

KIRKLEES COUNCIL

AUDITED FINAL STATEMENT OF ACCOUNTS 2023/2024

**K Mulvaney
Service Director Finance
Civic Centre 3
Market Street
Huddersfield
HD1 1WG**

Contents	Page
Narrative Report	3
Statement of Responsibilities and Certificate	19
<u>Main Financial Statements</u>	
Comprehensive Income and Expenditure Statement	20
Statement of Movement in Reserves	21
Balance Sheet	22
Cash Flow Statement	23
<u>Notes to the Main Financial Statements</u>	
1. Accounting Policies	24
2. Prior Period Adjustments	43
3. Accounting Standards that have been issued but have not yet been adopted	43
4. Critical Judgements	44
5. Assumptions and Major Sources of Estimation Uncertainty	46
6. Exceptional Items and Material Items of Income and Expense	47
7. Events after the reporting period	47
8. Expenditure and Funding Analysis	48
9. Expenditure and Income analysed by nature (Subjective Analysis)	52
10. Adjustments between accounting basis and funding basis under regulations	53
11. Transfers to/from Earmarked Reserves	57
<u>Notes Referring to Specific Items in the CIES</u>	
12. Other Operating Expenditure	59
13. Financing and Investment Income and Expenditure	59
14. Taxation and Non-Specific Grant Income	59
<u>Notes Referring to Specific Items in the Balance Sheet</u>	
15. Property, Plant and Equipment (PPE)	60
16. Heritage Assets	64
17. Investment Property	66
18. Intangible Assets	67
19. Financial Instruments	68
20. Long Term Debtors	77
21. Inventories	77
22. Short Term Debtors	78
23. Cash and Cash Equivalents	78
24. Short Term Creditors	78
25. Provisions	79
26. Other Long-Term Liabilities	80
27. Usable Reserves	80
28. Unusable Reserves	80

Notes Referring to Specific Items in the Cash Flow Statement98

29. Operating Activities	83
30. Adjustments to net surplus or deficit on the provision of services for non-cash movements	83
31. Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	83

Other disclosures

32. External Audit Costs	84
33. Pooled Funds	84
34. Officers' Remuneration	86
35. Deployment of Dedicated Schools Grant (DSG)	89
36. Related Party Transactions	89
37. Grant Income	92
38. Capital Expenditure and Capital Financing	93
39. Leases	94
40. Private Finance Initiative (PFI) Transactions	98
41. Pensions Disclosures	102

Group Accounts

Introduction	110
Group Comprehensive Income and Expenditure Statement	111
Group Statement of Movement in Reserves	112
Group Balance Sheet	113
Notes to the Group Accounts	114

Additional Financial Statements

Housing Revenue Account (HRA) Income and Expenditure Account	116
Movement on the Housing Revenue Account (HRA) Statement	117
Notes to the Housing Revenue Account (HRA)	118

Collection Fund	123
Notes to the Collection Fund	124

Glossary of Terms	127
--------------------------	------------

Foreword

I am pleased to introduce the Council's Statement of Accounts for the year ended 31 March 2024.

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 ongoing impact of Covid-19 along with wider sectoral issues within the external audit market has resulted in changes to these deadlines since 2020. The Accounts and Audit (Amendment) Regulations 2022 set the deadline for the completion of the audit of the 2023/24 accounts as **30 September 2024**, with draft accounts to be published by 31 May 2024 (the 31 May and 30 September dates were also confirmed for subsequent years to 2027/28). With the competing demands on the Council's finance team and the wider organisation, the decision was made to produce the draft accounts by 30 June and the intention from the external auditors is that the final accounts are published by 30 November 2024.

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 2023/24 financial performance should be assessed in the context of the continued challenging economic backdrop, with high energy prices, high and persistent inflation and rising interest rates. The organisation delivered in full its £19.8 million(m) budgeted savings target and the overall outturn position was an overspend of £7.3m on the revenue budget. This was much improved on the £20.3m projected overspend at Quarter 1 and this was delivered at the same time as putting together a robust programme of budget savings targets for 2024/25.

The Council's budget plans for 2024/25 reflect the Administration's financial strategy. The overall aims are:

- To ensure that effective financial planning and management contributes to the Council achieving our central mission and well-being goals;
- To direct resources as required to support the achievement of our goals and provide the funding required to deliver the priorities;
- To maximise the income from Council Tax and Business Rates revenue;
- To maximise income from commercial opportunities and adding value to the economy;
- To continue to improve value for money - managing people and our money more efficiently, streamlining processes and systems, getting better value from commissioning and procurement, whilst seeking to minimise the impact of budget savings on priority services;
- To ensure the Council's financial standing is prudent, robust, stable and sustainable.

The budget includes further sustainable savings of £34.5m, which the Council must ensure that it delivers in 2024/25, 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 General Reserves balance at 31st March 2024 was £25.0m; equivalent to 6.9% of the 2024/25 net revenue budget. Usable general fund balances (excl Statutory) at 31st March 2024 are £61.2m (31st March 2023 £84.1m).

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 environment when set against the 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 28 June 2024. 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 28 June 2024.

Kevin Mulvaney
Service Director – Finance and S151 Officer

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 **437,600 residents**. The Kirklees population is projected to increase by 3.4% overall to 453,300 by 2031; this includes a 17% projected increase in ages 65 and over to 95,100; included within this is a 28% increase specifically for ages 85 and over.
Note: The latest population projections are based on 2018 data. Since then, there has been a Census and the re-based projections are expected to be released in the first half of 2025.
- **Kirklees ranks twelfth out of 331 districts** in terms of population in England and Wales (2022).
Note: Changes to local authorities which have taken place in 2023 and 2024 have not yet filtered through to available population data, when available they may change rankings.
- **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 (2021 Census)**, of which about 66% are owner occupied, and 11% Council rented. Households are projected to increase 8% by 2043, to 199,500.
Note: The latest household projections are based on 2018 data. Since then, there has been a Census and the re-based projections are expected to be released by May 2025.
- **158,850 employees in Kirklees**, of which 17% relates to Manufacturing, double the Great Britain average of 8%. Health also provides 15%; with Education accounting for 11% and Retail 10%.
- **The average median gross weekly earnings for Kirklees residents in 2023 is £533.80**; lower than the Great Britain average of **£575.60**.
- **Unemployment rates* at March 2024 are 4.8%**; in comparison to the Great Britain average of 3.9% (*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 2024 election Labour remained the largest party with 31 seats, though no longer has overall control.
- **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 2023 (source Kirklees People Services):

	Full-time	Part-time	Total	Full time equivalent (fte)
Non-schools	4,902	3,603	8,505	6,946
Schools	1,664	4,010	5,674	3,965
Total	6,566	7,613	14,179	10,911

To put the above into perspective, the full-time equivalent figure in 2010 was 14,003; this represents an overall reduction of 3,092, approximately 23%, over the period.

Council performance in 2023/24

The Council aims to be outcomes focussed and intelligence driven. As a Council, our focus in 2023/24 was to work together with people, with partners, and in our places, to address not only the impacts of the rising cost-of-living, but to achieve a more inclusive economic and financial recovery. The Council priorities are our current areas of focus for delivering our vision, four key partnership-led strategies and our outcomes. In the context of the challenges facing the Council and our communities, our key cross-council priorities are:

- Addressing the financial challenges facing the Council.
- Transforming services to become more efficient and effective.
- Working with people, partners, and places on the cost-of-living.
- Continuing to invest in our future.

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 Council Plan and Performance update reports.

Addressing the financial challenges facing the Council:

To support the delivery of the 2023/24 budget, and to develop further savings, we established a new programme and governance structure to support decision making, communication, and awareness, and to drive forward progress with both strategic planning and operational delivery. The Budget Delivery Programme Board set out and worked towards four key strategic tasks:

- Managing 2023/24 budget allocations – taking remedial action where demand led pressures emerged;
- Delivering the 2023/24 budget savings identified in the annual budget and replacing the savings quantity where any elements of the savings proposals became unachievable;
- Tracking assumptions made in the budget, for example interest rates, energy costs, and inflation;
- Identifying further savings for the 2024/25 budget and delivering any further savings early where it is identified as being possible.

Several activities aimed at reducing our spending within the financial year were identified, managed, and monitored throughout the year, including:

- The ceasing of non-essential expenditure;
- Additional requirements on recruitment, to focus recruitment on non-essential roles and positions;
- Increasing all discretionary fees and charges according to inflation where possible;
- Accelerating the sale of assets;
- Exploring all external funding opportunities to bring in additional income;
- Continuing our review of the Council's Capital Investment Programme.

On the 13 September 2023, Council approved the Medium-Term Financial Plan (MTFP) for the Council. Our Medium-Term Financial Strategy is focused on three key elements, which has guided our approach to developing the savings for 2024/25:

- Growing our place: making medium to long-term investment decisions that increase the Council's taxbases and, in turn, provide sustained additional income to the Council;
- Ensuring the Council is an efficient, effective, and modern organisation in the delivery of its services;
- Prioritising the use of the Council's resources in a fair way, ensuring that, within the funding available to the Council, we continue to prioritise those who need our support most, as well as supporting the broader community and businesses in the borough.

Alongside our new 2024/25 Council Plan, a balanced budget for the new financial year was decided at Full Council on 6 March 2024. **It included £34.5m of further savings required in 2024/25 and beyond.**

Financial Performance in 2023/24

Revenue – General Fund

The Council’s net revenue spend totalled £366.8m in 2023/24 compare to the revised budget of £359.5m

The overall outturn position was an overspend of £7.3m (compared to an overspend of £27.0m in 2022/23) and summarised below.

The actual spend to budget is summarised by department below:

	Revised Budget £000	Outturn £000	Variance £000
Children and Families	98,609	106,128	7,519
Adults and Health	127,050	127,896	846
Growth and Regeneration	55,654	58,966	3,312
Corp Strategy, Comm and Public Health	65,117	69,080	3,963
Central Budgets	13,086	4,723	(8,363)
General Fund	359,516	366,793	7,277

Children and Families & Schools

Children’s Services faced significant pressures across the Social Care budgets reflecting national trends in this area. Demand, complexity and cost of living increases led to pressures of £7.5m.

Adults & Health

The overall position for the whole Adults & Health Directorate was an overall overspend of £0.8m.

Within the Adult Social Care related portfolio, variances have been seen across key demand-led headings, notably on Independent Sector Home Care, Independent Sector Residential & Nursing Placements and on Self-Directed Support.

The Communities and Access portfolio saw an underspend of £1.4m, primarily due to staffing savings.

The Culture & Visitor Economy portfolio saw an overspend of £0.3m, Markets £0.1m (mainly on reduced income) and Culture & Tourism Management £0.2m (on increased costs).

