Dalton HD5 9QJ which is located in the neighbouring polling district of DA02. The polling station from DA03 was moved into DA02 in 2021 as there was a lack of suitable alternatives in this polling district due to COVID-19 restrictions.

This meant that voters in the DA03 polling district are having to travel past the polling station in DA02 to get to the DRAM Centre and this is causing confusion amongst voters.

During the consultation period, the ward members for Dalton submitted a representation suggesting that the polling district of DA03 be split up between the two neighbouring polling stations as these locations are much more accessible for the voters and the (Acting) Returning Officer is supportive of this proposal.

The proposed street splits and electorate volumes are detailed below:

DA03 Streets	***Proposed Polling District***	***Polling Station***	***Electorate***	***Postal Voters***	***In-person Voters***
Kingston Avenue	DA02	The New Church	110	43	67
Lady Lane	DA04	The New Church	44	16	28
Lees Close	DA02	The New Church	52	20	32
Alton Avenue	DA02	The New Church	38	14	24
Eton Avenue	DA02	The New Church	31	7	24
First Avenue	DA02	The New Church	8	0	8
Grosvenor Road	DA02	The New Church	153	42	111
Henley Croft	DA02	The New Church	19	4	15
Long Lane	DA02	The New Church	98	28	70
Marlow Close	DA02	The New Church	22	1	21
Mayfield Avenue	DA04	The New Church	135	33	102
Nursery Lodge Court	DA02	The New Church	21	5	16
Second Avenue	DA02	The New Church	30	9	21
Staines Croft	DA02	The New Church	34	6	28
Teddington Avenue	DA02	The New Church	89	26	63
The Grange	DA02	The New Church	16	8	8
Dalton Green Lane	DA04	Cottage Homes	181	65	116
Green Lea Road	DA04	Cottage Homes	10	2	8
Kelso Grove	DA04	Cottage Homes	13	4	9
Mayfield Grove	DA04	Cottage Homes	33	14	19
Melrose Close	DA04	Cottage Homes	34	5	29
Myers Croft	DA04	Cottage Homes	21	4	17
Rowlands Avenue	DA04	Cottage Homes	79	28	51
Tolson Crescent	DA04	Cottage Homes	135	33	102
Wakefield Road	DA04	Cottage Homes	114	33	81
White Rose Avenue	DA04	Cottage Homes	68	21	47

The reallocation of streets as proposed ensures that both the New Church and Cottage Homes are not overwhelmed and the total number of in-person voters is within the Electoral Commissions recommended threshold.

The (Acting) Returning Officer proposes that DA03 is completely split as detailed above and in future the Dalton ward will consist of 7 polling districts only.

2.3 Cleckheaton ward – CL01 amendments

Due to the unavailability of Cleckheaton Town Hall in May 2024, a new polling station location needs to be allocated for voters located in the CL01 polling district. The proposal is that voters in this polling district be allocated to a new location at St Johns The Evangelist Church, Church Street, Cleckheaton, BD19 3RN.

The Church is located approx. 100 yards from the current polling station at Cleckheaton Town Hall. There is a free car park nearby and ample parking around the church wall boundary on Church Street. The room is large enough for the current 1851 polling station electorate and there are excellent facilities for polling staff including toilet and kitchen facilities. Accessibility is excellent with double doors opening for wheelchair access.

All ward members were consulted and one representation was received from Councillor Kath Pinnock citing her preference for the Town Hall to be in use however as it is not available for May she was supportive of this temporary location.

The (Acting) Returning Officer determines that the voters in CL01 will cast their votes for May 2024 at St Johns The Evangelist Church, Church Street, Cleckheaton BD19 3RN.

2.4 Golcar ward – GC03 amendments

During the consultation period, a representation was made by a member of the public that flagged an anomaly in the GC03/04 polling districts following the development of a new estate on Cowlersley Lane.

The boundary line of GC03 run across the new estate which means that the properties located on Mill Rise are being sent to GC03 and travelling past GC04 to get to their polling station.

In order to address this anomaly, the proposal is to move the properties on this estate located in GC04 on Mill Court to the GC03 polling district as this means the voters on the estate would not need to cross Manchester Road to get to the polling station.

The (Acting) Returning Officer proposes that Mill Court is moved entirely to the GC03 polling district.

2.5 Dewsbury ward – DW04 amendments

During the consultation period a representation was put forward from Ethos College requesting that the (Acting) Returning Officer reviewed the allocated polling station location at their college. Ethos College specialises in providing longer-term full-time education to Key Stage 4 pupils (ages 14 to 16) with wide-ranging Social, Emotional Mental Health (SEMH) needs. Therefore, on polling day they are required to close the school as due to safeguarding of pupils the polling station cannot be run on site whilst the school is open.

The college itself is located on a steep hill adjacent to the housing estate on Dewsbury Moor. The school car park is not in use on the day and voters must park on street.

Following a site visit to the polling district to understand the concerns and issues surrounding this location, a suitable alternative venue has been identified at the Tenant and Residents Association, 8 School Avenue, Dewsbury Moor, Dewsbury WF13 4RU. The building is located 100 ft away from Ethos College in the main body of the housing estate.

The building has on street parking, suitable facilities and enough space to accommodate the electorate in the polling district.

The (Acting) Returning Officer has determined that the polling station is located at the Tenants and Residents Association building in May 2024 on a trial basis, following this election, the ARO will consult with ward members on the location's suitability for future elections.

2.6 Kirkburton ward – KB03A, KB03B, KB07A and KB07B amendments

Polling district KB03 has historically been split into A and B as the areas were located in different Parliamentary Constituencies, the final proposals for the new Parliamentary Constituencies place both areas into the same constituency. Therefore the proposal is to merge KB03 A/B and have one single polling district and station for KB03. The polling station will remain at St Thomas Church Room.

Polling district KB07 has historically been split into A and B as some small areas were located in different Parliamentary Constituencies, the final proposals for the new Constituencies place both areas into the same constituency. Therefore, the proposal is to merge A/B and have one single polling district and station for KB07. The polling station will remain at Grange Moor Primary.

All ward members have been consulted and are supportive of the proposals.

The (Acting) Returning Officer proposes that KB03 A/B and KB07 A/B are merged to create two polling districts of KB03 and KB07 only.

2.7 Batley East ward – BE10 amendments

Due to planned refurbishment at Batley Town Hall, a new polling station location is required to facilitate the voters located in the BE10 polling district. The (Acting) Returning Officer received representations from two ward members for Batley East regarding alternative venues.

They suggested that Batley Community Centre may be a more accessible alternative to the Royal Airforce Association that was originally proposed as it is a community building located closer to the residential area.

A site visit has been undertaken at Batley Community Centre to confirm the buildings accessibility and location to the electorate. The building provides a spacious room for a polling station, has full accessibility for wheelchair users and an ample car park for access by vehicle. The site is more than suitable to host a polling station and is a key building within the community of the BE10 polling district.

The (Acting) Returning Officer determines that the polling station for polling district BE10 is located at Batley Community Centre in May 2024. Following it's use in May 2024, the ARO will seek feedback from elected members, staff and voters on it's suitability for future elections.

2.8 Mirfield ward – MF01/MF02 amendments

A representation was received during the consultation period from a resident in Mirfield requesting a number of changes to polling district boundaries. You can view the full representation made at appendix 2 and the (Acting) Returning Officers response at appendix 3.

The representation requested to change the location of the polling station for this polling district from Church of Christ the King, Stocksbank Road to Battyeford J&I School, the rationale provided is that Battyeford J & I School is more centrally located within the polling district and is in a better position to cater for the sheltered housing at Littlemoor Grove, Bankfield Court and Fox Royd Lane. The representation also states that whilst this proposal would necessitate the closure of the school on polling days, it would present the opportunity for the pupils to learn about and emphasise the importance of voting in local and national elections.

The polling station was changed in 2018 from Battyeford J & I School to the church. The school was concerned about the closure, the use of the school had caused some complaints/concerns over the years from polling station staff, electors and political representatives in previous elections, ward councillors were consulted and all were supportive of the move to the church.

Whilst the church is not centrally located in the polling district, it has roadside parking, provides disabled access, modern facilities and the move has enabled the school to stay open. No comments or complaints have been received from voters relating to the location of this polling station and ward councillors are supportive of the polling station remaining at the Church.

The (Acting) Returning Officer has determined that the Church of Christ the King will continue to be used as the polling station.

The representation received also detailed a proposed amendment to the polling district boundary that runs between MF01 and MF02 currently down Slipper Lane to be moved to match the public right of way (PROW) from Kitson Hill Road via Warren House to the A62.

The representation states that since the southern side of Kitson Hill Road is occupied by Mirfield Free Grammar School sports fields, this would mark a clear separation of MF02 to the north from MF01 to the south.

The (Acting) Returning Officer proposes that the polling district boundary is amended to match the public right of way and that the streets as detailed above are moved from MF01 to MF02.

The remaining proposals detailed in this representation were not possible to address as part of this review as they included suggestions that would require the Mirfield Town Council ward boundaries and amendments to the Kirklees District ward boundaries which is not in the scope of the statutory polling district and places review. The full representation is detailed at appendix 2 for information.

3 Implications for the Council

3.1 Working with People

Not applicable

3.2 Working with Partners

Not applicable

3.3 Place Based Working

Not applicable

3.4 Climate Change and Air Quality

Not applicable

3.5 Improving outcomes for children

Not applicable

3.6 Financial Implications for the people living or working in Kirklees

Not applicable

3.10 Other (eg Integrated Impact Assessment (IIA)/Legal/Financial or Human Resources)

Consultees and their opinions

All elected ward members for the affected areas were consulted regarding the proposals. Where suggestions for change were received during the consultation period, members were consulted again on all final proposals included in this report. All representations made during the consultation period and subsequent comments from Members relating to the proposed changes can be found at appendix 2.

The consultation was a public consultation with a small number of representations received from members of the public.

All elected Members of Parliament representing the four constituencies of Kirklees, the Mayor for West Yorkshire and Parish/Town Councils were invited to participate in the consultation period. No responses were received.

Local charities and disability support groups were directly invited to participate during the consultation period however no responses were received.

All schools and academies that are currently utilised as polling stations were also invited to participate, a representation was received from Ethos College which is included in appendix 2.

Additionally, due to the cross-boundary nature of the future Parliamentary constituency in Ossett and Denby Dale, the (Acting) Returning Officer for Wakefield was invited to comment on the proposals. No response was received from the (Acting) Returning Officer for Ossett and Denby Dale constituency.

4 Next steps and timelines

Should the proposals be approved by the Committee, the Electoral Services Manager will amend the polling district boundaries and publish the amended register of electors on the 1 December 2023. It is important to note that should any election take place prior to December 2023, the current polling district boundaries will be in force for that election.

It is important to note that due to the ongoing Local Government Boundary Review of all electoral wards for Kirklees that following the Order being made in late Autumn 2025 to implement the new electoral ward, the (Acting) Returning Officer and Electoral Services Manager will be required to conduct a full interim review of all polling districts and places again to address any changes required due to the implementation of the new ward boundaries.

Currently, this review is planned to commence in 2025 during the fallow year ahead of all-out District Council elections in 2026.

5 Officer recommendations and reasons

The Electoral Services Manager recommends that the polling district boundaries are amended as per the (Acting) Returning Officer's proposals which are summarised from section 2.2 onwards and provided at appendix 3 of this report, to allow for better access to polling stations prior to the next scheduled election and to ensure that Kirklees has a polling scheme in place to facilitate the next Parliamentary election on the new constituency boundaries.

6 Cabinet Portfolio Holder's recommendations

No further comments to make.

7 Contact officer

Name: Laura Burrell – Electoral Services Manager
Email: laura.burrell@kirklees.gov.uk
Telephone: 01484 221650

8 Background Papers and History of Decisions

N/A

9 Service Director responsible

Julie Muscroft Service Director – Legal, Governance and Commissioning

Review of Polling Districts, Polling Places and Polling Stations

Proposals

2 October 2023

Contents

Introduction

The Council has a duty to divide its area into polling districts and to designate a polling place for each district, where the polling station will be located.

Every five years the Council must review its polling districts and polling places in conjunction with the person responsible for running Parliamentary elections in the constituencies within its area. This person is known as The (Acting) Returning Officer.

The review is designed to see if the polling districts and polling places in Kirklees are arranged to suit the needs of voters and covers the following:

- The polling district boundaries within each ward in the area
- The location of the polling place and station in each polling district
- The access to each polling station

Under section 18C of the Representation of the People Act 1983, the next compulsory review must be undertaken within a 16-month window between 1 October 2023 and 31 January 2025. The intention of the legislation was reviews would be completed by the January before a UK Parliamentary general election. However, since the repeal of the Fixed Term Parliaments Act 2011, there is no longer any certainty as to when the next general election will be.

The (Acting) Returning Officer for the four parliamentary constituencies that cover the Kirklees Metropolitan Borough Council area are currently:

- Colne Valley
- Huddersfield
- Batley and Spen
- Dewsbury

PARLIAMENTARY BOUNDARY REVIEW

The Boundary Commission for England is currently undertaking a review of parliamentary constituency boundaries. The Commission has now published its final recommendations, and Orders for the new parliamentary constituency boundaries will be made by 1 November 2023.

Once the Orders for new parliamentary constituencies have been made, the new boundaries will be used for the next general election.

If a parliamentary by-election is called in the meantime, it would be run on existing boundaries.

It is important that the polling district and places review is carried out as early as possible, so that Kirklees has agreed polling districts and places to be used for the next parliamentary election as well as the scheduled District Council, West Yorkshire Combined Authority Mayoral elections in May 2024 and has a polling scheme in place which reflects the new constituencies.

The new constituencies for the Kirklees Metropolitan Borough Council Area include:

Proposed Constituency	***Wards included***	***Acting Returning Officer***
Colne Valley Constituency	Colne Valley Golcar Holme Valley North Holme Valley South Lindley	Kirklees
Huddersfield Constituency	Almondbury Ashbrow Crosland Moor and Netherton Dalton (part) Greenhead Newsome	Kirklees
Dewsbury and Batley Constituency	Batley East Batley West Dewsbury East Dewsbury South Dewsbury West Kirkburton (part)	Kirklees
Spen Valley Constituency	Birstall & Birkenshaw Cleckheaton Dalton (Part) Heckmondwike Liversedge & Gomersal Mirfield	Kirklees
Ossett & Denby Dale Constituency	Denby Dale Kirkburton (Part)	Wakefield

The Commission's final proposals split three ward areas across three constituencies, the wards affected are Dalton, Denby Dale and Kirkburton.

Polling district DA06 located in the Dalton ward, currently part of the Huddersfield constituency, is to be moved into the Spen Valley constituency whilst the the rest of the Dalton ward area will remain in the Huddersfield constituency. The (Acting) Returning Officer for Kirklees, will remain responsible for both Spen Valley and Huddersfield Constituency.