Growth and Regeneration

Most of the overspend occurred in the areas of Waste Management, Fleet and Highways service. Rising costs of landfill and key chemicals were £0.6m and the impact of legislative changes regarding the disposal of waste containing Persistent Organic Pollutants totalled £0.9m. Transport pressures on parts, fuel and additional vehicle hire requirements due to an ageing fleet were £1.0m.

Other significant pressures included the impact of adverse weather conditions (12 named storms) costing £0.7m and a shortfall in parking income £0.7m.

Corporate Strategy, Commissioning and Public Health

There was an overall overspend of £4.0m, predominantly due to the impact of subsidy loss on housing benefit payments.

Central

Within central budgets there were savings of £6.1m on Minimum Revenue Provision (MRP) costs following an advisor review. There was also a £1.4m underspend on inflation, largely due to energy contingency not required, and a surplus of £0.8m compared to budget across various un-ringfenced grants from government.

Further details of the outturn variations can be found in the Council's outturn report which will be published in early July 2024.

Reserves

General Fund reserves and balances have decreased through 2023/24 by £22.7m; from £96.6m at the start of the year to £73.9m as at 31 March 2024.

Revenue – Housing Revenue Account (HRA)

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

In 2023/24, the HRA reported a £1.0m deficit after a transfer from reserves of £5.5m, against an annual turnover budget of £99.2m.

Dedicated Schools Grant (DSG) Balances

There was a pressure of £15.0m (2022/23 £13.6m) 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 £43.7m at 31 March 2024. The increase in costs was mainly due to rising complexity and demand in mainstream schools and inflationary increases from external providers. Following a period of enhanced monitoring during 2023/24 the DSG Safety Valve Management Plan has been extended until 2029/30 from 2026/27. The Council has now been removed from enhanced monitoring and this extension will enable the overall DSG deficit to be cleared by the end of the agreement.

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.

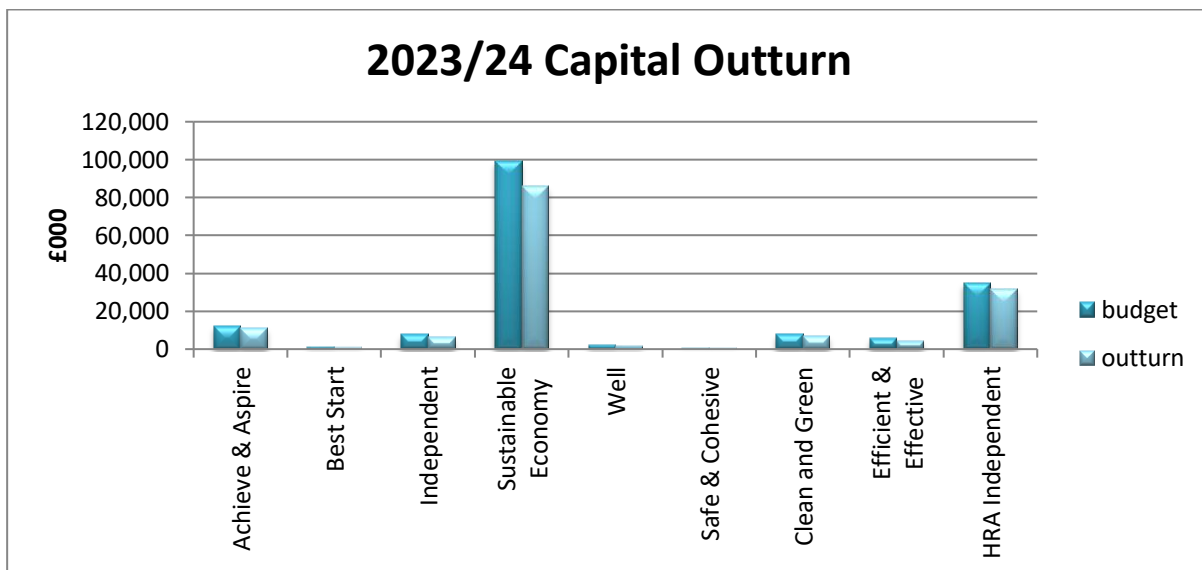
Capital expenditure

The Council’s revised capital plan budget was £170.6m in 2023/24.

Capital expenditure in 2023/24 totalled £148.3m; equivalent to 87% against budgeted investment.

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 £5.5m on the Town Centre Action Plans (Huddersfield/Dewsbury), £1.1m on the Cultural Heart and £1.5m on West Yorkshire plus Transport.

Capital budget and expenditure in 2023/24, is summarised by outcome below:



Capital expenditure in 2023/24 was funded by the following sources of finance; borrowing £47.9m, grants and contributions £64.0m, capital receipts at £11.6m Major Repairs Reserve (HRA) at £20.6m, Reserves/Revenue contributions to capital at £4.2m.

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 £3.6m deficit (1.6% of budgeted income). This position was largely due to reduced income because of higher than budgeted exemptions. There was also an increased bad debt provision requirement, resulting from slower than anticipated debt repayments linked to continued Cost of Living pressures on residents.

The in-year Business Rates performance was a net £2.1m deficit (4.4% of budgeted income). This position was largely due to reduced income due to higher than budgeted reliefs. This was partially offset by a decreased bad debt provision requirement.

The Council's share of overall Collection Fund financial performance in 2023/24 is summarised below.

Collection Fund Summary

Collection Fund (Council Share)	Council Tax	Business Rates	Total
	£000	£000	£000
(Surplus)/Deficit at 1 April 2023	1,447	(1,247)	200
Re-payments to/(from) General Fund 2023/24	282	1,737	2,019
In year Financial Performance	3,632	2,146	5,778
(Surplus)/Deficit at 31 March 2024	5,361	2,636	7,997
Planned Repayments to General Fund 2024-26	(3,907)	(1,093)	(5,000)
Residual (Surplus)/Deficit	1,454	1,543	2,997

The approved 2024-27 Medium Term Financial Plan (MTFP) included a repayment of £5.0m from the General Fund to the Collection Fund, based on the estimated Collection Fund performance in 2023/24. The net effect of this still leaves a residual Collection Fund deficit of £3.0m which will require funding

The percentage of Council Tax collected in year was 95.22% (2022/23 95.94%). The Council's share of the arrears outstanding as at 31 March 2024 was £23.6m (31 March 2023 £20.6m).

The percentage of Business Rates collected in the year was 96.23% (2022/23 95.27%). The Council's share of the arrears outstanding at 31 March 2024 was £4.6m (31 March 2023 £4.4m). In addition, there is a provision for Business Rates appeals outstanding. The Council's share of this provision at 31 March 2024 is £1.9m (31 March 2023 £1.7m).

The Council is also part of a regional business rates pooling arrangement – Leeds City Region Business Rates Pool, for 2023/24.

Balance Sheet

The table below summarises the Balance Sheet movements during 2023/24 and indicates that the Council maintains an overall positive Balance Sheet in terms of net assets and usable reserves.

	At March 2023	At March 2024	Movements in-year
	£m	£m	£m
Long Term Assets	1,945.3	2,031.9	86.6
Net Current Assets	-85.5	-49.4	36.1
Long Term Liabilities	-659.2	-776.0	-116.8
Net assets	1,200.6	1,206.5	5.9
<i>Represented by :</i>			
Usable Reserves	-224.5	-203.7	20.8
Unusable Reserves	-976.1	-1,002.8	-26.7

Assets

The value of Property, Plant and Equipment has increased during the year by £32.6m to £1,690.2m. The increase is largely due to additions of £113.2m, net revaluation losses on Plant, Property and Equipment of £3.0m, offset by assets being reclassified as Held for Sale £3.9m, the disposals of assets £5.3m (including schools transferring to academy status), and depreciation £68.4m. In addition, the Council has Heritage Assets and Investment Property valued at £55.6m and £90.8m respectively as at 31 March 2024 (31 March 2023: £55.2m and £97.5m). Current assets decreased by £11.3m to £134.0m.

The Council's policy towards cash flow management is prudent and all deposits/investments in 2023/24 have been placed short-term with a view towards security and liquidity. As at 31 March 2024, the Council held investments of £29.4m within "cash equivalents", that is highly liquid deposits with an insignificant risk of change in value (31 March 2023 £34.2m).

Liabilities

Current liabilities decreased by £47.4m to £183.5m and long-term liabilities increased by £116.8m to £776.0m. As at 31 March 2024, the Council had total provisions (long term and short term) of £12.5m (31 March 2023 £13.6m).

Total external borrowing during the year increased from £619.3m to £714.4m. £190.0m of new long-term borrowing was taken from the Public Works Loan Board (PWLB) in the year and temporary borrowing decreased by £40.6m.

The average interest rate for long-term PWLB borrowing in 2023/24 was 4.21% (2022/23 3.67%)

Other long-term assets contain a LGPS funded pension asset of £144.4m (at 31 March 2023 £88.2m). 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/liability is matched by an appropriate accounting entry under Reserves.

Balances and Reserves

General Fund Reserves at 31 March 2024 were £73.9m (31 March 2023 £96.6m); a net in-year decrease of £22.7m. This movement was broken down as follows:

- Net drawdowns of £25.4m approved in the 2023/24 Annual Budget Report.

- Planned transfers into reserves of £10.0m (net). This included £9.4m returned levy income from WYCA that will be drawn down in 2024/25 (as per the approved 2024/25 Annual Budget Report).
- Transfer of the 2023/24 overspend of £7.3m against general reserves at year end.

There were transfers of £13.3m in year from existing earmarked reserves into unallocated reserves in order to achieve the risk-assessed desirable general reserves balance of £25.0m at 31st March 2024.

Council reserves also includes an amount of £11.6m (31 March 2023 £11.7m) relating to schools' balances.

Total usable reserves (excluding ring-fenced Schools and Public Health Reserves) at 31 March 2024 are £61.2m, equivalent to 17% of the 2024/25 £363.4m (net) revenue budget (31 March 2023; 23% of £373.0m).

For comparator purposes, the median percentage across the 36 Metropolitan Councils on this particular indicator was 39% as at 31 March 2023.

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 2023/24 indicator is expected to be released towards the end of 2024 by CIPFA.

HRA Balances at 31 March 2024 were £33.9m 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 at 31 March 2024 (31 March 2023 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 £95.8m at 31 March 2024 (31 March 2023 £83.5m).

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.

As noted earlier, 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 £0.2m.

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 2024/25 budget includes sustainable savings of £42.8m over the period 2024-2027. The

Council must ensure that it delivers the £34.5m savings proposals in 2024/25, 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 2024-27 were approved at budget Council on 6 March 2024. These are summarised below.

Summary budget plans 2024-27:

	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL £m
Budget Gap 2023/24 Budget Report	25.2	(0.4)	3.1	27.9
Funding Changes	1.1	3.5	(0.2)	4.4
Spend Changes	21.5	3.2	4.1	28.8
MTFP Update Report Budget Gap	47.8	6.3	7.0	61.1
Funding Changes	1.3	(2.2)	(2.3)	(3.2)
Spend Changes	(18.4)	15.5	1.4	(1.5)
Changes to Planned Transfer to reserves	3.8	(3.8)	0	0
Updated Budget Gap	34.5	15.8	6.1	56.4
New Savings Proposals	(34.5)	(7.9)	(0.4)	(42.8)
Balanced Budget 2024/25	(0.0)	7.9	5.7	13.6

The Council set its budget for 2024/25 in the context of the continued challenging economic backdrop. The scale of the financial challenge means significant savings are needed across all Council directorates. This is not unique to Kirklees and reflects the pressures in the sector across the country. Inflationary pressures and increasing demands on services have meant that £34.5m in savings are necessary to deliver a balanced budget in 2024/25.

The Council will continue to focus on savings that protect frontline services, achieve efficiencies and reduce costs through managing staff vacancies, using assets more efficiently, transforming services and limiting expenditure only to the most essential activities. However, in the current circumstances, savings that directly affect some services and Council staff are unavoidable.

With limited options for raising income, Council updated budget plans reflect a 2.99% general Council Tax uplift in 2024/25 plus a further 2.00% Adult Social Care precept uplift; 4.99% in total, and equivalent to £10.5m 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 £59.29; from £1,188.07 in 2023/24 to £1,247.36 in 2024/25 (before Fire, Police and Parish Council precepts). Kirklees' approach is in line with the government's assumption that all Councils will seek to raise Council Tax by the maximum allowable amount without the need for a local referendum. The majority of Councils across the country have followed a similar Council Tax strategy in 2024/25.

As a result of the choices set out in the budget, the Council will achieve financial stability for the financial year 2024/25. But the budget is also set in a wider context. It aligns with the principles of MTFs (Medium Term Financial Strategy), which was agreed by the Council in September 2023. The

plan's three principles set out how the council will continue to achieve financial sustainability for future years.

In light of the economic outlook, indications from government and trends in service demand, further efficiencies will be required in future years to deliver balanced budgets that deliver core services. The Council has a financial strategy in place to address those issues alongside a governance and monitoring regime that will allow it to maintain financial sustainability in 2024/25 and beyond.

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; £36.0m at the time the safety valve agreement was signed in March 2022.

The Safety Valve Agreement, was intended to eliminate the Council's DSG deficit completely by 2026/27 through a Council 5 year Special Educational Needs & Disabilities (SEND) management plan. As a result of continued rising demand and inflationary costs the original timescale has been extended to 2029/30. The plan is intended to bring the in-year High Needs spend position into 'balance' within available in-year DSG funding, by 2029/30. Government agreed a contribution of £33.5m to help clear the historic DSG deficit, including an initial £13.5m 'down payment' received in March 2022.

Annual contributions have reduced to £2.3m (from £4.0m) to reflect the extended Safety Valve Programme to 2029/30. The Council received £2.2m in 2023/24 and will receive £2.3m in 2024/25 subject to satisfactory quarterly monitoring reviews. The Department for Education (DfE) haven't confirmed if we'll receive funding in 4 equal amounts in year.

The Council has also prioritised significant revenue resources of its own, including re-directing of annual Council re-charges from the High Needs block to Learning Services, totalling £1.4m. The Council is also contributing earmarked reserves totalling £10.7m over the life of the medium term plan. The Council has also prioritised £40.0m within the capital plan to increase High Needs sufficiency across the district, alongside additional Government capital funding support at £9.0m.

Future Accounting Developments

The implementation of International Financial Reporting Standard (IFRS) 16 Leases, has been deferred until 2024/25.

Key Risks

The Council Corporate Risk Matrix for 2024/25 highlights risk areas, and headline mitigations and management actions.

The areas identified are summarised below:

- Failure to maintain sufficient level of priority and focus leading to required savings initiatives not being delivered, resulting in budget overspend
- Risk that the capital programme is not sustainable due to a reliance on capital receipts from asset disposals that are not guaranteed and borrowing at a time of elevated interest rates.
- 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.
- 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. Impact of funding shortfall in partner agencies e.g. NHS.
- 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.
- Changes in political leadership at national and / or local level leads to consequent changes in funding allocation and organisational prioritisation
- Reputational risk associated with a poor outcome from newly introduced / amended regulatory regimes (eg. Care Quality Commission and Regulator of Social Housing)
- Failure to address safety and quality issues within the residential property portfolio in a timely manner
- Failure to maintain minimum levels of service delivery and an effective control framework as a result of reductions in resource capacity and capability
- Risks associated with the availability and provision of Temporary Accommodation for persons accepted as homeless.
- Demand pressures, generally, and particularly within Adults Social Care result in unbudgeted additional costs
- Inability to meet the needs of the SEND community due to continued increases in demand, greater complexity in clients' needs and insufficient locally available provision
- Failure to deliver against the agreed plan to address the deficit on the Dedicated Schools Grant budget
- Increasing reliance on the Voluntary & Community Sector in delivery of local interventions to support individuals and communities that are suffering hardship and to maintain community resilience and cohesion, at a time when some parts of the voluntary sector also face pressure on resourcing.
- Financial risks associated with Treasury Management.
- Exposure to material unforeseen costs or uninsured losses and the overall adequacy of Council Reserves.
- Failure to effectively prevent, identify and recover from fraudulent activity targeting the council, perpetuated by an employee or third party
- Risk that established procurement processes are not followed and that robust contract management is not implemented resulting in failure to maximise the economic, social and environmental benefits from procurement activity and poor value for money.
- Workforce management issues (including loss of experienced staff; need for different skills sets; difficulties recruiting staff in for specific job roles).
- Exposure to liabilities arising from corporate property ownership and management

- The risks associated with the response to crises and events through Business Continuity, Emergency Planning and Health & Safety measures, and the implications on the local community and the Council, including unforeseen significant environmental events e.g. severe weather impact.
- Failure to effectively determine and deliver the required programme of climate change mitigations and adaptations leading to medium and longer-term unanticipated costs and operational consequences

Statement of Accounts

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 2024**
- **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.

STATEMENT OF RESPONSIBILITIES AND CERTIFICATE

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 2024.

Kevin Mulvaney
Service Director Finance
28 June 2024

I certify that this Statement of Accounts was approved by the Corporate Governance and Audit Committee on xx xxxxxx 2024.

Cllr Taylor
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.

	2023/24			2022/23			Note
	Gross Exp £000	Gross Income £000	Net Exp £000	Gross Exp £000	Gross Income £000	Net Exp £000	
Children & Families	447,487	-322,862	124,625	436,219	-306,277	129,942	
Adults & Health	301,332	-166,800	134,532	287,652	-143,932	143,720	
Growth & Regeneration	159,555	-50,161	109,394	160,292	-41,650	118,642	
Corporate Strategy, Commissioning & Public Health	200,790	-116,338	84,452	196,041	-112,084	83,957	
Central Budgets	24,939	-11,279	13,660	38,504	-3,061	35,443	
HRA	93,846	-100,654	-6,808	86,994	-104,744	-17,750	
Cost of Services	1,227,949	-768,094	459,855	1,205,702	-711,748	493,954	
Other operating expenditure			4,062			5,542	12
Financing and investment income and expenditure			33,817			55,688	13
Taxation and non-specific grant income			-415,909			-398,066	14
Deficit on Provision of Services			81,825			157,118	
Surplus(-)/Deficit on revaluation of Property, Plant and Equipment (PPE) and Heritage assets			-24,082			-30,869	15&16
Surplus(-)/Deficit from investments in equity instruments designated at fair value through other comprehensive income			-37			219	
Remeasurements of the net defined benefit asset/liability			-63,699			-871,766	41
Other Comprehensive Income and Expenditure			-87,818			-902,416	
Total Comprehensive Income and Expenditure			-5,993			-745,298	

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
2023/24								
Balance at 31 March 2023	-96,621	-44,416	-22,802	0	-60,687	-224,526	-976,026	-1,200,552
Movement in reserves during 2023/24								
Total Comprehensive Income and Expenditure	86,373	-4,548	0	0	0	81,825	-87,818	-5,993
Adjustments between accounting & funding basis under regulations (Note 10)	-63,706	15,022	1,714	0	-14,014	-60,984	60,984	0
Net Increase(-)/ Decrease	22,667	10,474	1,714	0	-14,014	20,841	-26,834	-5,993
Balance at 31 March 2024 carried forward	-73,954	-33,942	-21,088	0	-74,701	-203,685	-1,002,860	-1,206,545
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	-902,416	-745,298
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	-800,176	-745,298
Balance at 31 March 2023 carried forward	-96,621	-44,416	-22,802	0	-60,687	-224,526	-976,026	-1,200,552

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	31 March	
	2024	2023	
	£000	£000	Note
Property, Plant & Equipment (PPE)	1,690,186	1,657,600	15
Heritage Assets	55,607	55,197	16
Investment Property	90,762	97,535	17
Intangible Assets	2,256	1,779	18
Long Term Investments	12,728	13,162	19
Long Term Debtors	35,970	31,796	19&20
Pension Asset	144,419	88,203	41
Long Term Assets	2,031,928	1,945,272	
Inventories	4,596	3,363	21
Short Term Debtors	96,187	102,994	19&22
Assets Held for Sale	3,899	4,757	
Cash and Cash Equivalents	29,367	34,211	19&23
Current Assets	134,049	145,325	
Bank Overdraft	-2,984	-7,345	23
Short Term Borrowing	-73,305	-106,475	19
Short Term Creditors	-97,970	-109,355	19&24
Other Short Term Liabilities	-5,455	-4,566	19
Provisions	-3,739	-3,122	25
Current Liabilities	-183,453	-230,863	
Long Term Borrowing	-641,063	-512,785	19
Other Long Term Liabilities	-134,916	-146,397	26
Long Term Liabilities	-775,979	-659,182	
Net Assets	1,206,545	1,200,552	
Usable Reserves	-203,685	-224,526	27
Unusable Reserves	-1,002,860	-976,026	28
Total Reserves	-1,206,545	-1,200,552	

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.

	2023/24		2022/23		
	£000	£000	£000	£000	Note
Net surplus(-)/deficit on the provision of services		81,825		157,118	
Adjustments to net surplus/deficit on the provision of services for non-cash movements		-107,732		-119,194	30
Adjustment for items included in the net surplus/deficit on the provision of services that are investing and financing activities		71,771		71,799	31
Net cash flows from Operating Activities		45,864		109,723	
Net cash flows from Investing Activities					
Purchase of property, plant and equipment, investment property and intangible assets	118,282		126,719		
Purchase of short-term and long-term investments	6,464		2,396		
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-10,135		-12,135		
Proceeds from short-term and long-term investments	-845		-826		
Other receipts from investing activities	-71,848	41,918	-33,611	82,543	
Net cash flows from Financing Activities					
Cash receipts of short and long-term borrowing	-275,521		-186,257		
Other receipts from financing activities	0		-15,002		
Cash payments for the reduction for the outstanding liabilities relating to finance leases and PFI contracts	4,025		6,597		
Repayments of short and long-term borrowing	179,810		40,296		
Other payments for financing activities	4,387	-87,299	299	-154,067	
Net increase(-)/decrease in cash and cash equivalents		483		38,199	
Cash and cash equivalents at the beginning of the reporting period		26,866		65,065	
Cash and cash equivalents at the end of the reporting period		26,383		26,866	23

1 Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (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.