However, Denby Dale ward and polling districts KB01, KB02, KB03A, KB03B, KB05, KB06, KB08 and KB09 located in the Kirkburton ward will now become part of the Ossett & Denby Dale Constituency. Therefore, Wakefield Metropolitan District Council will have the Acting Returning Officer designation for those areas.

Neither the ward boundaries, nor the parliamentary constituency boundaries, can be changed as part of the council's review of polling districts and polling places, as they are the responsibility of the relevant Boundary Commission.

The Local Government Boundary Commission is currently conducting a full review of the Kirklees ward boundaries. This review is expected to conclude with the Order relating to future ward changes being made in Autumn 2024. After the Order has been made, the Returning Officer for Kirklees Council will conduct an interim review of polling districts and places during 2025.

What does the review involve?
The process starts with an official notice of review, which gives details of when and where comments or representations can be made in relation to the review. Any elector in the borough may make a representation in relation to the size and boundaries of polling districts and the location and suitability of polling places.

The Council also welcomes comments or representations from any elected members in the area, local political representatives and any person or body with expertise in access for persons with any type of disability.

Definitions

Polling district	The geographical area created by sub-dividing a constituency/ward.
Polling place	The designated area for a polling district in which polling station is located.
Polling station	The actual room or space where the process of voting takes place, eg a room in a community centre or school.

What criteria does the Council take into account when conducting a review?

- that all the electors have the best facilities reasonably available for voting
- that as far as is reasonable and practicable, each polling place is accessible to all electors
- the accessibility needs of disabled persons when considering designating a polling place
- where possible to comply with the Electoral Commission's guidance on the maximum number of electors that should be allocated to a polling station. Due to the introduction of voter ID requirements, the Electoral Commission have reduced their recommended maximum electors from 2,500 to 2,250, which excludes electors with a postal vote.

Use of schools as polling stations

The law is quite specific in that Returning Officers (ROs) have the right to select schools as venues for polling stations.

If there is an area which can be used, with a separate entrance and isolated from the rest of the school, the school can continue to operate. If not, the school must close on the day of the poll.

Schools which need to close as a result of being used as polling stations can move to alternative accommodation or make up the lost day by other means.

The lost day could be made up at the beginning or end of a term, or a training day could be arranged on the day of the poll, if the head teacher or governors so wish. There are currently no plans to change or amend this legislation, which is found in: **The Representation of the People Act, 1983, Chapter 2, Schedule 1, Part III, paragraph 22.**

The legislation effectively renders all mainstream schools liable for use by the Retuning Officer (RO) of the local authority irrespective of how they were procured. This includes:

- Academies
- City Technology Colleges
- Community schools
- Foundation schools
- LA Nursery schools
- Voluntary Aided schools
- Voluntary Controlled schools

Decision making process

As part of the review, all elected ward members are consulted on proposed changes within their ward area. The final report and recommendations for changes to polling districts and places will be considered by the Council's Corporate Governance and Audit Committee on 24 November 2023.

How to take part
Any comments or representations on the existing arrangements or on the (Acting) Returning Officers proposals must be received in writing by 30 October 2023. Written correspondence can be emailed to electoral.registration@kirklees.gov.uk or posted to The Electoral Services Manager, 3-5 Albion Street, Huddersfield HD1 2NG.

A paper copy of the proposals and response forms can be found at:

- Electoral Services
  3-5 Albion Street
  Huddersfield
  HD1 2NG

- Batley Library

Market Place
Batley
WF17 5DA

- Holmfirth Library
47 Huddersfield Road
Holmfirth
HD9 3JH

- Mirfield Library
Easthorpe Lodge
Mirfield
WF14 8AN

- Denby Dale Community Library
Wakefield Road
Denby Dale
HD8 8RX

REVIEW TIMETABLE

Notice of Review Published	2 October 2023
Public consultation period	2 October – 30 October 2023
Consider representations made	30 October – 3 November 2023
Corporate Governance and Audit Committee	24 November 2023
Publish Revised Register	1 December 2023

PROPOSALS BY WARD AREA

ALMONDBURY	**Current Polling Stations**	**Current Polling Districts**	**Total no. of postal voters**	**Total no. of polling station voters**	**Proposed Changes**
Current Constituency: Huddersfield **Future Constituency: Huddersfield**	**The Wesley Centre, Almondbury Methodist Church, Stocks Walk, Westgate**	**AL01**	**684**	**2,105**	**No change**
	Pop In Centre, 56 Aldonley, Almondbury	**AL02**	**303**	**1,502**	**No change**

	The Main Hall, St Michael & St Helen Church, Fleming House	AL03	414	1,267	No change
	Tolson Museum, Ravensknowle Park, Wakefield Road	AL04	371	960	No change
	Tolson Museum, Ravensknowle Park, Wakefield Road	AL05	281	1,187	No change
	The School Bungalow, Lepton J.I & N School, Station Road	AL06	545	1,419	No change
	Lepton Methodist Church, Highgate Lane, Lepton	AL07	353	1,296	No change
	Lascelles Hall Cricket Club, Lascelles Hall, Highfield Lane	AL08	198	616	No change

ASHBROW Current Constituency: Huddersfield Future Constituency: Huddersfield	Current Polling Stations	Current Polling Districts	Total no. of postal voters	Total no. of polling station voters	Proposed Changes
	The Chestnut Centre, 2A Chestnut Street, Deighton	AB01	455	2,397	No changes proposed, note that the electorate is slightly over the recommended amount of 2250, however this location is large enough to host the electorate.
	Kirklees Neighbourhood Housing, Next to Town Café, Alder Street	AB02	874	2,186	This location has recently been approved by the Returning Officer following a

					review after the May 2023 elections. No changes proposed as part of this review.
	Deighton Community Sports Arena, Deighton Road, Deighton	AB03	276	1,383	No change
	St Thomas Church, St Thomas Gardens, Bradley	AB04	325	1,401	This location has recently been approved by the Returning Officer following a review after the May 2023 elections. No changes proposed as part of this review.
	St Thomas Church, St Thomas Gardens, Bradley	AB04	332	1,130	This location has recently been approved by the Returning Officer following a review after the May 2023 elections. No changes proposed as part of this review.
	The Scout Association, Cowcliffe Scout Hall, 112 Netheroyd Hill Road	AB05	460	1,149	No change
	The Function Room, Bradley Park Golf Club	AB06	503	1,355	This location has recently been approved by the Returning Officer following a review after the May 2023 elections. No changes proposed as part of this review.

BATLEY EAST Current Constituency: Batley and Spen Future Constituency: Dewsbury and Batley	Current Polling Stations	Current Polling Districts	Total no. of postal voters	Total no. of polling station voters	Proposed Changes
	Park Road J.I & N School, Park Road, Batley	BE01	276	1,158	No change
	Field Lane J.I & N School, Albion Street, Batley	BE02	159	675	No change
	Heavy Woollen Scout Activity Centre, Purlwell Lane, Batley	BE03	645	1995	No change
	The Trinity Centre, Holy Trinity Church, Upper Road	BE04	231	1,174	No change
	Pre-School Room, Lydgate J & I School, Lydgate Road, Soothill	BE05	391	1,009	No change
	Soothill Community Centre, 10 Broomsdale Road, Soothill	BE06	223	1,798	No change
	Park Road J.I & N School, Park Road, Batley	BE07	279	611	No change
	Mill Lane J I & E Y School, Mill Lane, Batley	BE08	81	575	No change
	The Community Building, Warwick Road Primary School, Howard Street	BE09	279	985	No change

	Batley Town Hall, Market Place, Batley	BE10	115	543	Batley Town Hall will be undergoing refurbishment and will not be available for use in 2024. Proposal to move the polling station to the Royal Airforce Association, Cambridge Street, Batley WF17 5JH. This location is only 100 metres away from Batley Town Hall, has adequate facilities and parking arrangements.

BATLEY WEST Current Constituency: Batley and Spen Future Constituency: Dewsbury and Batley	Current Polling Stations	Current Polling Districts	Total no. of postal voters	Total no. of polling station voters	Proposed Changes
	St John's Church Hall, Ealand Road, Batley	BW01	249	1,479	No change
	St Saviours Church Hall, Brookroyd Lane, Batley	BW02	473	1,575	No change
	Healey Community Centre, West Park Road, Healey	BW03	445	2,242	No change
	Pakistan and Kashmir Welfare Association, Off Manor Way, Staincliffe	BW04	484	1,893	No change
	Staincliffe Park Pavilion, Dewsbury Gate Road, Staincliffe	BW05	618	2,167	No change

	St Mary's Social Club & Parochial Hall, Melton Street, Batley	BW06	368	1,900	No change

BIRSTALL & BIRKENSHAW	Current Polling Stations	Current Polling Districts	Total no. of postal voters	Total no. of polling station voters	Proposed Changes
Current Constituency: Batley and Spen Future Constituency: Spen Valley	Scotland Inn, The Function Room, Bradford Road	BB01	263	1,041	No change
	The Hall, Fieldhead Co-Location Centre, Fieldhead Crescent Birstall	BB02	259	1,590	No change
	Howden Clough Community Centre, Leeds Road, Birstall	BB03	204	1,058	No change
	Birstall Library and Information Centre, Market Street, Birstall	BB04	529	2,312	No change
	Community Hall, Former St Luke's Church Centre, South View Road, East Brierly	BB05	370	1,298	No change
	Birkenshaw 1st Spen Valley Scouts, Scout Hut, Bradford Road	BB06	440	1,428	No change
	The Library, BBG Academy, Bradford Road	BB07	572	1,570	No change

CLECKHEATON Current Constituency: Batley and Spen Future Constituency: Spen Valley	Current Polling Stations	Current Polling Districts	Total no. of postal voters	Total no. of polling station voters	Proposed Changes
	Cleckheaton Town Hall, Bradford Road, Cleckheaton	CL01	406	1,841	Cleckheaton Town Hall will be undergoing refurbishment and will not be available for use in 2024. Proposal to move the polling station to St John The Evangelist Church, Church Street, Cleckheaton BD19 3RN. The Church is 187ft from Cleckheaton Town Hall. The venue has a large room available, facilities for staff/voters and a large car park.
	Cleckheaton Library, The Reference Library, Whitcliffe Road	CL02	309	1,522	No change
	St Andrews Church, Main Church Building – North Entrance, Bradford Road	CL03	103	445	No change
	Hunsworth Community Centre, Green Lane, Hunsworth	CL04	220	950	No change
	St Philip & St James Church Hall, Scholes Lane, Scholes	CL05	464	1,690	No change

	St Lukes Church, Moorbottom, Cleckheaton	CL06	318	1,033	No change
	Cleckheaton Methodist Church, Greenside, Cleckheaton	CL07	440	1,775	No change
	Turnsteads Hall Community Centre, Turnsteads Drive, Cleckheaton	CL08	155	640	No change
	Hightown J I & N School, Hightown Road, Hightown	CL09	170	575	No change
	Friends Meeting House, Scholes Lane, Scholes	CL10	111	418	No change

COLNE VALLEY	Current Polling Stations	Current Polling Districts	Total no. of postal voters	Total no. of polling station voters	Proposed Changes
Current Constituency: Colne Valley Future Constituency: Colne Valley	Linthwaite Methodist Church, Stones Lane, Linthwaite	CV01	232	1,080	No change
	Linthwaite Hall Bowling Club, Linfit Lane, Linthwaite	CV02	436	1,461	This location has recently been approved by the Returning Officer following a review after the May 2023 elections. No changes proposed as part of this review.

	Wellhouse Village Club, Lower Wellhouse, Golcar	CV03	188	532	No change
	Scapegoat Baptist Church, School Road, Scapegoat Hill	CV04	127	504	No change
	Broad Oak Bowling Club, 73 Broad Oak, Cowlersley Lane	CV05	575	1,625	No change
	The United Church Marsden, Peel Street, Marsden	CV06	699	1,980	No change
	The Royal British Legion, Grange Cottages, Marsden	CV07	210	671	No change
	St Mary Magdalene Church, New Hey Road, Outlane	CV08	135	589	No change
	Slaithwaite Civic Hall, 15A New Street, Slaithwaite	CV09	625	2,096	No change

CROSLAND MOOR & NETHERTON	Current Polling Stations	Current Polling Districts	Total no. of postal voters	Total no. of polling station voters	Proposed Changes
Current Constituency: Colne Valley	Thornton Lodge Community Centre, Brook Street, Thornton Lodge	CN01	308	1,496	No change
	Crosland Moor Community Centre, 15 Park Road West, Crosland Moor	CN02	425	2,189	No change

Future Constituency: Huddersfield	**Netherton Methodist Church, Chapel Street, Netherton**	**CN03**	**804**	**2,095**	**No change**
	Oak Primary Community Building, Former Sure Start Centre, Dryclough Road	**CN04**	**366**	**1,014**	**No change**
	The Nursery, Mount Pleasant Primary School, Mount Street	**CN05**	**290**	**1,601**	**No change**
	Walpole Family Centre, 59/65 Walpole Road, Crosland Moor	**CN06**	**158**	**923**	**No change**
	Oak Primary Community Building, Former Sure Start Centre, Dryclough Road	**CN07**	**559**	**1,503**	**No change**

DALTON	**Current Polling Stations**	**Current Polling Districts**	**Total no. of postal voters**	**Total no. of polling station voters**	**Proposed Changes**
Current Constituency: Huddersfield	**St James Church & Parish Centre, 1 St James Way, Rawthorpe Lane**	**DA01**	**125**	**925**	**No change**
Future Constituency:	**The New Church, Grove Place, Long Lane**	**DA02**	**358**	**1,523**	**No change**
DA06 located in Spen Valley all	**DRAM Sports and Community Centre, Ridgeway, Dalton**	**DA03**	**483**	**1,123**	**No change**

other polling district areas to remain in Huddersfield Constituency	Common Room At Rear of Cottage Homes, Wakefield Road, Waterloo	DA04	300	1,201	No change
	United Reformed Church, Old Wakefield Road, Moldgreen	DA05	138	720	No change
	United Church, New Road, Kirkheaton	DA06	320	1,368	No change
	United Church, New Road, Kirkheaton	DA06	309	1,011	No change
	Town House – Former Leeds Road TRA, 3/5 Town Avenue, Huddersfield	DA07	161	848	No change
	Netherhall Learning Campus Junior School, Rawthorpe Lane	DA08	315	1,410	No change

DENBY DALE	Current Polling Stations	Current Polling Districts	Total no. of postal voters	Total no. of polling station voters	Proposed Changes
Current Constituency: Dewsbury	Darby and Joan Club, Church Lane, Clayton West	DD01	646	1,777	No change
Future Constituency: Ossett and Denby Dale	St Nicholas Church, Cumberworth Lane, Upper Cumberworth	DD02	166	477	No change
	Birdsedge Village Hall, Penistone Road, Birdsedge	DD03	104	304	No change

	Church of St John the Evangelist, Denby Lane, Upper Denby	DD04	141	398	No change
	Denby Dale Community Library, Wakefield Road	DD05	670	1,905	No change
	Methodist Sunday School, Lower Cumberworth	DD06	65	272	No change
	Emley Methodist Church, Church Street, Emley	DD07	347	957	No change
	Emley Moor Working Mens Club, 2 Common Lane, Emley Moor	DD08	52	181	No change
	St Augustines Parish Church, Wakefield Road, Scissett	DD09	308	1005	No change
	Darby & Joan Club, Barrowstead, Skelmanthorpe	DD10	637	1,561	No change
	Skelmanthorpe Methodist Church, Piling Lane, Skelmanthorpe	DD11	340	1,197	No change

DEWSBURY EAST	Current Polling Stations	Current Polling Districts	Total no. of postal voters	Total no. of polling station voters	Proposed Changes
Current Constituency: Dewsbury	Chickenley Community Centre, Princess Road, Chickenley	DE01	435	2,161	No change

Future Constituency: Dewsbury and Batley	**Shaw Cross Community Centre, 122 Smallwood Road, Shaw Cross**	**DE02**	**353**	**1,242**	**No change**
	St Pauls Church Hall, Kirkgate, Hanging Heaton	**DE03**	**520**	**2,102**	**No change**
	The Large Conference Room, Manor Croft Academy, Old Bank Road Entrance	**DE04**	**562**	**1,980**	**No change**
	Earlsheaton Central Working Mens Club, Commercial Street, Earlsheaton	**DE05**	**356**	**1,756**	**No change**
	Dewsbury Customer Service Centre, The Walsh Building, Town Hall Way	**DE06**	**184**	**1,015**	**No change**
	Ashworth Lodge, Moorland Road, Dewsbury	**DE07**	**320**	**1,256**	**No change**

DEWSBURY SOUTH	**Current Polling Stations**	**Current Polling Districts**	**Total no. of postal voters**	**Total no. of polling station voters**	**Proposed Changes**
Current Constituency: Dewsbury	**Savile Town CE and N School, Warren Street, Savile Town**	**DS01**	**590**	**1,342**	**No change**

Future Constituency: Dewsbury and Batley	**Savile Town CE and N School, Warren Street, Savile Town**	**DS01**	**462**	**1,016**	**No change**
	Thornhill Lees I & N School, Slaithwaite Road, Thornhill Lees	**DS02**	**404**	**1,635**	**No change**
	Thornhill Lees Community Centre, 53 Brewery Lane, Thornhill Lees	**DS03**	**428**	**1,844**	**No change**
	Thornhill Community Pre-School, Edge Lane, Thornhill	**DS04**	**427**	**1,562**	**No change**
	The Thorn Centre, Valley Drive, Thornhill	**DS05**	**282**	**1,199**	**No change**
	The Community Training Room, Overthorpe Day Care and Nursery, Edge Top Road	**DS06**	**288**	**1,540**	**No change**
	Whitley Community Centre, Howroyd Lane, Whitley	**DS07**	**90**	**268**	**No change**

DEWSBURY WEST	**Current Polling Stations**	**Current Polling Districts**	**Total no. of postal voters**	**Total no. of polling station voters**	**Proposed Changes**
Current Constituency: Dewsbury	**Westborough Methodist Church, Green Lane, Westborough**	**DW01**	**285**	**1,542**	**No change**

Future Constituency: Dewsbury and Batley	**Providence Chapel, Tweedale Gardens, Westtown**	**DW02**	**264**	**1,688**	**No change**
	Westmoor Community Sports Hall, Church Lane, Dewsbury Moor	**DW03**	**283**	**1,435**	**No change**
	Group 1 Room, Ethos College, Knowles Hill Road	**DW04**	**304**	**1,532**	**No change**
	St Paulinus Catholic Primary School, Temple Road, Dewsbury	**DW05**	**574**	**1,721**	**No change**
	Diamond Wood Community Academy, North Road, Ravensthorpe	**DW06**	**617**	**2,287**	**No change**
	Ravensthorpe Commmunity Centre – Youth Centre, Garden Street, Ravensthorpe	**DW07**	**289**	**1,281**	**No change**

GOLCAR **Current Constituency: Colne Valley** **Future Constituency: Colne Valley**	**Current Polling Stations**	**Current Polling Districts**	**Total no. of postal voters**	**Total no. of polling station voters**	**Proposed Changes**
	Golcar Scout Centre, Manor Road, Golcar, Huddersfield	**GC01**	**482**	**1,754**	**No change**
	Thorpe Green Bowling & Social Club, 227 Leymoor Road, Golcar, Huddersfield	**GC02**	**476**	**1,216**	**No change**

	Cowlersley Community Out of School Club, 156 Cowlersley Lane, Cowlersley, Huddersfield	**GC03**	**104**	**665**	**No change**
	The Tree of Life Centre (Formerly UCHM), New Street, Milnsbridge, Huddersfield	**GC04**	**292**	**1,393**	**No change**
	Crow Lane J.I. & N. School, Crow Lane, Milnsbridge, Huddersfield	**GC05**	**403**	**1,849**	**No change**
	Drop By Community Resource Centre, 12 Sycamore Court, Sycamore Ave, Longwood, Huddersfield	**GC06**	**358**	**1,521**	**No change**
	Longwood Mechanics Hall, Longwood Gate, Longwood, Huddersfield	**GC07**	**189**	**800**	**No change**
	St Marks Parish Community Centre, 53 Thornhill Road, Longwood, Huddersfield	**GC08**	**132**	**585**	**No change**
	The Studio Room, Luck Lane Primary School, Victory Avenue, Paddock	**GC09**	**160**	**697**	**No change**

	Baptist Church, Moorhill Road, Salendine Nook, Huddersfield	GC10	206	592	No change

GREENHEAD Current Constituency: Huddersfield Future Constituency: Huddersfield	Current Polling Stations	Current Polling Districts	Total no. of postal voters	Total no. of polling station voters	Proposed Changes
	Marsh United Bowling Club, Eldon Road, Marsh	GH01	584	2,324	No changes proposed, note that the electorate is slightly over the recommended amount of 2250, however this location is large enough to host the electorate.
	Gledholt Methodist Church, Edgerton Grove Road, Edgerton	GH02	472	1,943	No change
	St John the Evangelist, St John's Road	GC03	500	2,115	No change
	Patricia Stoj Dance Academy Huddersfield, West View Rise, Paddock	GH04	327	1,282	No change
	St Cuthberts Church Centre, Grimscar Avenue, Birkby	GH05	424	1,750	No change

	Fartown Trinity Methodist Church, Abingdon Street Entrance	GH06	363	1,953	No change

HECKMONDWIKE	Current Polling Stations	Current Polling Districts	Total no. of postal voters	Total no. of polling station voters	Proposed Changes
Current Constituency: Batley and Spen Future Constituency: Spen Valley	Brighton Street WMC, Brighton Street, Heckmondwike	HE01	455	1,945	No change
	Brighton Street Community Centre, Brighton Street, Heckmondwike	HE02	461	1,918	No change
	United Reform Church, High Street, Heckmondwike	HE03	312	1,346	No change
	United Reform Church, High Street, Heckmondwike	HE03	349	1,305	No change
	Heckmondwike Library, Walkley Lane, Heckmondwike	HE04	321	1,256	No change

	Firth Park, The Pavilion, Westgate	HE05	539	1,300	No change
	Norristhorpe United Reform Church, Norristhorpe Lane, Norristhorpe	HE06	591	1,331	No Change

HOLME VALLEY NORTH Current Constituency: Colne Valley Future Constituency: Colne Valley	Current Polling Stations	Current Polling Districts	Total no. of postal voters	Total no. of polling station voters	Proposed Changes
	Brockholes Village Hall, Brockholes Lane, Brockholes	HN01	283	1,045	No change
	Honley Village Hall, Roundway, Honley	HN02	643	1,679	No change
	Honley Community Centre, Stony Lane, Honley	HN03	295	865	No change
	Honley Community Centre, Stony Lane, Honley	HN04	521	1,140	No change

	Meltham Sports and Community Centre, Mean Lane, Meltham	HN05	570	1,598	No change
	Meltham Parish Church Hall, Greens End Road, Meltham	HN06	774	1,901	No change
	Meltham Parish Church Hall, Greens End Road, Meltham	HN07	569	1,680	No change

HOLME VALLEY SOUTH	Current Polling Stations	Current Polling Districts	Total no. of postal voters	Total no. of polling station voters	Proposed Changes
Current Constituency: Colne Valley Future Constituency: Colne Valley	St David's Hall, (Formerly Holmbridge Parish Hall), Woodhead Road	HS01	358	1,174	No change
	Hade Edge Band Room, Greave Road	HS02	39	157	No change
	Hepworth Village Hall, Towngate, Hepworth	HS03	238	592	No change

	Holme Sunday School, Woodhead Road, Holme	**HS04**	**32**	**137**	**No change**
	All Saints Church, Town Gate, Netherthong	**HS05**	**510**	**1,307**	**No change**
	New Mill Working Mens Club, Sheffield Road, New Mill	**HS06**	**568**	**1,134**	**No change**
	Holmfirth Civic Hall, Huddersfield Road, Holmfirth	**HS07**	**471**	**1,448**	**No Change**
	Scholes Methodist Church, Marsh Road, Scholes	**HS08**	**316**	**1,149**	**No Change**
	Hade Edge Band Room, Greave Road	**HS09**	**139**	**453**	**No Change**
	St John's Church, Upperthong Lane, Holmfirth	**HS10**	**624**	**1,533**	**No Change**
	Wooldale Community Centre, Robert Lane, Wooldale	**HS11**	**780**	**2,138**	**No Change**

KIRKBURTON Current Constituency: Dewsbury Future Constituency: KB04, KB07 and KB10 located in Dewsbury and Batley Constituency Remaining polling district located in Ossett and Denby Dale Constituency	Current Polling Stations	Current Polling Districts	Total no. of postal voters	Total no. of polling station voters	Proposed Changes
	St Lucius' Church, Butts Road, Farnley Tyas	KB01	92	250	No change
	St Lucius' Church, Butts Road, Farnley Tyas	KB02	79	406	No change
	St Thomas Church Room, Marsh Hall Lane, Thurstonland	KB03A	178	486	Polling district KB03 has historically been split into A and B as the areas were located in different Parliamentary Constituencies, the final proposals for the new Constituencies place both areas into the same Constituency. Therefore the proposal is to merge A/B and have one single polling district and station for KB03. The polling station will remain at St Thomas Church Room.
	St Thomas Church Room, Marsh Hall Lane, Thurstonland	KB03B	23	38	

	St James' Church, Barnsley Road, Flockton	**KB04**	**353**	**1,083**	**No change**
	Kirkburton Library, Turnshaw Road, Kirkburton	**KB05**	**469**	**1,506**	**No change**
	Burton Village Hall, Northfield Lane, Highburton	**KB06**	**437**	**1,134**	**No change**
	Grange Moor Primary School, Liley Lane, Grange Moor	**KB07A**	**275**	**798**	**Polling district KB07 has historically been split into A and B as some small areas were located in different Parliamentary Constituencies, the final proposals for the new Constituencies place both areas into the same Constituency. Therefore, the proposal is to merge A/B and have one single polling district and station for KB07. The polling station will remain at Grange Moor Primary.**
	Grange Moor Primary School, Liley Lane, Grange Moor	**KB07B**	**10**	**30**	
	Shelley Village Hall, Huddersfield Road, Shelley	**KB08**	**621**	**1,753**	**No change**

	Shepley Methodist Church, Lane Head Road, Shepley	KB09	642	1,578	No change
	Lepton Highlanders Sports and Social Club, Wakefield Road, Lepton	KB10	194	396	No change

LINDLEY Current Constituency: Colne Valley Future Constituency: Colne Valley	Current Polling Stations	Current Polling Districts	Total no. of postal voters	Total no. of polling station voters	Proposed Changes
	Oakes Baptist Church, Wellington Street, Oakes	LD01	410	1,353	No change
	Oakes Baptist Church, Wellington Street, Oakes	LD01	292	1,089	No change
	Baptist Church, Moorhill Road, Salendine Nook	LD02	633	1,895	No change
	Lindley Methodist Church, East Street, Lindley	LD03	544	1,270	No change

	Lindley Methodist Church, East Street, Lindley	**LD03**	**508**	**1,185**	**No change**
	St Philips Community Centre, Briarlyn Road, Birchencliffe	**LD04**	**655**	**2003**	**No change**
	Mount Methodist Church, Moorlands Road, Mount	**LD05**	**379**	**1,303**	**No Change**
	Salvation Army Building, New Hey Road, Huddersfield	**LD06**	**455**	**1,575**	**No Change**

LIVERSEDGE & GOMERSAL **Current Constituency: Batley and Spen** **Future Constituency: Spen Valley**	**Current Polling Stations**	**Current Polling Districts**	**Total no. of postal voters**	**Total no. of polling station voters**	**Proposed Changes**
	Gomersal St Mary's School, Shirley Avenue, Gomersal	**LG01**	**471**	**1,777**	**No change**
	Gomersal Public Hall, Oxford Road, Gomersal	**LG02**	**528**	**1,808**	**No change**

	Windybank Community Centre, Central Avenue, Hightown	**LG03**	**363**	**1,661**	**No change**
	The Cross Keys Inn, 283 Halifax Road, Hightown	**LG04**	**331**	**1,122**	**No change**
	Spring Valley Community Centre, Spring Valley Close, Littletown	**LG05**	**384**	**1,278**	**No change**
	St Andrew’s Methodist Church, Bradford Road, Liversedge	**LG06**	**254**	**1,213**	**No change**
	Roberttown Community Centre, Church Road, Roberttown	**LG07**	**533**	**2,204**	**No change**

MIRFIELD **Current Constituency:**	**Current Polling Stations**	**Current Polling Districts**	**Total no. of postal voters**	**Total no. of polling station voters**	**Proposed Changes**

Batley and Spen Future Constituency: Spen Valley	Church of Christ the King, Stocks Bank Road, Battyeford	MF01	477	1,307	No change
	Church of Christ the King, Stocks Bank Road, Battyeford	MF01	371	1,298	No change
	St Andrews Methodist Church, Old Bank Road, Mirfield	MF02	352	2001	No change
	Mirfield Library, Easthorpe Lodge, Huddersfield Road	MF03	634	1,900	No change
	Hopton J.I & N School, Woodend Road, Lower Hopton	MF04	360	1,345	No change
	Croft House, Jackroyd Lane, Upper Hopton	MF05	150	538	No change
	Mirfield Community Centre, Water Royd Lane, Mirfield	MF06	706	2,186	No change

	Mirfield Evangelical Church, Wellhouse Lane, Mirfield	**MF07**	**304**	**1,103**	**No change**
	The Large Hall, St Mary's Parish Centre, 38 Church Lane	**MF08**	**305**	**727**	**No change**