Unless otherwise stated the convention used in this document is to round the amounts to the nearest thousand pounds. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.

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 based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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 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 (i.e. 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) i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the 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.

Discretionary Benefits -

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (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 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 was extended to 2028.
- 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 (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the 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 (i.e. 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 His 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 2023/24 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 2024/25:

- IFRS16 Leases - requiring all leases to be recognised on the Balance Sheet, subject to a de-minimis and exemptions. CIPFA/LASAAC deferred the mandatory requirement to account for leases in accordance with IFRS16 from 1 April 2022 until 1 April 2024. The Council chose not to adopt IFRS16 on a voluntary basis for 2022/23 or 2023/24. The mandatory requirements for 2024/25 will include an amendment to IFRS16 for lease liabilities in a sale and leaseback.

Work on the implementation of the above Code change is ongoing and the full impact on the Council's single entity and group accounts has not been fully assessed yet.

Other amended standards that apply from 1 April 2024 that have a minor impact on the Code are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS1) – providing clarification of the difference between current and non-current liabilities
- Lease Liability in a Sale and Leaseback (Amendments to IFRS16)
- Non-current Liabilities with Covenants (Amendments to IAS1)
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS12) – introducing a temporary mandatory exception from accounting for deferred taxes
- Supplier Finance Arrangements (Amendments to IAS7 and IFRS7) – additional disclosures

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.

NOTES TO THE MAIN FINANCIAL STATEMENTS

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					Total
	Nursery Schools	Primary Schools	Secondary Schools	Special Schools	Other Schools	
Community	1	55	2	3	0	61
Voluntary Controlled (VC)	0	26	0	0	0	26
Voluntary Aided (VA)	0	9	1	0	0	10
Foundation/Foundation Trusts	0	2	3	1	0	6
Maintained Schools	1	92	6	4	0	103
Academies	0	45	19	2	4	70
Free Schools	0	0	0	0	1	1
Total Schools	1	137	25	6	5	174

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 2023/24 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 2024 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 £286.5 million of assets were valued at current value in 2023/24. 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 lives 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 £39.9 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 £10.0 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 2024 was £90.8 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 £0.9 million.

- **Pensions Asset (Note 41)**

The estimation of the net asset/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 2023/24 the Council's actuaries advised that the funded net pension asset had increased by £161.0 million to £249.2 million. In line with the Code of Practice where there is a surplus position, the Council requested an Asset Ceiling calculation from the actuary. This resulted in an asset ceiling of £144.4 million and therefore this is the amount recognised on the Balance Sheet under Long Term Assets.

Variations in key assumptions would have the following impact:

- A 0.1% increase in the discount rate would change the net pension asset by £38.2 million
- A 0.1% increase in the assumed level of pension increases will reduce the net pension asset by £33.7 million
- An increase in one year of longevity would reduce the net pension asset by £58.3 million

- **Arrears (Note 22)**

At 31 March 2024, the Council had a gross balance of debtors (other entities and individuals) of £69.9 million. The current level of impairment allowance (bad debt provision) based on previous experience, current and forecast economic conditions, is £30.2 million, which represents 43.2% of the balance. If collection rates were to deteriorate and our impairment rate (bad debt) increased to 50% of the balance, it would require an 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 2023/24.

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 19.

Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no non-adjusting events after the Balance Sheet date.

NOTES TO THE MAIN FINANCIAL STATEMENTS

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
<u>2023/24</u>	£000	£000	£000	£000	£000
Children & Families	106,128	5,661	111,789	12,836	124,625
Adults & Health	127,896	0	127,896	6,636	134,532
Growth & Regeneration	58,966	1,139	60,105	49,289	109,394
Corporate Strategy, Commissioning & Public Health	69,080	0	69,080	15,372	84,452
Central Budgets	4,723	-6,421	-1,698	15,358	13,660
HRA	10,474	-8,519	1,955	-8,763	-6,808
Net Cost of Services	377,267	-8,140	369,127	90,728	459,855
Other operating expenditure	5,807	-4,469	1,338	2,724	4,062
Financing and investment income and expenditure	0	24,402	24,402	9,415	33,817
Taxation and non-specific grant income	-349,933	-11,793	-361,726	-54,183	-415,909
Net Surplus(-)/Deficit	33,141	0	33,141	48,684	81,825

Opening Balances 01 April 2023:

General Fund	-96,621
HRA	-44,416
	-141,037

Add net deficit in Year	33,141
-------------------------	--------

Closing General Fund and HRA Balance 31 March 2024	-107,896
---	-----------------

General Fund	-73,954
HRA	-33,942

NOTES TO THE MAIN FINANCIAL STATEMENTS

	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
<u>2022/23</u>	£000	£000	£000	£000	£000
Children & Families	103,844	3,745	107,589	22,353	129,942
Adults & Health	117,532	0	117,532	26,188	143,720
Growth & Regeneration	60,925	3,772	64,697	53,945	118,642
Corporate Strategy, Commissioning & Public Health	65,895	-128	65,767	18,190	83,957
Central Budgets	29,305	-5,884	23,421	12,022	35,443
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 1 April 2022 March					
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		

NOTES TO THE MAIN FINANCIAL STATEMENTS

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
2023/24	£000	£000	£000	£000
Children & Families	12,981	-250	105	12,836
Adults & Health	3,668	2,721	247	6,636
Growth & Regeneration	47,289	1,845	155	49,289
Corporate Strategy, Commissioning & Public Health	13,588	1,653	131	15,372
Central Budgets	1,655	-844	14,547	15,358
HRA	-8,798	0	35	-8,763
Net Cost of Services	70,383	5,125	15,220	90,728
Other operating expenditure	2,724	0	0	2,724
Financing and investment income and expenditure	11,770	-2,529	174	9,415
Taxation and non-specific grant income	-61,634	0	7,451	-54,183
Difference between General Fund and HRA Surplus/Deficit and CIES Surplus/Deficit on the Provision of Services	23,243	2,596	22,845	48,684
2022/23	£000	£000	£000	£000
Children & Families	4,122	18,502	-271	22,353
Adults & Health	9,787	17,060	-659	26,188
Growth & Regeneration	42,898	11,424	-377	53,945
Corporate Strategy, Commissioning & Public Health	7,841	10,706	-357	18,190
Central Budgets	783	5,130	6,109	12,022
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

(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;

NOTES TO THE MAIN FINANCIAL STATEMENTS

- 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
2023/24	£000	£000	£000	£000
Children & Families	-301,485	-19,013	-2,364	-322,862
Adults & Health	-114,509	-50,896	-1,395	-166,800
Growth & Regeneration	-19,453	-29,812	-896	-50,161
Corporate Strategy, Commissioning & Public Health	-109,233	-6,071	-1,034	-116,338
Central Budgets	-10,831	-119	-329	-11,279
HRA	-7,936	-90,433	-2,285	-100,654
Total Income analysed on a segmental basis	-563,447	-196,344	-8,303	-768,094
2022/23				
Children & Families	-284,449	-18,041	-3,787	-306,277
Adults & Health	-100,482	-42,848	-602	-143,932
Growth & Regeneration	-14,228	-26,950	-472	-41,650
Corporate Strategy, Commissioning & Public Health	-104,695	-6,021	-1,368	-112,084
Central Budgets	-1,072	-1,944	-45	-3,061
HRA	-8,002	-85,376	-11,366	-104,744
Total Income analysed on a segmental basis	-512,928	-181,180	-17,640	-711,748

NOTES TO THE MAIN FINANCIAL STATEMENTS

9 Expenditure and Income analysed by nature (Subjective Analysis)

	2023/24	2022/23
	£000	£000
Expenditure		
Employee Expenses*	493,307	568,361
Premises and Transport	138,582	148,383
Supplies and Services	152,648	189,282
Other Service Expenses	443,471	390,630
Support Charges	17,738	27,852
Capital Charges	118,005	103,081
Precepts and Levies	1,071	1,004
Losses on the Disposal of PPE and Investment Assets	2,841	4,522
Interest Payable and Similar Charges	31,315	26,122
Net interest on the defined benefit obligation	0	19,879
Central Items	171	266
Total Expenditure	1,399,149	1,479,382
Income		
Fees, Charges and Other Service Income	-199,017	-183,669
Grants, Reimbursements and Contributions	-714,708	-661,949
Capital Charges Credits	-9,281	-21,180
Internal Recharges	-120,483	-202,987
Interest and Investment Income	-5,497	-3,344
Gains on the Disposal of PPE and Investment Assets	-1,160	-89
Net interest on the defined benefit obligation	-2,529	0
Income from Council Tax and Business Rates	-264,649	-249,046
Total Income	-1,317,324	-1,322,264
Surplus(-)/Deficit on Provision of Services	81,825	157,118

*This includes £39.1 million in 2023/24 (£37.4 million in 2022/23) 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.