NEWSOME **Current Constituency: Huddersfield** **Future Constituency: Huddersfield**	**Current Polling Stations**	**Current Polling Districts**	**Total no. of postal voters**	**Total no. of polling station voters**	**Proposed Changes**
	St Paul's Church, Armitage Road, Armitage Bridge	**NE01**	**88**	**320**	**No change**
	The Newsome Centre, Formley St John's Church, Newsome Road South	**NE02**	**524**	**2,252**	**No changes proposed, note that the electorate is slightly over the recommended amount of 2250, however this location is large enough to host the electorate.**
	Berry Brow Methodist Church, Birch Road, Berry Brow	**NE03**	**247**	**976**	**No change**
	The Youth Centre, Jamia Masjid Ghausia Mosque, 73 Victoria Road	**NE04**	**139**	**469**	**No change**

	Lowerhouses Children Centre, Hey Lane, Lowerhouses	**NE05**	**161**	**849**	**No change**
	The Club House, Longley Park Golf Club, Maple Street	**NE06**	**224**	**1,092**	**No change**
	Spring Grove J & I School, Main Hall, Water Street, Huddersfield	**NE07**	**206**	**1,426**	**No change**
	The St Martin de Porres Centre, 30 New North Road	**NE08**	**179**	**1,199**	**No change**
	Church of God Prophecy, Stile Common Road, Newsome	**NE09**	**242**	**1,430**	**No change**
	Church of God Prophecy, Stile Common Road, Newsome	**NE10**	**148**	**438**	**No change**
	Berry Brow Methodist Church, Birch Road, Berry Brow	**NE11**	**179**	**508**	**No change**

PARISH AREA BREAKDOWN:

Polling District	Parish Area	Parish Ward	Grouped Parish Council	District Council Ward
AB01 -	N/A	N/A	N/A	Ashbrow
AB02 -	N/A	N/A	N/A	Ashbrow
AB03 -	N/A	N/A	N/A	Ashbrow
AB04 -	N/A	N/A	N/A	Ashbrow
AB05 -	N/A	N/A	N/A	Ashbrow
AB06 -	N/A	N/A	N/A	Ashbrow
AL01 -	N/A	N/A	N/A	Almondbury
AL02 -	N/A	N/A	N/A	Almondbury
AL03 -	N/A	N/A	N/A	Almondbury
AL04 -	N/A	N/A	N/A	Almondbury
AL05 -	N/A	N/A	N/A	Almondbury
AL06 -	Kirkburton Parish Council	Lepton Ward	N/A	Almondbury
AL07 -	Kirkburton Parish Council	Lepton Ward	N/A	Almondbury
AL08 -	Kirkburton Parish Council	Lepton Ward	N/A	Almondbury
BB01 -	N/A	N/A	N/A	Birstall & Birkenshaw
BB02 -	N/A	N/A	N/A	Birstall & Birkenshaw
BB03 -	N/A	N/A	N/A	Birstall & Birkenshaw
BB04 -	N/A	N/A	N/A	Birstall & Birkenshaw
BB05 -	N/A	N/A	N/A	Birstall & Birkenshaw
BB06 -	N/A	N/A	N/A	Birstall & Birkenshaw
BB07 -	N/A	N/A	N/A	Birstall & Birkenshaw
BE01 -	N/A	N/A	N/A	Batley East
BE02 -	N/A	N/A	N/A	Batley East
BE03 -	N/A	N/A	N/A	Batley East
BE04 -	N/A	N/A	N/A	Batley East
BE05 -	N/A	N/A	N/A	Batley East
BE06 -	N/A	N/A	N/A	Batley East
BE07 -	N/A	N/A	N/A	Batley East
BE08 -	N/A	N/A	N/A	Batley East
BE09 -	N/A	N/A	N/A	Batley East

BE10 -	N/A	N/A	N/A	Batley East
BW01 -	N/A	N/A	N/A	Batley West
BW02 -	N/A	N/A	N/A	Batley West
BW03 -	N/A	N/A	N/A	Batley West
BW04 -	N/A	N/A	N/A	Batley West
BW05 -	N/A	N/A	N/A	Batley West
BW06 -	N/A	N/A	N/A	Batley West
CL01 -	N/A	N/A	N/A	Cleckheaton
CL02 -	N/A	N/A	N/A	Cleckheaton
CL03 -	N/A	N/A	N/A	Cleckheaton
CL04 -	N/A	N/A	N/A	Cleckheaton
CL05 -	N/A	N/A	N/A	Cleckheaton
CL06 -	N/A	N/A	N/A	Cleckheaton
CL07 -	N/A	N/A	N/A	Cleckheaton
CL08 -	N/A	N/A	N/A	Cleckheaton
CL09 -	N/A	N/A	N/A	Cleckheaton
CL10 -	N/A	N/A	N/A	Cleckheaton
CN01 -	N/A	N/A	N/A	Croslandmoor & Netherton
CN02 -	N/A	N/A	N/A	Croslandmoor & Netherton
CN03 -	N/A	N/A	N/A	Croslandmoor & Netherton
CN04 -	N/A	N/A	N/A	Croslandmoor & Netherton
CN05 -	N/A	N/A	N/A	Croslandmoor & Netherton
CN06 -	N/A	N/A	N/A	Croslandmoor & Netherton
CN07 -	N/A	N/A	N/A	Croslandmoor & Netherton
CV01 -	N/A	N/A	N/A	Colne Valley
CV02 -	N/A	N/A	N/A	Colne Valley
CV03 -	N/A	N/A	N/A	Colne Valley
CV04 -	N/A	N/A	N/A	Colne Valley
CV05 -	N/A	N/A	N/A	Colne Valley
CV06 -	N/A	N/A	N/A	Colne Valley
CV07 -	N/A	N/A	N/A	Colne Valley
CV08 -	N/A	N/A	N/A	Colne Valley
CV09 -	N/A	N/A	N/A	Colne Valley
DA01 -	N/A	N/A	N/A	Dalton
DA02 -	N/A	N/A	N/A	Dalton
DA03 -	N/A	N/A	N/A	Dalton
DA04 -	N/A	N/A	N/A	Dalton
DA05 -	N/A	N/A	N/A	Dalton

DA06 -	Kirkburton Parish Council	Kirkheaton Ward	N/A	Dalton
DA07 -	N/A	N/A	N/A	Dalton
DA08 -	N/A	N/A	N/A	Dalton
DD01 -	Denby Dale Parish Council	Clayton West Ward	N/A	Denby Dale
DD02 -	Denby Dale Parish Council	Denby and Cumberworth Ward	N/A	Denby Dale
DD03 -	Denby Dale Parish Council	Denby and Cumberworth Ward	N/A	Denby Dale
DD04 -	Denby Dale Parish Council	Denby and Cumberworth Ward	N/A	Denby Dale
DD05 -	Denby Dale Parish Council	Denby and Cumberworth Ward	N/A	Denby Dale
DD06 -	Denby Dale Parish Council	Denby and Cumberworth Ward	N/A	Denby Dale
DD07 -	Denby Dale Parish Council	Emley Ward	N/A	Denby Dale
DD08 -	Denby Dale Parish Council	Emley Ward	N/A	Denby Dale
DD09 -	Denby Dale Parish Council	Skelmanthorpe Ward	N/A	Denby Dale
DD10 -	Denby Dale Parish Council	Skelmanthorpe Ward	N/A	Denby Dale
DD11 -	Denby Dale Parish Council	Skelmanthorpe Ward	N/A	Denby Dale
DE01 -	N/A	N/A	N/A	Dewsbury East
DE02 -	N/A	N/A	N/A	Dewsbury East
DE03 -	N/A	N/A	N/A	Dewsbury East
DE04 -	N/A	N/A	N/A	Dewsbury East
DE05 -	N/A	N/A	N/A	Dewsbury East
DE06 -	N/A	N/A	N/A	Dewsbury East
DE07 -	N/A	N/A	N/A	Dewsbury East
DS01 -	N/A	N/A	N/A	Dewsbury South
DS02 -	N/A	N/A	N/A	Dewsbury South
DS03 -	N/A	N/A	N/A	Dewsbury South
DS04 -	N/A	N/A	N/A	Dewsbury South
DS05 -	N/A	N/A	N/A	Dewsbury South
DS06 -	N/A	N/A	N/A	Dewsbury South
DS07 -	N/A	N/A	N/A	Dewsbury South
DW01 -	N/A	N/A	N/A	Dewsbury West
DW02 -	N/A	N/A	N/A	Dewsbury West
DW03 -	N/A	N/A	N/A	Dewsbury West
DW04 -	N/A	N/A	N/A	Dewsbury West
DW05 -	N/A	N/A	N/A	Dewsbury West
DW06 -	N/A	N/A	N/A	Dewsbury West
DW07 -	N/A	N/A	N/A	Dewsbury West

GC01 -	N/A	N/A	N/A	Golcar
GC02 -	N/A	N/A	N/A	Golcar
GC03 -	N/A	N/A	N/A	Golcar
GC04 -	N/A	N/A	N/A	Golcar
GC05 -	N/A	N/A	N/A	Golcar
GC06 -	N/A	N/A	N/A	Golcar
GC07 -	N/A	N/A	N/A	Golcar
GC08 -	N/A	N/A	N/A	Golcar
GC09 -	N/A	N/A	N/A	Golcar
GC10 -	N/A	N/A	N/A	Golcar
GH01 -	N/A	N/A	N/A	Greenhead
GH02 -	N/A	N/A	N/A	Greenhead
GH03 -	N/A	N/A	N/A	Greenhead
GH04 -	N/A	N/A	N/A	Greenhead
GH05 -	N/A	N/A	N/A	Greenhead
GH06 -	N/A	N/A	N/A	Greenhead
HE01 -	N/A	N/A	N/A	Heckmondwike
HE02 -	N/A	N/A	N/A	Heckmondwike
HE03 -	N/A	N/A	N/A	Heckmondwike
HE04 -	N/A	N/A	N/A	Heckmondwike
HE05 -	N/A	N/A	N/A	Heckmondwike
HE06 -	N/A	N/A	N/A	Heckmondwike
HN01 -	Holme Valley Parish Council	Brockholes Ward	N/A	Holme Valley North
HN02 -	Holme Valley Parish Council	Honley Central and East Ward	N/A	Holme Valley North
HN03 -	Holme Valley Parish Council	Honley South Ward	N/A	Holme Valley North
HN04 -	Holme Valley Parish Council	Honley West Ward	N/A	Holme Valley North
HN05 -	Meltham Town Council	N/A	N/A	Holme Valley North
HN06 -	Meltham Town Council	N/A	N/A	Holme Valley North
HN07 -	Meltham Town Council	N/A	N/A	Holme Valley North
HS01 -	Holme Valley Parish Council	Upper Holme Valley Ward	N/A	Holme Valley South
HS02 -	Holme Valley Parish Council	Upper Holme Valley Ward	N/A	Holme Valley South
HS03 -	Holme Valley Parish Council	Hepworth Ward	N/A	Holme Valley South
HS04 -	Holme Valley Parish Council	Upper Holme Valley Ward	N/A	Holme Valley South
HS05 -	Holme Valley Parish Council	Netherthong Ward	N/A	Holme Valley South

HS06 -	Holme Valley Parish Council	Fulstone Ward	N/A	Holme Valley South
HS07 -	Holme Valley Parish Council	Holmfirth Central Ward	N/A	Holme Valley South
HS08 -	Holme Valley Parish Council	Scholes Ward	N/A	Holme Valley South
HS09 -	Holme Valley Parish Council	Scholes Ward	N/A	Holme Valley South
HS10 -	Holme Valley Parish Council	Upperthong Ward	N/A	Holme Valley South
HS11 -	Holme Valley Parish Council	Wooldale Ward	N/A	Holme Valley South
KB01 -	Kirkburton Parish Council	Thurstonland and Farnley Tyas	N/A	Kirkburton
KB02 -	Kirkburton Parish Council	Thurstonland and Farnley Tyas	N/A	Kirkburton
KB03A -	Kirkburton Parish Council	Thurstonland and Farnley Tyas	N/A	Kirkburton
KB03B -	Kirkburton Parish Council	Thurstonland and Farnley Tyas	N/A	Kirkburton
KB04 -	Kirkburton Parish Council	Flockton Ward	N/A	Kirkburton
KB05 -	Kirkburton Parish Council	Kirkburton Ward	N/A	Kirkburton
KB06 -	Kirkburton Parish Council	Kirkburton Ward	N/A	Kirkburton
KB07A -	Kirkburton Parish Council	Lepton and Whitley Upper Ward	N/A	Kirkburton
KB07B -	Kirkburton Parish Council	Lepton and Whitley Upper Ward	N/A	Kirkburton
KB08 -	Kirkburton Parish Council	Shelley Ward	N/A	Kirkburton
KB09 -	Kirkburton Parish Council	Shepley Ward	N/A	Kirkburton
KB10 -	Kirkburton Parish Council	Lepton and Whitley Upper Ward	N/A	Kirkburton
LD01 -	N/A	N/A	N/A	Lindley
LD02 -	N/A	N/A	N/A	Lindley
LD03 -	N/A	N/A	N/A	Lindley
LD04 -	N/A	N/A	N/A	Lindley
LD05 -	N/A	N/A	N/A	Lindley
LD06 -	N/A	N/A	N/A	Lindley
LG01 -	N/A	N/A	N/A	Liversedge & Gomersal
LG02 -	N/A	N/A	N/A	Liversedge & Gomersal
LG03 -	N/A	N/A	N/A	Liversedge & Gomersal

LG04 -	N/A	N/A	N/A	Liversedge & Gomersal
LG05 -	N/A	N/A	N/A	Liversedge & Gomersal
LG06 -	N/A	N/A	N/A	Liversedge & Gomersal
LG07 -	N/A	N/A	N/A	Liversedge & Gomersal
MF01 -	Mirfield Town Council	Battyeford Ward	N/A	Mirfield
MF02 -	Mirfield Town Council	Battyeford Ward	N/A	Mirfield
MF03 -	Mirfield Town Council	Eastthorpe Ward	N/A	Mirfield
MF04 -	Mirfield Town Council	Hopton Ward	N/A	Mirfield
MF05 -	Mirfield Town Council	Hopton Ward	N/A	Mirfield
MF06 -	Mirfield Town Council	Crossley Ward	N/A	Mirfield
MF07 -	Mirfield Town Council	Northorpe Ward	N/A	Mirfield
MF08 -	Mirfield Town Council	Northorpe Ward	N/A	Mirfield
NE01 -	N/A	N/A	N/A	Newsome
NE02 -	N/A	N/A	N/A	Newsome
NE03 -	N/A	N/A	N/A	Newsome
NE04 -	N/A	N/A	N/A	Newsome
NE05 -	N/A	N/A	N/A	Newsome
NE06 -	N/A	N/A	N/A	Newsome
NE07 -	N/A	N/A	N/A	Newsome
NE08 -	N/A	N/A	N/A	Newsome
NE09 -	N/A	N/A	N/A	Newsome
NE10 -	N/A	N/A	N/A	Newsome
NE11 -	N/A	N/A	N/A	Newsome

END

Kirklees Polling District and Places Review – October 2023
Public Consultation Representations

Dalton ward

Representation received from Elected Member – Councillor Tyler Hawkins

‘’With regards to the current consultation, please can I suggest/request DA03 be reviewed - I've copied Rob and my ward colleagues in.

I understand why Greenfields Nursery is no longer suitable as a polling station and do not wish to go over old ground. The current DA03 box at the DRAM Centre doesn't actually reside in the DA03 district which presents a lot of confusion for voters. For example, there are those who live near the DRAM whose polling station is on Long Lane and those who live closer to the Cottage Homes box who have to vote at the DRAM.

Can I suggest one of two options be pursued:

1. The boundary of DA03 be redrawn to correct some of the issues highlighted.
2. DA03 electors be spilt between DA02 and DA04 and DA03 in it’s current form being scrapped.

Option 2 would be my personal preference – it would make DA02 and DA04 rather large as polling districts in terms of electors but would still be in-line with other polling districts across Kirklees.

Happy to discuss further and would greatly appreciate your consideration’’

Representation received from Elected Member – Councillor Mussarat Khan

‘’ I fully support my colleagues proposals’’

Representation received from Elected Member – Councillor Naheed Mather

‘’ I too have no objection to this proposal.’’

Cleckheaton Ward

Representation received from Elected Member – Councillor Kath Pinnock

‘’This is a practical alternative to the Town Hall (though I would much rather that the Town Hall was brought back into use).

Years ago the polling station for CL1 was a former school building just behind the Town Hall so older residents will remember having to go down towards the Church to vote.’’

Golcar Ward

Representation received from a Golcar resident

''Dear Electoral Registration,

You will see from the attached PDF that there is an anomaly in the split between GC03 and GC04 for the new estate off Cowlersley Lane. Because all the residents come out of the same road entrance, they should all be allocated to either GC03 or GC04. At the moment all the GC04 voters go past GC03 homes to vote and many of the GC03 voters go past GC04 homes to vote! These homes are roughly equally spaced between the 2 polling stations, but local residents have suggested that they are all allocated to GC03, as this would not involve crossing the Manchester Road. Allocation to a single polling district would also help when canvassing and when reminding voters where they should vote.''

Representation received from Elected Member – Councillor Graham Turner

''I would fully support this, as it makes good sense.''

Dewsbury Ward

Representation received from Ethos College

'' Good Afternoon

I have had a look at the attached documents and would like to propose a change please for Ethos College, we have asked on numerous occasions if we could be reviewed as we are a Key stage 4 provision and cannot have our students on site when the school is open to the public. I assume this is the right time to formally request this be looked into again?''

Representation received from Elected Member – Councillor Darren O'Donovan

Mirfield Ward

Representation received from a Mirfield resident

''Dear Sir or Madam

Statutory Review of Polling District Boundaries and Polling Stations: Mirfield

The current Polling District Boundary/Station Review is an opportunity to tidy up their existing boundaries. This is obviously largely a question of the number of electors who do not have postal votes. I would ask that account is also taken of the practical difficulties that can arise on the ground for those involved in local election campaigns when streets are split between polling districts.

Confusion can arise when streets are split between polling districts simply to make up the required number of electors for each polling station. Often, it may be impossible to avoid this but I would suggest it can and should be avoided where possible. This can be achieved in parts of Mirfield by using public rights of way as polling district boundaries. This already happens in Mirfield between Crossley Fields J. I. & N. School and Lockwood Avenue to separate MF06 from MF 07.

I would submit that the splitting of streets between polling districts should be avoided wherever possible. In addition, I would suggest that, where possible, the character and use of buildings and of areas within polling districts should be as similar as possible. Where the use is dissimilar, it may assist in providing clear demarcation lines between polling districts.

With the above in mind, I would propose the following:

1. The public rights of way from Kitson Hill Road via Warren House to the A62 should be the boundary between MF01 and MF02. If this is accepted, can Warren House be regarded as falling within MF02? Where-ever it is placed, it will slightly affect the number of electors who are allocated to vote at each polling station. This proposal requires the boundary to be extended along Kitson Hill Road from its junction with Slipper Lane to that with the PROW on the northern side of the road. Since the southern side of Kitson Hill Road at this point is occupied by Mirfield Free Grammar School sports fields, this would mark a clear separation of MF02 to the north from MF 01 to the south.

I calculate this would entail the removal of 70 electors without postal votes from MF01 and their addition to MF02. It appears that the total number of electors currently within MF01 and MF02 could accept this change without the Boundary Commission's recomended polling district size being exceeded. (MF01: 2,605 electors ["double" polling station) minus 70/MF02: 2001 plus 70 electors.)

2. Battyeford J. I. & N. School should replace the Church of Christ the King as the MF01 Polling Stations. This used to be the case. I believe the School is more centrally situated and that it is in a better position to cater for the sheltered housing at Littlemoor Grove, Bankfield Court and Fox Royd Lane. There is no comparable sheltered housing near the Church of Christ the King. Whilst this proposal would necessitate the closure of the School on polling days, it would present the opportunity for the pupils to learn about and emphasise the importance of voting in local and national elections. No transfer of electors is attached to this proposal.

3. The Polling District boundary between MF01 and MF03 should follow the public right of way from Huddersfield Road (A644) to the side of the Chinese Take-away on Nettleton Road. This would require the polling district boundary to be extended along the A644 from Doctor Lane to its junction with the PROW. This would also appear to necessitate the cancellation on the polling district boundaries on Doctor Lane and on Nettleton Road from the Chinese Take-away to the A644. I believe this PROW has been used as the boundary in the past. Nettleton Road is currently the polling district boundary between MF01 and MF03. [Also, I note that the properties, Nos. 1 to 11A, on Nettleton Road already appear to be being treated as falling within MF03 so this section of the boundary on Netteton road and Doctor Lane will not need redrawing.]

The next dwellings westwards along the A644 are in The Maltings, which is separated from the PROW by a substantial boundary wall. This proposal would place four commercial properties – the Take-away, a public house (which “fronts” both the A644 and Nettleton Road), an estate agent and a hairdresser – within the Mirfield shopping centre. I calculate this would entail the transfer of 10 current electors without postal votes from MF01 to MF03, both of which appear well able to absorb this change.

5. The public right of way from Towngate/Pinfold Lane to Dunbottle Lane should become the polling district boundary between MF06 and MF08. This would entail the extension of the polling district boundary from the eastern end of the PROW to Camm Lane and the cancellation of the boundary along Camm Lane and Towngate. The boundary along Dunbottle Lane would change slightly (but Dunbottle Lane is already split amongst three polling districts.) This would have the advantage of uniting the whole of both Camm Lane and Towngate within MF06.

I calculate this would entail the transfer of 64 electors without postal votes from MF08 to MF06. I believe this would make the number of electors without postal votes in MF06 2,253. Clearly, this exceeds the number recommended by the boundary Commission but it is well below the number of 2,500 it recommended before Covid 19 presented significant health risks. If it is thought desirable, see two different ways of addressing this:

First the number of “excess” electors is so small (3) and the MF06 polling station appears well capable of accomodating this extra number so the discrepancy could be regarded as unimportant. {I understand a larger number of electors are already treated in this way elsewhere within the Kirklees Area.)

Second, 15 electors without postal votes could be transferred from MF06 to MF08. This could be achieved by taking the polling district boundary up Richard Thorpe Avenue, by following the first PROW to the right behind Castle Hall School buildings and by following the next right turn along the PROW bordering the eastern edge of the Castle Hall School premises as far as Crowlees Road. This would split in half the four properties on Richard Thorpe Avenue but unite a larger number of properties on the eastern section of Crowlees Road with those already in MF08. This would make MF08 in to quite a small polling district but it would be larger than that for Upper Hopton (Croft House MF05).

I suggest whichever of the above alternatives is applied that seems most appropriate.

6. I believe the present southern polling district boundary in Upper Hopton (MF05) follows the boundary of the former Mirfield Urban District Council. I suggest this should be retained in Kirklees Council’s records for historical reference. However, the boundary meanders across a number of fields and it is not marked on the ground. I propose that the polling district boundary is moved so it follows Hollin Hall Lane and the B6118, i.e. Highgate Lane, Bellstring Lane and Liley Lane, as far as the eastern boundary to MF05. Some electors immediately north of the B6118 are in MF05 and others are not but I believe those with religious faith look to St. John’s Church in Upper Hopton. This proposal would move a few electors from Kirkheaton (and from Lepton (?)) into MF05 but the numbers are small and MF05 would be given a clear boundary on the ground.

Thank you for considering my proposals.’’

This page is intentionally left blank

Appendix 3

Statutory Review of Polling Districts and Places – Kirklees Council

(Acting) Returning Officer Submission

October 2023

In accordance with Section 18c (sub section 1) of the Representation of the People Act 1983, Kirklees Council is conducting a review of all polling districts and places.

The Council determines the polling district boundaries within wards. The Council has delegated decision making on boundary changes to the Corporate Governance and Audit Committee.

The closing date for submissions and comments in connection with the review was Monday 30 October. Comments were put forward for consideration and the (Acting) Returning Officer has made several decisions and proposals resulting from the responses received.

Dalton Ward – DA03 Polling District

The (Acting) Returning Officer received comments from all three ward members relating to re-allocating voters located in the DA03 polling district to their closest neighbouring polling district and station to improve accessibility to polling stations in the area.

The Electoral Services Team have conducted a site visit to both polling station locations in the neighbouring polling districts and have confirmed that The New Church, Grove Place, Long Lane HD5 9LL and the Common Room at Rear of Cottage Homes, Wakefield Road, Waterloo HD5 9XT can accommodate an increase in voters without surpassing the Electoral Commissions recommended threshold of 2250 voters in person at each location.

Following a discussion with ward members, they have agreed to the following proposals in street splits between the two neighbouring polling districts:

DA03 Streets	*Proposed Polling District*	*Polling Station*	*Electorate*	*Postal Voters*	*In-person Voters*
Kingston Avenue	DA02	The New Church	110	43	67
Lady Lane	DA04	The New Church	44	16	28
Lees Close	DA02	The New Church	52	20	32
Alton Avenue	DA02	The New Church	38	14	24
Eton Avenue	DA02	The New Church	31	7	24

First Avenue	DA02	The New Church	8	0	8
Grosvenor Road	DA02	The New Church	153	42	111
Henley Croft	DA02	The New Church	19	4	15
Long Lane	DA02	The New Church	98	28	70
Marlow Close	DA02	The New Church	22	1	21
Mayfield Avenue	DA04	The New Church	135	33	102
Nursery Lodge Court	DA02	The New Church	21	5	16
Second Avenue	DA02	The New Church	30	9	21
Staines Croft	DA02	The New Church	34	6	28
Teddington Avenue	DA02	The New Church	89	26	63
The Grange	DA02	The New Church	16	8	8
Dalton Green Lane	DA04	Cottage Homes	181	65	116
Green Lea Road	DA04	Cottage Homes	10	2	8
Kelso Grove	DA04	Cottage Homes	13	4	9
Mayfield Grove	DA04	Cottage Homes	33	14	19
Melrose Close	DA04	Cottage Homes	34	5	29
Myers Croft	DA04	Cottage Homes	21	4	17
Rowlands Avenue	DA04	Cottage Homes	79	28	51
Tolson Crescent	DA04	Cottage Homes	135	33	102
Wakefield Road	DA04	Cottage Homes	114	33	81
White Rose Avenue	DA04	Cottage Homes	68	21	47

The ARO proposes that DA03 is split as detailed above and that the Dalton ward will now consist of 7 polling districts only.

Cleckheaton Ward – CL01 Polling District

The (Acting) Returning Officer received one representation from Councillor Kath Pinnock relating to the proposed change of polling station in CL01. Councillor Pinnock cited that although she would prefer for Cleckheaton Town Hall to be available, she was supportive of the temporary alternative.

Councillor Pinnock also highlighted that the proposed replacement building has been used as a polling station in the past and that voters would be familiar with the location.

A site visit has been undertaken at St John's The Evangelist Church to confirm that the site has adequate facilities and space. The building is large enough to host the electorate in CL01 and has excellent facilities available.

The ARO has determined that the polling station is temporarily moved to St John's The Evangelist Church whilst Cleckheaton Town Hall is unavailable.

Dewsbury West ward – DW04 Polling District

During the consultation period a representation was put forward from Ethos College requesting that the (Acting) Returning Officer reviewed the allocated polling station location at their college. Ethos College specialises in providing longer-term full-time education to Key Stage 4 pupils (ages 14 to 16) with wide-ranging Social, Emotional Mental Health (SEMH) needs. Therefore, on polling day they are required to close the school as due to safeguarding of pupils the polling station can not be run on site whilst the school is open.

The college itself is located on a steep hill adjacent to the housing estate on Dewsbury Moor. The school car park is not in use on the day and voters must park on street.

Following a site visit to the polling district to understand the concerns and issues surrounding this location, a suitable alternative venue has been identified at the Tenant and Residents Association, 8 School Avenue, Dewsbury Moor, Dewsbury WF13 4RU. The building is located 100 ft away from Ethos College in the main body of the housing estate.

The building has on street parking, suitable facilities and enough space to accommodate the electorate in the polling district.

The ARO has determined that the polling station is located at the Tenants and Residents Association building in May 2024 on a trial basis, following this election, the ARO will consult with ward members on the location's suitability for future elections.

Dewsbury West ward – DW05 Polling District

A representation was received from Councillor Darren O'Donovan regarding the use of St Paulinus School as a polling station for the DW05 polling district. Councillor O'Donovan suggested that instead of utilising the school, this polling district could be split between two new locations at Crow Nest Park and St Paulinus Parochial Social

Club. Councillor O'Donovan also highlighted that there is also the Salfia Centre located within this polling district.

The law is quite specific in that Returning Officers (ROs) have the right to select schools as venues for polling stations and the (Acting) Returning Officer has made arrangements with St Paulinus School to facilitate the polling station up to 2027 to allow for the school to plan their inset days in advance to facilitate the polling station for the residents in the DW05 polling district. The booking has been confirmed for May 2024 by the school.

It would not be appropriate to split the polling district across two locations as the electorate limit for hosting a polling station is well within the threshold as prescribed by the Electoral Commission. The splitting of this location would have a greater financial impact on Kirklees Council as two venues would have to be hired, two sets of staff appointed and paid along with providing two sets of equipment. St Paulinus School provides better facilities for voters and staff, it is located in the very centre of the polling district and has off street parking available.

The ARO determines that the polling station will remain at St Paulinus School.

Golcar ward – GC03 Polling District

During the consultation period, a representation was made by a member of the public that flagged an anomaly in the GC03/04 polling districts following the development of a new estate on Cowlersley Lane.

The boundary line of GC03 run across the new estate which means that the properties located on Mill Rise are being sent to GC03 and travelling past GC04 to get to their polling station.