NOTES TO THE MAIN 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 £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
2023/24						
Adjustments involving the Capital Adjustment Account (CAA):						
Charges for depreciation and impairment of non-current assets	-43,463	0	0	-24,937	0	68,400
Amortisation of Intangible Assets	-454	0	0	0	0	454
Revaluation losses on PPE	-35,040	0	0	0	0	35,040
Revaluation gains on PPE	6,018	2,285	0	0	0	-8,303
Movements in the market value of Investment Properties	-10,873	203	0	0	0	10,670
Revenue expenditure funded from capital under statute (REFCUS)	-24,174	0	0	0	0	24,174
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-6,301	-5,211	0	0	0	11,512
Capital grants and contributions applied	19,957	4,884	0	0	0	-24,841
Capital grants and contributions applied (REFCUS)	15,010	0	0	0	0	-15,010
Deferred Income written down - Waste PFI	0	0	0	0	0	0
Provision for the financing of capital expenditure	2,700	2,619	0	0	0	-5,319
Capital expenditure charged against balances	1,740	3,895	0	0	0	-5,635
Financial instruments impairment charges	-4,668	0	0	0	0	4,668
Adjustments involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied and credited to the CIES	38,184	0	0	0	-38,184	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	24,170	-24,170
Adjustments involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	3,463	6,555	-10,018	0	0	0
Financing new capital expenditure	0	0	11,509	0	0	-11,509

NOTES TO THE MAIN FINANCIAL STATEMENTS

2023/24 Continued

Contribution towards administrative costs of asset disposals	-133	-172	305	0	0	0
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	-957	0	0	957
Used to repay debt (transfer to CAA)	0	0	875	0	0	-875
<u>Adjustment involving the Deferred Capital Receipts Reserve:</u>						
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
<u>Adjustment involving the Major Repairs Reserve:</u>						
Financing of new capital expenditure (transfer to CAA)	0	0	0	20,640	0	-20,640
Used to repay debt (transfer to CAA)	0	0	0	4,297	0	-4,297
<u>Adjustment involving the Financial Instruments Adjustment Account:</u>						
Amount by which finance costs charged to the CIES are different from those required by statutory regulations	274	-36	0	0	0	-238
<u>Adjustments involving the Pensions Reserve:</u>						
Reversal of items relating to retirement benefits debited or credited to the CIES	-52,095	0	0	0	0	52,095
Employer's pensions contributions and direct payments	49,499	0	0	0	0	-49,499
<u>Adjustments involving the Collection Fund Adjustment Account:</u>						
Amount by which Council Tax and Non-Domestic Rating income credited to the CIES is different from that required by statutory regulations	-7,451	0	0	0	0	7,451
<u>Adjustment involving the Accumulated Absences Account:</u>						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from that required by statutory regulations	-730	0	0	0	0	730
<u>Adjustment involving the Dedicated Schools Grant Adjustment Account</u>						
Amount of schools budget deficit to DSG adjustment accounts	-14,820	0	0	0	0	14,820
<u>Adjustment involving the Pooled Fund Adjustment Account</u>						
Charges for fair value movements on the CCLA Property Fund	-346	0	0	0	0	346
Total Adjustments 2023/24	-63,706	15,022	1,714	0	-14,014	60,984

NOTES TO THE MAIN FINANCIAL STATEMENTS

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
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
---	----	---	---	---	---	---

NOTES TO THE MAIN FINANCIAL STATEMENTS

2022/23 Continued

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
--	--------	---	---	---	---	-------

Adjustment involving KNH Surplus Reserve:

Total Adjustments 2022/23	-99,157	22,489	-3,294	0	-22,278	102,240
----------------------------------	----------------	---------------	---------------	----------	----------------	----------------

NOTES TO THE MAIN FINANCIAL STATEMENTS

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 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance at 31 March 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance at 31 March 2024
	£000	£000	£000	£000	£000	£000	£000
Earmarked Reserves							
Statutory	-16,945	4,615	-241	-12,571	519	-663	-12,715
Member Led	-4,925	2,767	-304	-2,462	1,224	-11	-1,249
Apprenticeship Levy	-2,915	0	-216	-3,131	0	-443	-3,574
Transformation	-4,166	1,245	-918	-3,839	1,635	-863	-3,067
Demand	-17,352	6,602	0	-10,750	10,750	-3,000	-3,000
Development Funding	-12,186	12,129	-791	-848	930	-703	-621
Revenue Grants	-18,821	21,624	-12,139	-9,336	9,993	-9,677	-9,020
Stronger Families Grant	-1,524	384	0	-1,140	1,140	-784	-784
Health and Social Care	-1,285	1,312	-27	0	0	0	0
Specific Risk	-5,860	6,560	-700	0	2,500	-6,000	-3,500
Covid-19	-30,062	29,833	-3,511	-3,740	3,740	0	0
WYCA Returned Levy	0	0	0	0	0	-9,424	-9,424
Other	-40,790	39,511	-416	-1,695	799	-1,058	-1,954
Total Earmarked Reserves	-156,831	126,582	-19,263	-49,512	33,230	-32,626	-48,908
<i>Unallocated Balances</i>	-9,962			-47,109			-25,046
General Fund Balances	-166,793			-96,621			-73,954

- 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 2024 represents 77 Schools with cumulative balances of £12.4 million (86 schools and £12.1 million at 31 March 2023) and 26 schools with cumulative deficits amounting to £0.8 million (23 schools and £0.4 million at 31 March 2023) and Public Health grant spend commitments of £1.1 million (£0.9 million at 31 March 2023).
- 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 Specific Risk Reserve was set aside to manage specific risks including repayment of Collection Fund deficits, 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.
- WYCA Returned Levy to Kirklees is ringfenced to support the MTFP in 2024/25.

12 Other Operating Expenditure

	2023/24	2022/23
	£000	£000
Parish council precepts	848	786
Levies	224	218
Gains(-)/losses on the disposal of non-current assets	2,724	2,698
De-recognition of Academies' Balances	266	1,840
Total	4,062	5,542

Net loss on the disposal of non-current assets includes academy transfers. These totalled £4.2 million in 2023/24 as part of four academy conversions (2022/23 £4.5 million as part of four schools' academy conversions).

13 Financing and Investment Income and Expenditure

	2023/24	2022/23
	£000	£000
Interest payable and similar charges	31,315	26,126
Net interest on the net defined benefit obligation	-2,529	19,879
Interest receivable and similar income	-4,984	-2,918
Income and expenditure in relation to investment property and changes in fair value (Note 17)	8,487	8,209
Dividend Income	-787	-694
Other – movements on financial instruments	2,315	5,086
Total	33,817	55,688

14 Taxation and Non-Specific Grant Income

	2023/24	2022/23
	£000	£000
Council Tax income	-216,800	-205,980
Non-Domestic Rates	-47,848	-43,066
Non-ring-fenced government grants	-89,625	-88,819
Capital grants and contributions	-61,636	-60,201
Total	-415,909	-398,066

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.

NOTES TO THE MAIN FINANCIAL STATEMENTS

15 Property, Plant and Equipment (PPE)

	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
Movement in 2023/24	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation								
At 1 April 2023	812,046	541,308	43,931	12,938	33,259	25,082	1,468,564	97,515
Additions	22,471	17,020	7,171	574	2,840	20,276	70,352	2,877
Revaluation increases/ decreases(-) recognised in the Revaluation Reserve	-9,407	2,865	0	0	288	0	-6,254	-4,852
Revaluation increases/ decreases(-) recognised in the Provision of Services	1,827	-33,973	0	0	-1,564	0	-33,710	-14,845
De-recognition – disposals	-338	-4,250	-5,188	-12	-435	0	-10,223	0
De-recognition – other	0	0	0	0	0	0	0	0
Assets reclassified to Held for Sale	-3,899	0	0	0	0	0	-3,899	0
Other movements in cost or valuation	2,031	-1,526	0	0	2,894	-3,399	0	0
At 31 March 2024	824,731	521,444	45,914	13,500	37,282	41,959	1,484,830	80,695
Accumulated Depreciation and Impairment								
At 1 April 2023	0	-7,056	-23,321	-10,863	-404	0	-41,644	-92
Depreciation charge	-24,775	-12,157	-4,600	-309	-460	0	-42,301	-5,525
Depreciation written out to the Revaluation Reserve	24,332	5,650	0	0	11	0	29,993	1,199
Depreciation written out to the Deficit on the Provision of Services	443	6,341	0	0	154	0	6,938	4,105
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	70	4,844	12	0	0	4,926	0
Other movements in depreciation and impairment	0	38	0	0	-38	0	0	0
At 31 March 2024	0	-7,114	-23,077	-11,160	-737	0	-42,088	-313
Net Book Value								
at 31 March 2024	824,731	514,330	22,837	2,340	36,545	41,959	1,442,742	80,382
at 31 March 2023	812,046	534,252	20,610	2,075	32,855	25,082	1,426,920	97,423

NOTES TO THE MAIN FINANCIAL STATEMENTS

	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
Movement in 2022/23	£000	£000	£000	£000	£000	£000	£000	£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

**Highways Infrastructure Assets
Movements on Balances**

	2023/24	2022/23
	£000	£000
Net Book Value (Modified Historical Cost)		
At 1 April	230,680	206,013
Additions	42,858	48,877
De-recognition – disposals	0	0
Depreciation charge	-26,094	-24,210
Impairment	0	0
Other movements in cost	0	0
Net Book Value 31 March	247,444	230,680

Reconciling note with the Balance Sheet

	2023/24	2022/23
	£000	£000
Infrastructure Assets	247,444	230,680
Other PPE Assets	1,442,742	1,426,920
Total PPE Assets	1,690,186	1,657,600

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.

Fair value measurement of surplus assets

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.

Revaluations

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

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 2023 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 £13.9 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 2024. 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	5,487	22,837	247,444	2,340	209	41,959	320,276
Carried at current value as at:								
2023/24	824,731	279,553	0	0	0	6,963	0	1,111,247
2022/23	0	115,642	0	0	0	11,573	0	127,215
2021/22	0	113,648	0	0	0	17,800	0	131,448
Total	824,731	514,330	22,837	247,444	2,340	36,545	41,959	1,690,186

Capital Commitments

In March 2024, the Council approved a capital programme of £217.5 million for 2024/25. A further £645.4 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 £35.6 million at 31 March 2024 (£49.3 million at 31 March 2023) for schemes under progress.

16 Heritage Assets

	Fine Art Collection	Museums and Galleries Exhibits	Other	Total Assets
	£000	£000	£000	£000
Movement in 2023/24				
Cost or Valuation				
At 1 April 2023	49,566	3,302	2,334	55,202
Additions	0	0	39	39
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	0	0	337	337
Revaluations recognised in the Provision of Services	0	0	33	33
At 31 March 2024	49,566	3,302	2,743	55,611
Accumulated Depreciation				
At 1 April 2023	0	0	-5	-5
Depreciation charge	0	0	-6	-6
Depreciation written out to the Revaluation Reserve	0	0	6	6
Depreciation written out to the Provision of Services	0	0	1	1
At 31 March 2024	0	0	-4	-4
Movement in 2022/23				
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
Net Book Value				
at 31 March 2024	49,566	3,302	2,739	55,607
at 31 March 2023	49,566	3,302	2,329	55,197

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 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 2023) 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 2023) and the "Falling Warrior" sculpture by Henry Moore valued at £6.0 million (£6.0 million 31 March 2023). The total value of donated artwork items as at 31 March 2024 is £26.6 million (£26.6 million 31 March 2023).

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 2024 is £1.6 million (£1.6 million 31 March 2023). 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 2023).

The Council has a number of structural heritage assets which are not recognised elsewhere on the Balance Sheet. These consist 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 2024 is £0.4 million (£0.2 million 31 March 2023).

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:

	2023/24	2022/23
	£000	£000
Rental income from Investment Property	-2,399	-2,221
Direct operating expenses arising from Investment Property	1,258	1,478
Net gain	-1,141	-743
Net gains (-)/loss from fair value adjustments	10,670	7,216
Net gains (-)/loss on disposals of assets	-1,042	1,736
Net income (-)/expenditure in relation to investment property and changes in fair value	8,487	8,209

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:

	2023/24	2022/23
	£000	£000
Balance at 1 April	97,535	103,670
Additions	5,229	3,640
Disposals	-1,332	-2,353
Net gains/loss (-) from fair value adjustments	-10,670	-7,216
Transfers to Property, Plant and Equipment	0	-206
Balance at 31 March	90,762	97,535

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 £0.5 million was charged to CIES in 2023/24 (£0.2 million in 2022/23).

	2023/24	2022/23
	£000	£000
Balance at 1 April		
Gross carrying amounts	7,816	7,705
Accumulated amortisation	-6,037	-6,935
Net carrying amount at 1 April	1,779	770
Additions – Purchases	931	1,171
Amortisation for the period	-454	-162
Net carrying amount at 31 March	2,256	1,779
Comprising:		
Gross carrying amounts	8,747	7,816
Accumulated amortisation	-6,491	-6,037
	2,256	1,779

NOTES TO THE MAIN FINANCIAL STATEMENTS

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	
	2024	2023	2024	2023	2024	2023	2024	2023
	£000	£000	£000	£000	£000	£000	£000	£000
Amortised cost								
Investment principal	60	60	15,796	11,347	0	0	60,468	67,406
Soft loans principal	0	0	13,843	14,624	0	0	0	0
Soft loans accrued interest	0	0	0	0	6	7	0	0
Finance Leases	0	0	3,395	3,398	0	0	0	0
Cash and cash equivalents	0	0	0	0	41	15,559	0	0
Cash and cash equivalents accrued interest	0	0	0	0	0	13	0	0
Total Amortised cost	60	60	33,034	29,369	47	15,579	60,468	67,406
Fair value through profit and loss	8,530	8,876	0	0	29,320	18,632	0	0
Fair value through other comprehensive income – designated equity instruments	4,138	4,226	0	0	0	0	0	0
Total Financial Assets	12,728	13,162	33,034	29,369	29,367	34,211	60,468	67,406
Non-Financial Assets	0	0	2,936	2,427	0	0	35,719	35,588
Total	12,728	13,162	35,970	31,796	29,367	34,211	96,187	102,994

NOTES TO THE MAIN FINANCIAL STATEMENTS

Financial Liabilities

	Non-Current				Current			
	Borrowings 31 March		Creditors 31 March		Borrowings 31 March		Creditors 31 March	
	2024	2023	2024	2023	2024	2023	2024	2023
	£000	£000	£000	£000	£000	£000	£000	£000
Amortised cost								
Principal	-640,226	-511,331	0	0	-66,210	-101,023	-53,242	-66,309
Loans accrued interest	0	0	0	0	-7,095	-5,451	0	0
Market loans EIR adjustment	-837	-1,454	0	0	0	0	0	0
PFI, finance lease and transferred debt	-72,180	-77,095	0	0	-5,455	-4,566	0	0
Bank Overdraft	0	0	0	0	-2,984	-7,345	0	0
Total Financial Liabilities	-713,243	-589,880	0	0	-81,744	-118,385	-53,242	-66,309
Non-Financial Liabilities	0	0	0	0	0	0	-44,728	-43,046
Total	-713,243	-589,880	0	0	-81,744	-118,385	-97,970	-109,355

Borrowings

	Non-Current		Current	
	31 March 2024		31 March 2023	
	£000	£000	£000	£000
PWLB	-526,812	-28,551	-361,706	-20,448
LOBOs	-30,837	-268	-61,454	-652
Other market debt	-76,431	-44,216	-82,642	-85,106
Stock	-6,983	-270	-6,983	-269
Total	-641,063	-73,305	-512,785	-106,475

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

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 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
Loans repaid	-875	-62	-937
Change in impairment loss allowance	35	3	38
Unwinding of discount	172	0	172
Balance at 31 March 2024	12,626	1,726	14,352
Nominal value at 31 March 2023	15,652	1,878	17,530
Nominal value at 31 March 2024	14,776	1,817	16,593

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 2024 £000	31 March 2023 £000
LCR Revolving Investment Fund	3,048	2,988
Kirklees Schools Services Ltd	946	941
QED (KMC) Holdings Ltd	144	172
Kirklees Henry Boot Partnership Ltd	0	125
Total	4,138	4,226

Offsetting Financial Assets and Liabilities

The Council has legal right of offset on its current account banking arrangements and as at 31 March 2024 had a credit balance of £1.6 million at the bank (£1.3 million 31 March 2023) offset by a debit balance of £1.6 million (£1.3 million 31 March 2023).

NOTES TO THE MAIN FINANCIAL STATEMENTS

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		2023/24	2022/23
	Amortised Cost	Amortised Cost	Fair Value through OCI	Fair Value through Profit and Loss	Total	Total
	£000	£000	£000	£000	£000	£000
Interest expense	31,943	0	0	0	31,943	26,154
Losses on de-recognition	33	0	0	0	33	40
Impairment losses	0	3,590	0	0	3,590	7,681
Interest payable and similar charges	31,976	3,590	0	0	35,566	33,875
Interest income	0	-3,301	0	-1,261	-4,562	-2,663
Dividend income	0	0	0	-440	-440	-379
Gains on de-recognition	-635	0	0	0	-635	-39
Interest and investment income	-635	-3,301	0	-1,701	-5,637	-3,081
Net impact on Surplus/Deficit on the Provision of Service	31,341	289	0	-1,701	29,929	30,794
Gains on revaluation	0	0	-37	0	-37	0
Losses on revaluation	0	0	0	0	0	220
Impact on other comprehensive income	0	0	-37	0	-37	220
Net gain(-)/loss for the year	31,341	289	-37	-1,701	29,892	31,014

NOTES TO THE MAIN FINANCIAL STATEMENTS

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.

			31 March 2024	31 March 2023
Recurring Fair Value Measurements	Input level in Fair Value Hierarchy	Valuation technique used to measure Fair Value	Fair Value	Fair Value
			£000	£000
Fair Value through Profit and Loss				
Money Market Funds	Level 1	Unadjusted quoted prices in active markets for identical shares	29,210	18,537
CCLA Property Fund	Level 2	Inputs that are observable for the asset, other than quoted prices	8,640	8,971
Fair Value through Other Comprehensive Income				
LCR Revolving Investment Fund	Level 3	Discounted cash flow techniques	3,048	2,988
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	1,090	1,238

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 2024		31 March 2023	
	Fair Value level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£000	£000	£000	£000
Long-term debtors	2	33,034	34,590	29,369	34,978
Short-term debtors		60,468	60,468	67,406	67,406
Cash and cash equivalents		47	47	15,579	15,579
Total Amortised Cost		93,549	95,105	112,354	117,963
Cash and cash equivalents - Fair value through profit and loss		29,320	29,320	18,632	18,632

NOTES TO THE MAIN FINANCIAL STATEMENTS

The fair value of financial assets held at amortised cost is lower than their Balance Sheet carrying amount because the interest rate on similar investments is now higher than that obtained when the investment was originally made.

Financial Liabilities

	Fair Value level	31 March 2024		31 March 2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£000	£000	£000	£000
Borrowings					
PWLB	2	-555,364	-521,161	-382,153	-341,648
LOBOs	2	-31,105	-34,215	-62,106	-68,607
Other market debt	2	-120,646	-112,458	-167,749	-157,156
Loan stock	2	-7,253	-10,339	-7,252	-10,493
PFI, transferred debt & finance lease liabilities	2	-77,635	-92,049	-81,660	-95,516
Short-term creditors		-53,242	-53,242	-66,309	-66,309
Bank Overdraft		-2,984	-2,984	-7,345	-7,345
Total		-848,228	-826,448	-774,574	-747,073

The fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2024, 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.
- Discount rates for “Lender’s Option Borrower’s Option” (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.
- 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 2024.
- 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 gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.

Nature and Extent of Risks Arising from Financial Instruments

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

NOTES TO THE MAIN FINANCIAL STATEMENTS

- 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 complies with CIPFA’s Code of Practice on Treasury Management in the Public Services and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021. In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Treasury Management Strategy includes an Investment Strategy in compliance with the Department for Levelling Up, Housing and Communities Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council’s Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

Full details of the Council’s Treasury Management Strategy for 2023/24 can be found on the Council’s website.

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 2023/24 was approved by the Council on 8 March 2023 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 2024	31 March 2023
Credit rating	Short-term	Short-term
	£000	£000
AAA	29,095	18,487
AA-	0	15,000
A+	0	512
Total	29,095	33,999

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 three months in 2023/24.

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.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The Council does not generally allow credit for customers and trade debts are actively pursued. As at 31 March 2024, the Council had a balance owing from its customers (mainly services and rent) of 64.5 million (£70.5 million 31 March 2023). The exposure to default has been assessed and is reflected in an impairment provision of £5.5 million (£4.8 million 31 March 2023). Of the trade debtors outstanding as at 31 March 2024 of £16.9 million, 66% (2022/23 73%) relate to outstanding debt due within 3 months of the Balance Sheet date, 8% (2022/23 5%) within 3 to 6 months, 7% (2022/23 7%) within 6 to 12 months and 19% (2022/23 15%) 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 £29.1 million (£19.0 million 31 March 2023) 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:

Time to maturity (years)	31 March 2024			31 March 2023		
	Liabilities £000	Assets £000	Net £000	Liabilities £000	Assets £000	Net £000
Less than one year	-141,396	86,852	-54,544	-184,865	94,273	-90,592
Between 1 and 2 years	-56,657	11,985	-44,672	-24,951	3,008	-21,943
Between 2 and 5 years	-62,925	8,857	-54,068	-51,586	13,336	-38,250
Between 5 and 10 years	-134,551	15,427	-119,124	-49,889	14,493	-35,396
Between 10 and 20 years	-122,834	2,986	-119,848	-107,055	5,234	-101,821
More than 20 years	-263,259	3,112	-260,147	-277,850	3,061	-274,789
	-781,622	129,219	-652,403	-696,196	133,405	-562,791

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.

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 an upper limit on its variable interest rate exposures of £200.0 million of its net principal. 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 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 2024, investments held by the Council for cash flow purposes were entirely at variable rates for instant access. In terms of borrowing, the Council held £30.9 million debt in the form of LOBOs which equates to 4% 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. The Council repaid £30.6 million of LOBO's during 2023/24. 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 £0.5 million.

Price Risk

The Council does not generally invest in equity shares but does have shareholdings to the value of £1.1 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.