A site visit has taken place at Mill Rise to understand the elector's journey to the polling station and it is sensible to address this anomaly as part of the review ahead of the next election to avoid voter confusion.

The ARO proposes that the polling district boundary is amended to include Mill Court into the GC03 polling district.

Kirkburton ward – KB03A, KB03B, KB07A and KB07B Polling District

During the consultation period all members for the Kirkburton ward were consulted on the amendments proposed for Kirkburton ward polling districts to address historical anomalies and ensure the polling scheme is amended to address changes brought in by the new Parliamentary Constituencies.

Ward members are supportive of the amendments proposed.

The ARO proposes that KB03 A/B and KB07 A/B are merged to create two polling districts of KB03 and KB07 only to ensure the polling scheme matches the Constituency boundaries.

Appendix 3

Batley East ward – BE10 Polling District

During the consultation period, the (Acting) Returning Officer received representations from all three ward members for Batley East.

They suggested that Batley Community Centre may be a more accessible alternative to the Royal Airforce Association that was originally proposed as it is a community building located closer to the residential area.

A site visit has been undertaken at Batley Community Centre to confirm the buildings accessibility and location to the electorate. The building provides a spacious room for a polling station, has full accessibility for wheelchair users and an ample car park for access by vehicle. The site is more than suitable to host a polling station and is a key building within the community of the BE10 polling district.

The ARO has determined that the polling station for polling district BE10 is located at Batley Community Centre.

Mirfield ward – MF01 Polling District

A request has been received to change the location of the polling station for this polling district from Church of Christ the King, Stocksbank Road to Battyeford J&I School, the rationale provided is that Battyeford J & I School is more centrally located within the polling district, is in a better position to cater for the sheltered housing at Littlemoor Grove, Bankfield Court and Fox Royd Lane. The representation also states that whilst this proposal would necessitate the closure of the School on polling days, it would present the opportunity for the pupils to learn about and emphasise the importance of voting in local and national elections.

The polling station was changed in 2018 from Battyeford J & I School to the church. The school was concerned about the closure, the use of the school had caused some complaints/concerns over the years from polling station staff, electors and political representatives in previous elections, ward councillors were consulted and all were supportive of the move to the church.

Whilst the church is not centrally located in the polling district, it has roadside parking, provides disabled access and modern facilities and the move has enabled the school to stay open. No comments or complaints have been received from voters relating to the location of this polling station and ward councillors are supportive of the polling station remaining at the Church.

The ARO has determined that the Church of Christ the King will continue to be used as the polling station.

The representation received also detailed a proposed amendment to the polling district boundary that runs between MF01 and MF02 currently down Slipper Lane to be moved to match the public right of way (PROW) from Kitson Hill Road via Warren House to the A62.

The representation states that since the southern side of Kitson Hill Road is occupied by Mirfield Free Grammar School sports fields, this would mark a clear separation of MF02 to the north from MF01 to the south.

The ARO proposes that the polling district boundary is amended to match the public right of way.

Mirfield Ward – MF01/MF03 Polling Districts

The representation received detailed a proposal to amend the polling district boundary between MF01 and MF03 to follow the public right of way from Huddersfield Road (A644) to the side of the Chinese take-away on Nettleton Road. This would require the polling district boundary to be extended along the A644 from Doctor Lane to its junction with the PROW. This would also appear to necessitate the cancellation on the polling district boundaries on Doctor Lane and on Nettleton Road from the Chinese take-away premises to the A644.

With regard to Polling District and Polling Station Reviews no alterations can be made to polling districts that would affect Parish/Town Council ward boundaries. Altering MF01 (Battyeford Ward) and MF03 (Eastthorpe Ward) would therefore not be possible**.**

The ARO is not able to propose this amendment as part of this review.

Mirfield Ward – MF08/MF06 Polling Districts

The representation received detailed a proposal to amend the polling district boundary to follow the PROW from Towngate/Pinfold Lane to Dunbottle Lane to become the polling district boundary between MF06 and MF08. This would entail the extension of the polling district boundary from the eastern end of the PROW to Camm Lane and the cancellation of the boundary along Camm Lane and Towngate. The boundary along Dunbottle Lane would change slightly (Dunbottle Lane is already split amongst three polling districts). This would have the advantage of uniting the whole of both Camm Lane and Towngate within MF06.

Additionally, the representation detailed another proposed change that would affect MF08 and MF06 polling districts. The proposal was to move 15 electors without postal votes from MF06 to MF08 by moving the polling district boundary up Richard Thorpe Avenue whilst uniting a larger number of properties on the eastern section of Crowlees Road with those already located in MF08.

With regard to polling district and polling station reviews no alterations can be made to polling districts that would affect Parish/Town Council ward boundaries. Altering MF08 (Northorpe Ward) and MF06 (Crossley Ward) would therefore not be possible**.**

The ARO is not able to propose this amendment as part of this review.

Mirfield Ward – MF05 Polling Districts

The representation received detailed a proposal to move the polling district boundary in Upper Hopton so that it follows Hollin Hall Lane and the BG118 as far as the eastern boundary to MF05. The justification of this proposal was that electors located immediately north of the B6118 of religious faith may look to St John’s Church in Upper Hopton. The proposal would require moving some electors located in DA06 to MF05.

With regard to Polling District and Polling Station Reviews, no alterations can be made to polling districts that would affect District Council ward boundaries. In order to facilitate the change, we would have to amend the Mirfield District ward boundary. This is not something Kirklees Council or the ARO can do, it would have to be considered by The Local Government Boundary Commission as part of the full electoral review currently taking place.

The ARO is not able to propose this amendment as part of this review.

Kirklees COUNCIL

Name of meeting: Corporate Governance and Audit Committee

Date: 24 November 2023

Title of report: Annual Report: Information Governance 2022-2023

Purpose of report:

The report provides an update on the Information Governance service and offer to the Council, outlining key events and activities across the year. The report focuses on four key areas; organisational culture change, compliance, records of processing activity (RoPA), and records management before examining the challenges, successes and next steps.

This report is for information and comment.

Key Decision - Is it likely to result in spending or saving £500k or more, or to have a significant effect on two or more electoral wards? Decisions having a particularly significant effect on a single ward may also be treated as if they were key decisions.	Not Applicable
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports)?	Key Decision – No Private Report/Private Appendix – No
The Decision - Is it eligible for call in by Scrutiny?	Not Applicable
Date signed off by Strategic Director & name **Is it also signed off by the Service Director for Finance?** **Is it also signed off by the Service Director for Legal Governance and Commissioning?**	Rachel Spencer Henshall -14th November 2023 Isabel Brittain -14th November 2023 Julie Muscroft, (Monitoring Officer)- 14th November 2023
Cabinet member portfolio	Paul Davies – Deputy Leader and Corporate

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public

Has GDPR been considered? Yes

1. **Summary**

Information governance connects all the relevant standards, requirements and best practice for appropriate and legal information handling. This allows the Council to manage information in an appropriate way that balances the importance of maintaining confidentiality and privacy for individuals, whilst ensuring openness and transparency for the organisation. The Information Governance Board hold the IG Team and their practices to account, ensuring that personal data is processed to the highest standard and in line with legislation.

Information is a vital asset to Kirklees Council to ensure the successful delivery of services and the efficient management of resources. It is important to ensure that information is effectively managed, and that appropriate policies and practices are in place, ensuring that statutory obligations can be met.

Effective information governance practices allow the Council and its employees to ensure that both business and personal information is dealt with legally, securely, efficiently, and effectively to enable the delivery of services.

The Information Governance Annual Report for 2022/2023 sets out how the Council has performed in key areas; Organisational Culture Change, Legal Compliance, Records of Processing Activity (RoPA) and, Records Management.

Highlighted are the challenges and achievements throughout the year including:

Challenges
- Subject Access Requests (SARs) backlog
- IG Team resources
- Demand from other services for advice and support
- Significant projects and areas of work outstanding requiring continued work

Achievements
- Resourcing
- SARs backlog reduction
- Data Security and Protection Toolkit (DSPT) Submission
- Training and development

2. Information required to take a decision

This report is for information only.

3. Implications for the Council

3.1 Working with People

This report outlines how the council has performed in meeting statutory timescales for responding to information requests including Freedom of Information (FOI), Environmental Information Request (EIR) and data subjects' rights requests.

3.2 Working with Partners

This report outlines how the council have worked with partners to support both parties in achieving information related outcomes.

3.3 Place Based Working

None.

3.4 Climate Change and Air Quality

None.

3.5 Improving outcomes for children

This report outlines the performance of requests for personal information made to the council, including by care leavers, relating to their time in care.

3.6 Financial Implications for the people living or working in Kirklees

None.

3.7 Other (eg Integrated Impact Assessment (IIA)/Legal/Financial or Human Resources) Consultees and their opinions

The Council is required by law to adhere to:

- UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018
- Freedom of Information Act 2000
- Environmental Information Regulations 1998

This report does not raise any legal implications.

4. Consultation

This report is for information only. It has been presented at the Councils Executive Leadership team and to the Executive Board for information.

5. Engagement

This report is for information only.

6. Next steps and timelines

It is important that the Council continues to have a strategic approach to information governance that ensures legislative compliance whilst realising the opportunities and benefits of best practice.

The learning from this report has informed the priorities for the coming year and beyond. Working in triangulation with colleagues in Data & Insight and IT Teams, a strategic approach to data management across all services can be achieved.

This report outlines next steps and future plans for information governance in service and across the Council, supporting compliance and service delivery. Priorities include:

- Continuing to reduce the SARs backlog,
- Improve efficiencies within the IG Team,
- Develop and deliver a communications plan,
- Work with triangular colleagues (IT and Data & Insight) to deliver a strategic and co-ordinated approach to data management,
- Update mandatory training packages,
- Roll out the Modernisation of Children's Records Project,
- RoPA development project.

The IG Board received quarterly reports regarding compliance, outlining areas of success, challenge and learning to support future practices. The IG Board is aware of the outlined next steps and is supportive of the IG Team carrying out these actions to help manage, reduce, and mitigate the challenges previously faced.

Compliance with subject access requests is a key area of focus. Many requests deemed complex and currently being added to the backlog are from care leavers wanting to know more about their time in and out of care. It has been realised that there is currently little support for such individuals and the information they receive could be traumatic for them. Therefore, in collaboration with Children's Services, a person-centred approach to such requests is to be scoped. The aim is to provide support to care leavers receiving information but also working with them at the point of making a SAR to potentially reduce the scope of the request.

The Modernisation of Children's Records Project will also support the reduction of the SARs backlog by digitising children's care records currently held in the central archive, making them more accessible for redaction at the time of need. Digitising records will also support recovery plans in the event of any disaster that may destroy paper files.

7. Officer recommendations and reasons

It is recommended that the Corporate Governance and Audit Committee note and comment on the Information Governance Annual Report and that the proposed actions are enacted and kept under review.

The Information Governance Board would be grateful for any comments from members on the contents of the report and suggestions for what items members would find useful for inclusion in future reports.

8. Cabinet Portfolio Holder's recommendations

XXX

9. Contact officer

Erin Wood – Information Governance Manager & Data Protection Officer
Erin.Wood@kirklees.gov.uk
Ext. 71307

10. Background Papers and History of Decisions

None

11. Service Director responsible

Julie Muscroft – Service Director for Legal, Governance and Commissioning

Annual Report: Information Governance 2022-2023

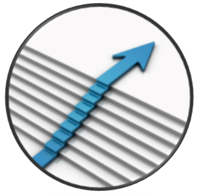
Corporate Governance and Audit Committee
24 November 2023

Annual Report: Information Governance 2022-2023

Purpose of report
To provide an update on the Information Governance (IG) service and offer to the Council.
This report covers the period of 01 April 2022 to 31 March 2023.

Areas of update

Organisational culture change

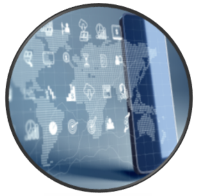


- IG Strategy
- IG Board
- Communication & engagement
- GDPR implementation
- IG Self-assessment

Statutory compliance

- FOI / EIR
- Data Subjects Rights
- Disclosure Requests
- Information security incidents
- DPIAs

RoPA



- DPIAs
- IAR
- IRM
- Information Sharing

Records management

- Central Archive
- Modernisation of Children's Records
- Retention for Inquiries

IG Offer

Advice & support

IG provide advice and support on areas including, but not limited to:
- Use of consent
- CCTV & Monitoring
- Recording of meetings
- Development of surveys
- Working abroad

Supporting the Council

IG support the Council to achieve its strategic outcomes alongside triangle colleagues (IT and Data & Insight) with a particular focus on IG.

Ensuring compliance

IG ensure Council compliance with the following legislation:
- UK GDPR
- Data Protection Act
- Privacy & Electronic Communication Regulation (PECR)
- FOI Act
- EIR

Organisational Culture Change

IG Strategy
- Outlines the principles, vision and objectives for information management alongside the Cyber Security and Data & Insight Strategies
- Outlines the action plan for engagement and embedding of IG practices across services
- The IG Strategy is currently being refreshed and aligned to the Technology Strategy and Data & Insight Strategy

Next Steps
- Finalise and launch the refreshed IG Strategy
- Continue to develop and achieve objectives and action plan

IG Board
- IG Board meets every 8 weeks
- Terms of Reference have been refreshed to ensure an appropriate balance between operational and strategic objectives

Next steps
- Review membership

Communication and engagement
- Launched new mandatory training modules for all staff
- Developed a communications plan for IG

Next steps
- Continue to engage with services to ensure compliance and embed best practice

GDPR Implementation & IG Self-assessment
- Work prior to 2020 focused on organisational & cultural change with the aim of embedding a privacy by design & default approach
- In 2021, an IG self-assessment was conducted across the council to gain a baseline for GDPR implementation
- Results were analysed and work is ongoing to implement the required support, overseen by the IG Board
- Knowledge and training identified as a key delivery item to support services

Next steps
- Implement appropriate mandatory training modules for all staff
- Identify need and deliver specialist training as needed
- Re-run the assessment to track developments and monitor GDPR implementation

Annual Report: Information Governance 2022-2023

Kirklees COUNCIL

Statutory compliance

FOI & EIR

- Combined figures for FOI & EIR
- Information requests must be responded to within 20 working days, services required to provide the information within 15 working days to the IG Team
- Requestors can request a review; the council have a further 20 working days to respond
- In exceptional circumstances, 40 days may be allowed

FOI & EIR requests made

Requests	2019/20	2020/21	2021/22	2022/23
Requests	1547	1229	1308	1245
Compliance	88%	84%	74%	71%

FOI & EIR review requests made

Reviews	2019/20	2020/21	2021/22	2022/23
Requests	27	40	75	45
Compliance	64%	55%	66%	87%

Comparison between authorities

Authority	21/22	22/23
Bradford	1576	1520
Calderdale	1106	1122
Kirklees	1308	1245
Leeds	NR	NR
Wakefield	1150	1155
WY F&R	83	114