Foreign Exchange Risk

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 2024	31 March 2023
	£000	£000
Kirklees College	12,382	13,130
PFI Prepayments (i)	2,936	2,427
Finance Leases (ii)	3,395	3,398
Charges on Property for Residential Care	1,818	1,129
Renewable Energy	1,817	1,879
103 New Street	12,247	12,131
Kirklees Stadium Development Ltd	4,321	3,822
Kingsgate Phase 2	5,494	0
Other	739	777
	45,149	38,693
Impairment Provision	-9,179	-6,897
Net Long Term Debtors	35,970	31,796

(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	Construction Costs	Rechargeable Work in Progress	Total
	£000	£000	£000	£000
Balance as at 1 April 2023	3,147	0	216	3,363
Purchases	7,723	1,056	0	8,779
Recognised as an expense in the year	-7,692	0	0	-7,692
Adjustments	68	0	0	68
Movement in Work in Progress	0	0	78	78
Balance as at 31 March 2024	3,246	1,056	294	4,596

22 Short Term Debtors

	31 March 2024	31 March 2023
	£000	£000
Central government bodies	17,700	19,391
Other local authorities	5,319	3,703
NHS bodies	584	539
Public corporations & trading funds	0	106
Capital debtors	19,043	29,255
Payments in advance	13,819	12,851
Other entities and individuals	69,897	64,700
	126,362	130,545
Bad debt provision – Other entities and individuals	-30,175	-27,551
Net Short Term Debtors	96,187	102,994

The Capital debtors' figure of £19.0 million includes a grant owed at 31 March 2024 of £5.6 million West Yorkshire Combined Authority (WYCA) City Region Transport (£12.2 million in 2022/23) and £9.1 million WYCA Transport Fund (£11.1 million in 2022/23).

23 Cash and Cash Equivalents

	31 March 2024	31 March 2023
	£000	£000
Cash held by the Council	41	47
Instant access deposit accounts/investments that mature within 90 days or less	29,326	34,164
Cash and Cash Equivalents	29,367	34,211
Bank overdraft considered to be an integral part of cash management	-2,984	-7,345

24 Short Term Creditors

	31 March 2024	31 March 2023
	£000	£000
Central government bodies	-11,208	-39,031
Other local authorities	-3,212	-2,611
NHS bodies	-209	-1,366
Capital creditors	-3,300	-2,172
Accumulated absences	-12,886	-12,156
Receipts in advance	-15,332	-13,938
Other entities and individuals	-51,823	-38,081
Total	-97,970	-109,355

NOTES TO THE MAIN FINANCIAL STATEMENTS

The Central government bodies movement above is due to the repayment of 3 Covid grants being Local Restrictions Support Grant £6.9 million, Business Support £7.8 million, Covid Additional Restrictions Funding £3.8 million, and S31 Business Rates grant £5.5 million.

The increase in Other entities and individuals is mostly due to the change in paying suppliers on 30 day terms rather than immediately (£10.6 million).

25 Provisions

	Insurance £000	Business Rate Appeals £000	Housing Benefits Subsidy £000	Total £000
Balance at 1 April 2023	-11,562	-1,676	-318	-13,556
Additional provision made in 2023/24	-4,257	-1,652	0	-5,909
Amounts used in 2023/24	3,712	1,442	318	5,472
Amounts reversed in 2023/24	1,500	0	0	1,500
Balance at 31 March 2024	-10,607	-1,886	0	-12,493

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 (2023/24). 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 £000	Long Term Provisions £000	Total Provisions £000
Balance at 31 March 2024	-3,739	-8,754	-12,493
Balance at 1 April 2023	-3,122	-10,434	-13,556

26 Other Long-Term Liabilities

	31 March 2024	31 March 2023
	£000	£000
Deferred Liabilities (mainly outstanding PFI finance lease obligations)	-72,180	-77,094
Net Liability Related to Defined Benefit Pension Scheme	-53,982	-58,869
Long Term Provisions	-8,754	-10,434
Total	-134,916	-146,397

The Net Liability Related to Defined Benefit Pension Scheme only includes the LGPS Unfunded and Teachers pensions schemes in 2023/24 as the LGPS Funded pension scheme is a Pension Asset as at 31 March 2024 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 2024	31 March 2023
	£000	£000
Capital Adjustment Account	-673,668	-702,869
Revaluation Reserve	-301,706	-283,699
Pensions Reserve	-90,437	-29,334
Financial Instruments Revaluation Reserve	-1,183	-1,146
Financial Instruments Adjustment Account	2,108	2,346
Pooled Fund Adjustment Account	1,471	1,124
Deferred Capital Receipts Reserve	-3,398	-3,401
Collection Fund Adjustment Account	7,381	-69
Accumulated Absences Account	12,886	12,156
Dedicated Schools Grant Adjustment Account	43,686	28,866
Total Unusable Reserves	-1,002,860	-976,026

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 £43.7 million as at 31 March 2024 includes a £44.1 million High Needs deficit carried forward on the Balance Sheet to be funded

NOTES TO THE MAIN FINANCIAL STATEMENTS

by future DSG income as per updated statutory guidance. The remaining surplus balance of £0.4 million includes net savings on Early Years and Central School Services budgets in 2023/24.

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.

	2023/24	2022/23
	£000	£000
Balance at 1 April	-702,869	-725,440
<u>Capital financing applied in the year:</u>		
Use of Capital Receipts Reserve to finance new capital expenditure	-11,509	-8,566
Use of Capital Receipts Reserve to repay debt	-875	-832
Use of the Major Repairs Reserve to finance new capital expenditure	-20,640	-18,886
Capital grants and contributions credited to the CIES that have been applied to capital financing	-39,851	-26,526
Application of grants to capital financing from the Capital Grants Unapplied Account	-24,170	-21,564
Statutory provision for the financing of capital investment charged against the General Fund, HRA Balances and Major Repairs Reserve	-9,616	-10,330
Capital expenditure charged against the General Fund and HRA Balances	-5,635	-6,109
	-815,165	-818,253
Charges for depreciation and impairment of non-current assets	68,400	60,345
Amortisation of intangible assets	454	162
Revaluation losses on PPE	35,040	29,465
Revaluation gains on PPE	-8,303	-20,465
Movements in the market value of Investment Property	10,670	7,216
Revenue expenditure funded from capital under statute (REFCUS)	24,174	23,568
Amounts of non-current assets written off on disposal or sale	11,512	16,308
Adjusting amounts written out of the Revaluation Reserve	-6,075	-4,919
Deferred Income written down - Waste PFI	0	-537
Long-term debtors written down	957	907
Financial Instruments impairment charge	4,668	3,334
Balance at 31 March	-673,668	-702,869

NOTES TO THE MAIN FINANCIAL STATEMENTS

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.

	2023/24	2022/23
	£000	£000
Balance at 1 April	-283,699	-257,749
Upward revaluation of assets	-51,238	-53,530
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	27,156	22,661
	-307,781	-288,618
Difference between fair value depreciation and historical cost depreciation	4,559	3,799
Accumulated gains on assets sold or scrapped	1,516	1,120
Balance at 31 March	-301,706	-283,699

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.

	2023/24			2022/23		
	LGPS £000	Teachers £000	Total £000	LGPS £000	Teachers £000	Total £000
Balance at 1 April	-69,357	40,023	-29,334	714,320	45,411	759,731
Pension cost payable to Pension Fund	-45,747	-3,752	-49,499	-43,887	-3,374	-47,261
Remeasurement of net pension position	-62,473	-1,226	-63,699	-868,571	-3,195	-871,766
Reversal of IAS19 entries	50,301	1,794	52,095	128,781	1,181	129,962
Balance at 31 March	-127,276	36,839	-90,437	-69,357	40,023	-29,334

29 Cash Flow - Operating Activities

The cash flows for operating activities include the following items:

	2023/24	2022/23
	£000	£000
Interest received	-4,829	-2,743
Interest paid	33,561	26,120
Dividend received	-977	-694

30 Cash Flow - Adjustments to net surplus or deficit on the provision of services for non-cash movements

	2023/24	2022/23
	£000	£000
Pension adjustments	-2,596	-82,701
Depreciation, impairment and amortisation	-67,465	-58,401
Revaluation gains/losses	-37,408	-16,216
Carrying amount of non-current assets sold or de-recognised	-11,512	-16,308
Movements on -		
Provisions	1,062	-309
Inventories	1,233	-3,996
Revenue debtors (including bad debt provision)	3,249	-913
Revenue creditors	6,737	67,412
Other non-cash items	-1,032	-7,762
Total non-cash movements	-107,732	-119,194

31 Cash Flow - Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities

	2023/24	2022/23
	£000	£000
Capital grants	61,636	59,664
Proceeds from the sale of Property, Plant and Equipment (PPE), Investment Property and Intangible Assets.	10,135	12,135
Total	71,771	71,799

NOTES TO THE MAIN FINANCIAL STATEMENTS

Cash Flow - Reconciliation of Liabilities arising from Financing Activities

	2023/24				2022/23			
	At 1 April £000	Financing cashflows £000	Non cash changes £000	At 31 March £000	At 1 April £000	Financing cashflows £000	Non cash changes £000	At 31 March £000
Long term borrowing	512,785	128,877	-599	641,063	442,282	70,510	-7	512,785
Short term borrowing	106,475	-33,167	-3	73,305	31,015	75,451	9	106,475
PFI & finance lease liabilities	81,660	-4,025	0	77,635	88,258	-6,598	0	81,660
Total liabilities from financing activities	700,920	91,685	-602	792,003	561,555	139,363	2	700,920

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:

	2023/24 £000	2022/23 £000
Grant Thornton:		
External audit services – scale fee	425	146
External audit services – additional charges	16	49
Fees payable to Grant Thornton with regard to external audit services	441	195
Certification of grant claims and returns services	63	47
	504	242

The 2022/23 amounts have been restated due to changed fee awards in relation to the 2022/23 audit and is reflected in the table above.

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.

	2023/24	2022/23
	£000	£000
<u>Funding provided to the pooled budget</u>		
Kirklees Council – Adults	-2,034	-1,993
Kirklees Council – Children	-505	-508
West Yorkshire ICB	-1,879	-1,842
Total Funding	-4,418	-4,343
<u>Expenditure met from the pooled budget</u>		
Kirklees Council – Adults	1,384	1,374
Kirklees Council – Children	272	270
West Yorkshire ICB	1,657	1,644
Total Expenditure	3,313	3,288
Net surplus arising on pooled budget during the year	-1,105	-1,055
Council share of the net surplus arising on the pooled budget	-882	-858

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.

	2023/24	2022/23
	£000	£000
<u>Funding provided to the pooled budget</u>		
Kirklees Council	-29,923	-27,425
West Yorkshire ICB schemes	-37,966	-33,726
Total Funding	-67,889	-61,151
<u>Expenditure met from the pooled budget</u>		
Kirklees Council	52,346	48,646
West Yorkshire ICB schemes	15,543	12,505
Total Expenditure	67,889	61,151
Net surplus arising on pooled budget during the year	0	0
Council share of the net surplus arising on the pooled budget	0	0

NOTES TO THE MAIN FINANCIAL STATEMENTS

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:

Remuneration Band (£)	2023/24		2022/23	
	Schools	Other	Schools	Other
50,000 - 54,999	136	231	116	196
55,000 - 59,999	80	101	66	70
60,000 - 64,999	52	29	41	16
65,000 - 69,999	35	26	33	19
70,000 - 74,999	26	7	21	5
75,000 - 79,999	15	3	24	3
80,000 - 84,999	25	9	4	8
85,000 - 89,999	3	8	4	8
90,000 - 94,999	3	2	6	1
95,000 - 99,999	6	0	2	1
100,000 - 104,999	2	0	1	4
105,000 - 109,999	1	1	0	9
110,000 - 114,999	1	11	0	0
115,000 - 119,999	0	1	0	1
120,000 - 124,999	0	1	1	0
125,000 - 129,999	0	1	0	0
130,000 - 134,999	1	0	1	2
135,000 - 139,999	0	0	0	3
140,000 - 144,999	1	1	0	0
145,000 - 149,999	0	2	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	0
165,000 - 169,999	0	0	0	0
170,000 - 179,999	0	0	0	0
180,000 - 189,999	0	0	0	1
190,000 - 194,999	0	0	0	0
Total	387	434	320	347

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 2023/24 (2022/23 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, s151 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.