Analysis

- Slight decrease in the number of requests on last year
- Almost half the number of requests for review with review compliance up significantly
- Compliance for FOI responses lower than previous years due to complexity of requests and demands on services
- Figures remain stable across West Yorkshire authorities

Next Steps

- Working with services where demand is high/struggling to meet timescales & exploring potential solutions
- Aim to build compliance rates year on year – ideal 95%
- Improved communications and training for staff

Annual Report: Information Governance 2022-2023

Statutory compliance

Data Subjects Rights & Disclosure Requests

- 7/8 subjects rights requests (excluding SARs)
- Disclosure requests are personal data requests made by Police, Solicitors etc. for a specified purpose
- Requests must be responded to within a calendar month, or 3 months for complex requests

Next steps

- Aim to build compliance year on year with an aim to achieve 95% compliance in all areas

DSR Requests	2019/20	2020/21	2021/22	2022/23
Requests	46	48	52	65
Compliance	66%	68%	78%	87%

Disclosure Requests	2019/20	2020/21	2021/22	2022/23
Requests	420	537	565	446
Compliance	81%	70%	88%	85%

SAR Backlog 2022/23	Jun	Aug	Sep	Nov	Jan	Mar	May	Jul	Aug
Requests on backlog	47	30	22	29	33	43	41	38	43
No. of which are complex	28	24	18	18	21	21	21	20	23

SARs	2019/20	2020/21	2021/22	2022/23
Requests	293	299	279	344
No. of which are complex	14	23	24	20
Compliance	72%	68%	67%	66%

Subject Access Requests

- Working with the ICO from July 22 due to delay in responding to requests and complaints
- 24% increase on number of SARs made to Kirklees from 2021/22
- 25% increase on the number of other data subjects' rights requests from 2021/22
- Maintaining contact with applicants and providing responses in batches where possible

Next steps

- Continue working with the ICO on improving compliance and managing the backlog
- Continue working with Children's Services to implement changes to reduce the complexity of requests & provide appropriate support for requestors

Annual Report: Information Governance 2022-2023

Kirklees COUNCIL

Statutory compliance

Data Protection Impact Assessments (DPIA)

- DPIAs are required for all processing activity containing personal data
- A DPIA is a risk assessment for data protection & privacy
- Supports privacy by design & default approach
- DPIA process currently under review & redevelopment

DPIAs	2018/19	2019/20	2020/21	2021/22	2022/23
Submitted	179	150	76	76	71

Analysis

- DPIA submissions are levelling out, which we may not expect to see yet
- Training sessions are delivered regularly for all staff to attend and gain support from IG around completion

Next steps

- Further comms & training required for staff to be developed for new process launch outline requirement for DPIA completion
- Organisational & cultural change to promote risk-based approach
- Wider review of Records of Processing Activity (RoPA) to improve organisational compliance and information risk awareness

Information Security Incidents

- Incidents to be reported as soon as a person/service becomes aware
- IG Team determine severity of incident and advise services on appropriate next steps
- Serious incidents to be reported to the ICO within 72hrs
- Council operates a ‘no blame’ culture for incident reporting

Incidents	2019/20	2020/21	2021/22	2022/23
Reported total	285	253	289	318
Reported to ICO	1	1	3	6
Reported to ICO in 72hrs	100%	0%	67%	50%

Analysis

- Steady increase in the number of reported incidents is generally positive as it shows that colleagues are aware of the process and seek the support available
- Currently do not capture reporting time for incidents other than those reported to ICO

Next steps

- Would expect to see the number of incidents reported rise as comms & training improve
- Aim to improve reporting times to 100% however, it can take time to determine severity of an incident

Statutory compliance 23/24 Q1&2 overview

FOI / EIR	Q1	Q2	Q3	Q4
2022/23	337	277	299	332
2023/24	362	427	-	-
Difference	+25	+150	-	-

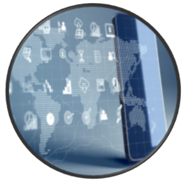
DS Rights	Q1	Q2	Q3	Q4
2022/23	15	19	12	19
2023/24	11	18	-	-
Difference	-4	-1	-	-

SARs	Q1	Q2	Q3	Q4
2022/23	65	83	88	107
2023/24	120	106	-	-
Difference	+55	+23	-	-

Disclosures	Q1	Q2	Q3	Q4
2022/23	116	120	103	107
2023/24	110	128	-	-
Difference	-6	+8	-	-

*Quarter 2 figures are subject to change pending clarification or further information from requestors

Kirklees COUNCIL



Record of Processing Activity (RoPA)

Record of Processing Activity

- Statutory requirement to document an organisations processing activities
- Acts as an inventory of the data processed, providing a clear picture of how PID is processed and whether it is compliant with applicable legislation
- It presents key information from DPIAs, data flow maps and other documentation such as contracts and sharing agreements in one central place
- A successful RoPA will enable streamlined data processing and effective information risk management

DPIAs & IRM

- DPIAs are a risk assessment carried out when processing personal data
- Risks identified as part of this process should be recorded against the Information Asset (IA) on the IA Register (IAR)
- As part of the Information Risk Management (IRM) process, risks should be escalated to appropriate risk registers as required

IAR & Data flow mapping

- IAR generally hosts the RoPA
- Outlines what information is held, where it is held & what it is used for
- IAR is in place, but further work needs to be done to embed this and progress to BAU
- Data flow mapping is integral to this work to ensure that data is being shared fairly and lawfully
- Current IAR is set to be reviewed before being developed further

Contracts & Sharing Agreements

- ISAs are currently not routinely recorded by the IG Team
- Services are able to request advice and support from the IG Team when developing an ISA
- As part of the review for the development of the RoPA, contracts will also need to be examined to help identify IA's for the IAR.

Next steps

- Establish a working group to review requirements and develop a RoPA fit for purpose (including IAR, Data flow mapping, DPIA process, contractual agreements, privacy notice development and records management)
- Redevelop DPIA process for effective and efficient information risk management (IRM)
- Review IAR to ensure IAR is accessible & fit for purpose

Central Archive & Digitisation

Central Archive

- Currently 19,469 boxes in the archive
- Total space for 27,216 boxes
- On average, approx. 400 boxes a year are submitted for the archive – 580 boxes were submitted in 2022/23
- Ongoing work to sort, log and record the contents of each box
- Destruction of files once they have reached their retention date is ongoing

Independent inquiry into child sexual abuse

- Retention order issued in June 2015 to prevent the destruction of records
- The report of the inquiry was published in October 2022
- Letter to remove the retention order was received by the Council in November 2022
- Work to destroy any records beyond their retention will be captured as BAU

Modernisation of children's records

- Digitisation project for children's social care files
- Aims to digitise records in one place, improving records management and access to files
- Includes work with Children's Services to support care leavers with their subject access requests
- Project has previously been held due to resourcing and funding
- Work commencing in 2023/24

Project

- Organise paper files in a way that would be coherent to the care leaver
- Digitise files to legal admissibility standard, prioritising cases where a SAR has been made
- Focus will be on care leavers files where the individual is under the age of 40
- Paper records will be destroyed following digitisation

Benefits

- Business continuity
- Reduced cost of holding paper records

Challenges

IG Team resources

- Resources were depleted through vacancies and long-term absences
- All vacant positions are now filled but some staff remain away from work on long-term absence
- Evaluating team’s ways of working to identify any efficiencies to help improve compliance

SARs backlog

- Number of requests has continued to increase year on year, with increased numbers being deemed complex cases
- Working with the ICO since July 22, monitoring and working with us to reduce the backlog
- Additional support being sought from other sources including overtime & casual staff
- Evaluating processes to help improve compliance / reduce complexity of cases

Demand from other services

- Increased requests for support from services around DPIAs and appropriate data sharing

Significant projects and areas of work outstanding to continue to work on

- Modernisation of Childrens’ Records project to commence in 2023/24

Annual Report: Information Governance 2022-2023

Successes

Resource
- Service delivery has continued although reduced in areas through challenging circumstances
- Successful recruitment to all vacant positions

SARs backlog reduction
- Compliance figures have remained stable despite large increase in numbers of requests
- Working with the ICO to manage caseload has seen improvements

Data Security & Protection Toolkit (DSPT) submission
- DSPT was submitted on time in June 2022
- Achieved standards met status

Training & Development
- DPIA workshops & FOI Masterclass sessions were developed and rolled out to staff, offering further training, advice and guidance
- Sessions were deemed successful based on the number of attendees and the feedback received
- Procurement of new mandatory training modules

Annual Report: Information Governance 2022-2023

Next steps

2023/2024

- Continue to work on the SARs backlog with the aim of reducing the number of complex cases outstanding
- Examine the effective use of resources within the IG Team to improve compliance, better support services & improve efficiencies
- Streamline processes, including DPIA & data sharing agreements, to simplify, reduce impact on services and avoid duplication
- Develop communications plan to continue to raise awareness and remind regarding basics
- Work with triangle colleagues (Data / IT) to develop a strategic co-ordinated approach & support offer
- Review IG Board ToRs & refresh
- Update mandatory training packages for all staff & review Cllr support and offer
- Review / refresh the IG strategy and develop the action plan to meet strategic outcomes
- Review / refresh the IG related policies and develop accompanying procedures to assist colleagues with compliance
- Roll out of Modernisation of Children’s Records project

2024/2025

- Revised RoPA development and roll out
- Support services & Councillors to support themselves by offering further specialist training & guidance
- Continue to raise awareness through comms channels and training around IG related issues
- Develop and launch second IG Self-assessment

Name of meeting: **CORPORATE GOVERNANCE & AUDIT COMMITTEE**
Date: **24th NOVEMBER 2023**
Title of report: **QUARTERLY REPORT OF INTERNAL AUDIT Q2 2023/24 JULY 2023 TO SEPTEMBER 2023**

Purpose of report.
To provide information about internal audit work in quarter 2 of 2023/24

Key Decision - Is it likely to result in spending or saving £500k or more, or to have a significant effect on two or more electoral wards?	**not applicable** .
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	**not applicable**
The Decision - Is it eligible for call in by Scrutiny?	**not applicable**
Date signed off by Strategic Director & name. **Is it also signed off by the Service Director for Finance IT and Transactional Services?** **Is it also signed off by the Service Director for Legal Governance and Commissioning Support?**	**not applicable** **not applicable**
Cabinet member portfolio	**not applicable**

Electoral wards affected: **All**

Ward councillors consulted: **None**

Public or private: **Public with a private appendix**

The appendix to this report is recommended for consideration in private because the information contained in it is exempt information within part 1 of Schedule 12A of the Local Government Act 1972 namely that the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making.

Have you considered GDPR? Yes

1. **Summary**

1.1 The attached report sets out the activities of Internal Audit and RIPA in the second quarter of 2023/24.

2. **Information required to take a decision.**

2.1 The detail of the audit work performed this quarter is contained within the report, with a small amount of additional detail in a private Appendix.

2.2 There were no Regulation of Investigatory Powers Act (RIPA) authorisation in the period.

3. Implications for the Council

3.1 **Working with People –** None directly

3.2 **Working with Partners –** None directly

3.3 **Place Based Working –** None directly.

3.4 **Improving outcomes for children–** None directly

3.5 **Climate change and air quality-** None directly

3.6 **Impact on the finances of local residents-** None directly

3.7 **Other (e.g., Legal/Financial or Human Resources)-** Although each of the sub categorisations above suggest no direct implications, the work of internal audit covers all aspects of the Council's operations, including elements of the above, either specifically, indirectly or on a commissioned basis. The main issues relate to those areas highlighted above- where there are risks associated with basic processing arrangements and delivering sound governance and control.

4. Consultees and their opinions

There are no consultees to this report although heads of service/directors participate in and respond to individual pieces of work.

5. Next steps and timelines

5.1 To consider if any additional activity is sought. (Limited assurance audit outcomes are routinely followed up).

6. Officer recommendations and reasons

6.1 Members are asked to note the Internal Audit Quarterly Report and determine if any further action is sought on any matter identified.

6.2 Members are also asked to note that there has been no Regulation of Investigatory Powers Act activity during the period quarter 2 2023/24.

7. Cabinet portfolio holder's recommendations

Not applicable

8. Contact officer

Martin Dearnley, Head of Risk & Internal Audit (01484 221000 x73672)

9. Background Papers and History of Decisions

Previous Quarterly Reports, Audit Plan, and confidential appendix.

10. Service Director responsible

Not applicable

Internal Audit & Counter Fraud Quarterly Report

Quarter 2 2023/24
July to Sept 2023

1 Introduction

This report sets out the work of Internal Audit completed in the period shown above, including the remainder of work relating to last year's Plan plus that for the current one approved at the April meeting.
All work included has reached a finalised state and, except where shown otherwise, management have accepted the findings and agreed to implement the recommendations, or, in the case of employee investigations, any disciplinary action has been through the required stages and any appeal time.