NOTES TO THE MAIN FINANCIAL STATEMENTS

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 £
2023/24					
Chief Executive – Steve Mawson (2)	83,433	0	83,433	13,182	96,615
Chief Executive – Jacqui Gedman (3)	93,544	0	93,544	14,780	108,323
Strategic Director Adults & Health	145,287	0	145,287	122,955	168,242
Strategic Director, Children & Families (4)	35,717	0	35,717	5,643	41,360
Strategic Director Children & Families (5)	112,705	0	112,705	17,807	130,512
Strategic Director Corporate Strategy, Commissioning & Public Health	145,287	0	145,287	22,955	168,242
Strategic Director Environment & Climate Change (6)	44,534	0	44,534	7,036	51,571
Strategic Director Growth & Regeneration	142,193	0	142,193	22,466	164,659
Service Director Governance & Commissioning (Monitoring Officer)	111,242	0	111,242	17,576	128,818
Service Director – Finance, Transactional Services (s151 Officer) (7)	26,265	0	26,265	4,150	30,415
Service Director – Finance, Transactional Services (s151 Officer) (8)	34,507	0	34,507	5,452	39,959
Service Director – Finance, Transactional Services (s151 Officer) – Isabel Brittain (9)	118,266	0	118,266	0	118,266
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, Transactional Services (s151 Officer)	107,087	0	107,087	17,027	124,114

- (1) No added years pensions were provided for Senior Officers.
- (2) Steve Mawson commenced employment on the 1st of October 2023.
- (3) Jacqui Gedman left employment on the 30th of September 2023.
- (4) The Strategic Director, Children & Families left employment on the 2nd of July 2023

NOTES TO THE MAIN FINANCIAL STATEMENTS

- (5) The Strategic Director, Children & Families commenced on the 25th of May 2023
- (6) The Strategic Director, Environment & Climate Change left employment on the 26th of July 2023.
- (7) The Service Director – Finance, Transactional Services (s151 Officer) left employment on the 25th of June 2023.
- (8) The Service Director – Finance, Transactional Services (s151 Officer) commenced on the 22nd of May 2023 and left employment on the 10th of September 2023.
- (9) Isabel Brittain interim Service Director – Finance, Transactional Services (s151 Officer) commenced on the 2nd of August 2023, these payments are not made through the payroll.

It should be noted that the 2022/23 figures for senior officer's emoluments only relate to individuals who continued to be employed in 2023/24 and will exclude those who left the Council in 2022/23. 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)
				£000	£000	£000
2023/24						
£0 - £20,000	0	7	7	38	38	0
£20,001 - £40,000	0	1	1	23	23	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	8	8	61	61	0
2022/23						
£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

35 Deployment of Dedicated Schools Grant

The Council’s expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2023. 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 2023/24 before recoupment			-448,214
Academy and High Needs figure recouped for 2023/24			197,050
Total DSG after recoupment for 2023/24			-251,164
Plus brought forward from 2022/23			-2,852
Less carry forward to 2024/25 agreed in advance			0
Agreed initial budgeted distribution for 2023/24	-61,161	-192,855	-254,016
In year adjustments	-1,982	-298	-2,280
Final budget distribution for 2023/24	-63,143	-193,153	-256,296
Less actual central expenditure	75,112		75,112
Less actual ISB deployed to schools		193,153	193,153
Plus Local authority contribution for 2023/24	0	0	0
In Year Carry-forward to 2024/25	11,969	0	11,969
Plus Carry-forward to 2024/25 agreed in advance			0
Carry-forward to 2024/25			0
DSG unusable reserve at the end of 2022/23			31,717
Addition to DSG unusable reserve at the end of 2023/24			11,969
Total of DSG unusable reserve at the end of 2023/24			43,686
Net DSG position at the end of 2023/24			43,686

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 2023/24.

i) Elected Members and Chief Officers

NOTES TO THE MAIN FINANCIAL STATEMENTS

There were 4 material disclosures to declare for 2023/24, 4 relating to Elected Members and 1 Chief Officer.

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 2024, £0.163 million was outstanding (£0.173 million as at 31 March 2023).

Three Councillors were Directors of Kirklees Community Association (KCA). In 2023/24, the Council received £0.199 million from KCA.

Two Councillors were Directors of Calderdale and Kirklees Careers Ltd. In 2023/24, the Council made payments of £2.925 million to the Company and received £0.003 million from it.

A Councillor was a Director 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 2023/24 the Council made payments of £0.674 million to the enterprise.

There were 6 additional companies where Councillors had control however there were no material transactions between the Council during 2023/24.

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	
	2023/24	2022/23	2023/24	2022/23	31 March 2024	31 March 2023
	£000	£000	£000	£000	£000	£000
Calderdale and Kirklees Careers Service Ltd	-3	-7	2,925	2,820	0	-358
Kirklees Active Leisure	-1,223	-1,649	3,433	3,161	9	19
Kirklees Community Association	-199	-181	0	0	24	24
Kirklees Theatre Trust	-12	-11	228	229	1	0
North Huddersfield Trust	-148	-319	20	0	28	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 2023/24 amounted to £19.6 million (2022/23 £19.9 million) and income of £10.3 million (Nil in 2022/23), this being gainshare funding and levy repayments.
- A Parish Council has also invested funds with the Council. As at 31 March 2024, £0.227 million (£0.298 million at 31 March 2023) 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 loans of £4.3 million to Kirklees Stadium Development Ltd (KSDL). The recoverability of the loans is uncertain due to a potential restructure of KSDL and an impairment of the loan has been provided. At the balance sheet date, a full provision has been reflected in the Statement of Accounts.

NOTES TO THE MAIN FINANCIAL STATEMENTS

37 Grant Income

The Council credited the following grants and contributions to the CIES:

	2023/24	2022/23
	£000	£000
Credited to Taxation and Non-Specific Grant Income		
Revenue Support Grant (RSG)	-15,491	-13,514
NNDR Top up Grant	-30,570	-28,808
PFI Grants	-8,127	-11,223
Business Rates Relief	-28,874	-23,671
Services Grant	-3,344	-5,700
Other Non-Specific Grants (under £2 million)	-3,219	-5,900
	-89,625	-88,816
Grants and Contributions related to capital financing which cannot be identified to particular services or assets		
Standards Fund	-17,606	-18,496
MHCLG – Towns Fund	-4,531	-4,232
DfT – Transforming Cities Fund	-3,922	-3,580
Trees for Climate	-3,099	-1,318
City Region Sustainable Transport Settlement	-12,761	-12,163
West Yorkshire Transport Fund	-6,333	-8,995
Other Capital Grants and Contributions (under £2 million)	-13,383	-11,417
Total	-151,260	-149,017
Credited to Services		
Revenue		
Dedicated Schools Grant	-251,037	-244,067
DWP – Rent Allowance	-30,885	-32,722
DWP – Rent Rebate	-31,968	-29,770
Department of Health Grant (Public Health)	-28,149	-27,117
Integrated Care Boards (ICBs) – Better Care Fund	-22,398	-21,035
Integrated Care Boards (ICBs) – Other	-8,756	-10,975
Pupil Premium Grant	-12,383	-11,941
PFI Grant (ring fenced to HRA)	-7,912	-7,912
Universal Infant Free School Meals Grant	-3,347	-3,340
Social Care Support Grant	-29,810	-18,481
Improved Better Care Fund (IBCF)	-17,822	-17,822
DWP Household Support Fund	-8,341	-6,483
Schools Grants - Other	-14,122	-10,349
Homes for Ukraine Grant	-586	-4,839
Asylum Seekers	-3,042	-1,619
Adult Social Care Discharge Fund	-2,499	-1,550
Market Sustainability and Fair Cost of Care	-7,184	-1,255
West Yorkshire Combined Authority	-15,013	-1,755
Other Revenue Grants and Contributions (under £2 million)	-27,777	-26,222
Capital (REFCUS)		
Standards Fund	-5,678	-3,577
Disabled Facilities Grant	-3,940	-3,624
Trees for Climate	-3,692	-2,122
Various Capital Grants and Contributions (under £2 million)	-3,089	-1,382
Total	-539,430	-489,959
Total Grants in CIES	-690,690	-638,976

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.

	2023/24	2022/23
	£000	£000
<i>Opening Capital Financing Requirement</i>	863,145	806,733
Capital Investment		
Property, Plant and Equipment	113,209	117,744
Investment Property	5,229	3,640
Heritage Assets	39	38
Intangible Assets	931	1,171
Revenue Expenditure Funded from Capital under Statute	24,174	23,568
Loans and Investments	5,610	2,220
Inventories	1,056	0
Sources of Finance		
Capital Receipts	-11,509	-7,722
Government Grants and Other Contributions	-64,021	-48,090
Major Repairs Reserve	-20,640	-18,886
Direct Revenue Contributions	-5,635	-6,109
To repay debt:		
Minimum Revenue Provision	-5,319	-10,330
Major Repairs Reserve	-4,297	0
Capital Receipts	-876	-832
Closing Capital Financing Requirement	901,096	863,145
Explanation of movements in year		
Increase in underlying need to borrow:		
PFI Finance Lease Liability	540	336
Other	47,903	67,239
Provision for Repayment of Debt	-10,492	-11,163
Increase in Capital Financing Requirement	37,951	56,412

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 2024	31 March 2023
	£000	£000
Cost or valuation		
At 1 April	15,049	16,242
Additions	3,503	5,529
Revaluation increases recognised in the Revaluation Reserve	187	-112
Revaluation decreases recognised in the provision of services	-8,386	-6,610
At 31 March	10,353	15,049
Depreciation and impairments		
At 1 April	0	-209
Depreciation charge	-258	-283
Depreciation written out to the Revaluation Reserve	111	106
Depreciation written out to the provision of services	147	386
At 31 March	0	0
Net Book Value as at 31 March	10,353	15,049

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 2024	31 March 2023
	£000	£000
Finance lease liabilities (net present value of minimum lease payments):		
Non-current	1,049	1,049
Finance costs payable in future years	5,881	5,971
Minimum lease payments	6,930	7,020

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£