Where an assurance opinion was appropriate these reflected the standard framework below

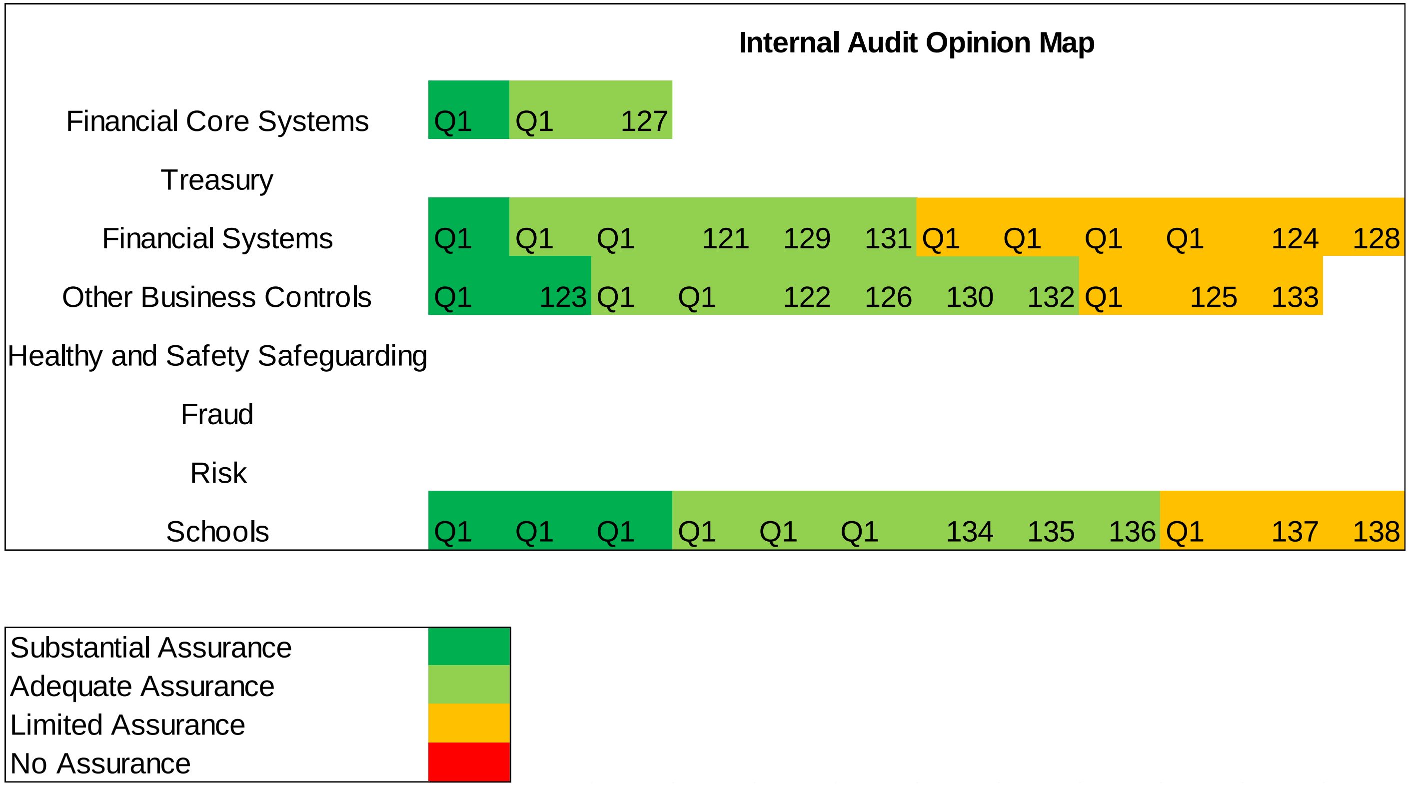
Opinion	Definition - Control Adequacy	Definition - Control Application
Substantial Assurance	A robust framework of all key controls exists that is likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
Adequate Assurance	A sufficient framework of key controls exists that is likely to result in objectives being achieved but the overall control framework could be stronger.	Controls are applied but with some lapses.
Limited Assurance	Risk exists of objectives not being achieved due to the absence of a number of key controls in the system.	Significant breakdown in the application of a number of key and/or other controls.
No Assurance	Significant risk exists of objectives not being achieved due to the absence of key controls in the system.	Serious breakdown in the application of key controls.

All audit work attracts recommendations intended to achieve at least an adequate level of control. All audits resulting in a negative - "limited assurance" or "no assurance" - opinion are followed up as a matter of course, whereas confirmation of progress in implementing agreed recommendations in other reports is sought periodically.

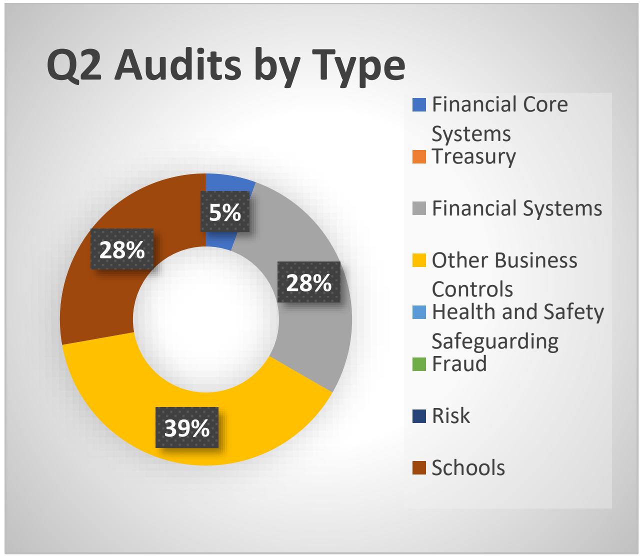
2 Internal Audit Assurance Map and Quarterly Dashboard

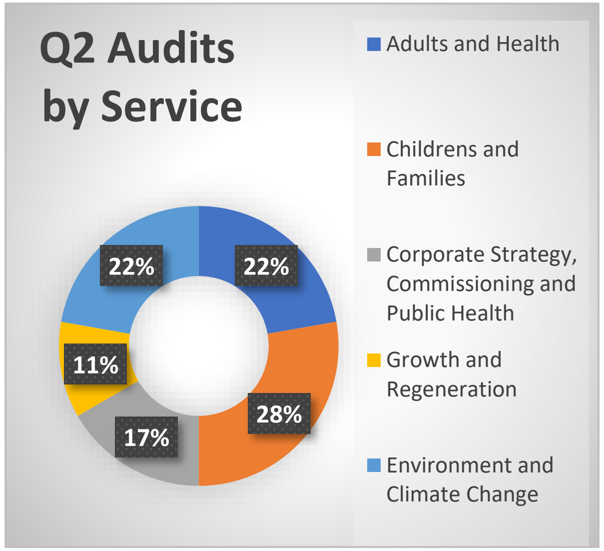
2.1 ASSURANCE MAP

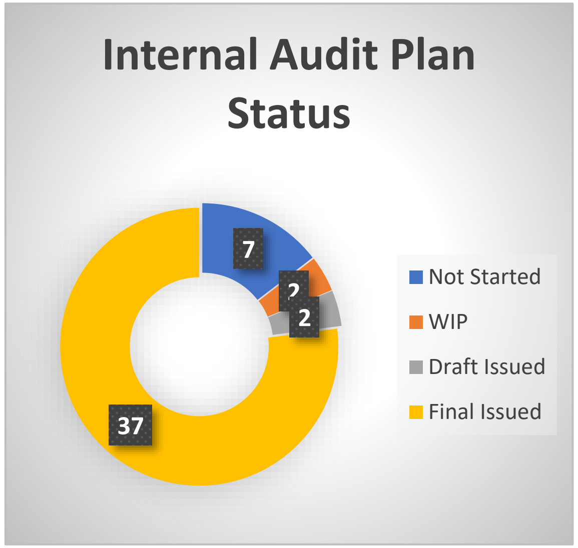
This Tableau presents a summary of third line assurance that relates to this year.
The section below shows the levels of assurance from different areas of council activity.
Green colours show areas of positive assurance. Yellow/red shows limited/no assurance.
The “numbers” link to matters included in this report. Those marked Q1 were reported in the last report.

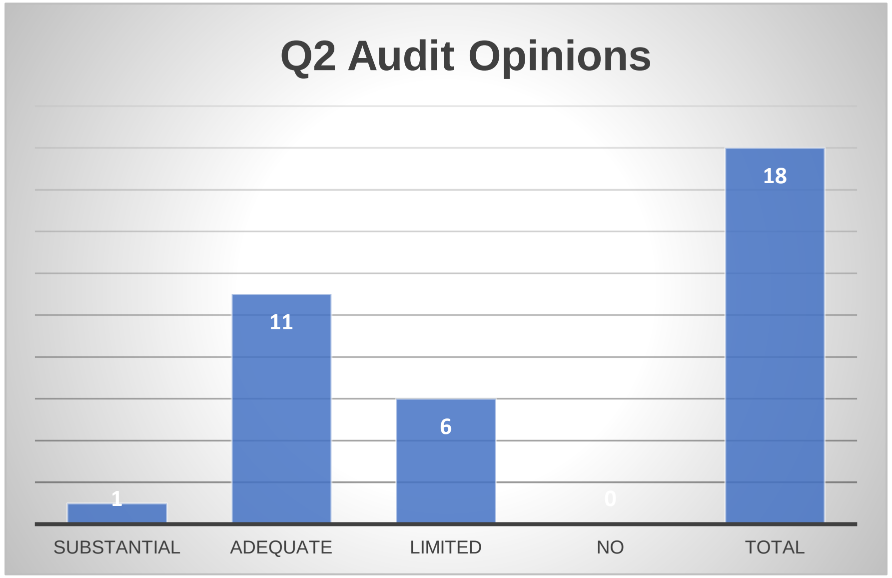


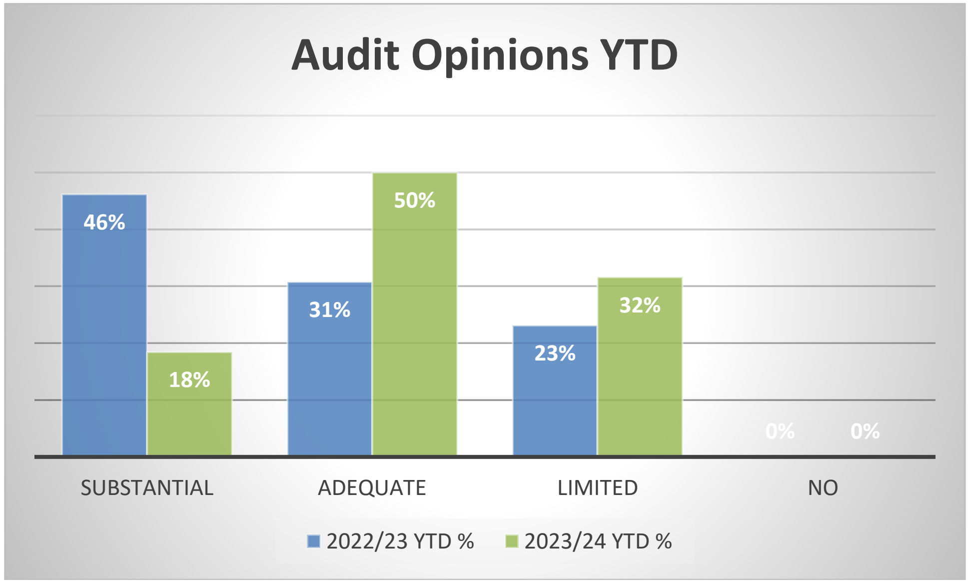
2.2 Q2 INTERNAL AUDIT DASHBOARD











3 Planned Audit Work Completed in the Period

3.1 Financial System and Service Audits

	Audit	**Opinion**	**Recommendations**		
			Fundamental	**Significant**	**Merits Attention**
	Financial Systems	None During Q2			
	Other Financial System and Process Audits				
	Adult Services				
121	Kirklees Integrated Care Equipment Service (KICES)	**Adequate Assurance**		4	5
122	Mental Health Shared Lives	**Adequate Assurance**		3	5
	Highways & Streetscene				
123	Parking and Enforcement	**Substantial Assurance**		1	1
	Childrens Services				
124	Our Space Grant scheme	**Adequate Assurance**		4	4
	Homes and Neighbourhoods				
125	Former Tenants Write Offs	**Limited Assurance -** Whilst it appears that staff are following the write off procedures in place, maintaining a sufficient audit trail for the majority of write offs and reasons, issues were found concerning a sizeable minority of cases.	1	4	3
126	Responsive Repairs	**Limited Assurance -** Responsive Repairs have reported rapid volume growth over a sustained period of time. The service is striving to rectify issues and report performance with the best available information, but		6	2

		there are Issues with data integrity making it difficult to accurately quantify the true increase. The majority of repairs remain small and in the historical charging bandings A and B, but ageing housing and a lapse in planned works are impacting the service through recurrent and often expensive jobs on a number of properties and these properties are having an impact upon volumes and cost of responsive repairs. There is or has been a lack of controls that has impacted on performance but there are short term control solutions that can be used in the interim to mitigate risks until better management information is available The process requires review to ensure that tenants are receiving the best service. Clarity on policy and embedding of performance management controls should be adopted to help reduce volumes.			

3.2 Business Risk Audits

	Audit	Opinion	Recommendations		
			Fundamental	**Significant**	**Merits Attention**
127	**Adult Social Care –** Deprivation of Liberties	**Adequate Assurance**		2	4
128	**Legal, Governance and Commissioning** – Procurement Category Management	**Adequate Assurance**		3	6

3.3 Follow - Up Audit Work Completed in the Period

	Follow Up Audit	Opinion	Outstanding Recommendations		
			Fundamental	**Significant**	**Merits Attention**
	Culture and Visitor Economy				
129	School Catering Procurement	**Limited Assurance -** In general, the recommendations from the previous audit around contract and price file audit trails and filing had been completed; however, some other areas of checking remained inadequate. As this is a fundamental control gap, the overall audit opinion remains 'limited assurance'.	1		4
130	Meadow Green Catering Income	**Adequate Assurance**		3	1
131	**Customers and Communities** – Modern Slavery	**Adequate Assurance**		4	3
132	**Highways and Streetscene –** Pool Cars	**Adequate Assurance**		4	
133	**Public Health -** Integrated Healthy Child Programme	**Adequate Assurance**		2	4
134	**People Services** – Mandatory Staff Training	**Limited Assurance -** Progress had been made in implementing a new training application, My Learning, however reporting functionality has not been developed sufficiently to identify corporate compliance with the areas identified as ones of a mandatory nature. Assurance cannot yet be provided that those staff who require aspects of mandatory training have indeed undertaken this fully.		8	

3.4 School Audits

	Substantial Assurance	**0**
135-137	**Adequate Assurance**	**3**
138,139	**Limited Assurance**	**2**
	No Assurance	**0**

4 Investigations and other Audit Activity

4.1 Adults and Social Care

Direct Payment Review

Internal audit was asked to review the circumstances around a direct payment to a client of large value.

4.2 Child Protection & Family Support

Regional Adoption Agency Membership Review

The new Service Director requested the review because of concerns about whether the arrangement represents best value for money. The contract terms and conditions presented challenges to achieving reduction in costs however recommendations from the review to ensure value for money were taken forward to the contract partners. Subsequently a formula recalculation has seen a reduction in cost to Kirklees providing better value for money for the volume of adoption and support services offered in the authority.

4.3 Resources, Improvements & Partnerships

Our Space Grant Investigation

An investigation was undertaken in connection with an application and subsequent usage of grant monies (see also 124)

4.4 Family Support & Child Protection

Stronger Families Programme

The latest Payment by Results quarterly claim has been audited prior to certification by the Director of Finance. There has been a change in qualifying criteria for this claim and it was found through the audit that data integrity was not adequate and on this basis most of the claim had to be rejected. A smaller claim than forecasted was therefore submitted. Other local authorities have experienced a similar issue and the service is working closely with the data insight team to ensure data integrity is sufficient for the Q3 claim.

4.5 Legal & Governance

Information Governance Board

Ongoing support to the Board and relevant task and finish groups.

4.6 Corporate

Draft Annual Governance Statement 2022/23

Compilation of the Draft Statement following the annual review of the effectiveness of governance and control arrangements.

5. Counter Fraud Work

5.1 Housing and Blue Badge Fraud

Investigation Type	New Referrals	Ongoing	Closed Prosecutions	Closed No Fraud Proven or Warning Issued	Applications Cancelled	Properties Returned
Right To Buy	6	26		2	4	
Tenancy Fraud	3	8		1		
Blue Badge	16	28	19	17		

5.2 Adult Social Care – West Yorkshire Financial Exploitation and Financial Abuse Team

August YTD

Referrals Received	Investigations	Pre-Investigations	Safeguarding Only	Yet to be designated	Closed	Value (£)
11	4	1	2	0	4	107,770

6. Regulation of Investigatory Powers Act investigations

None this period

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank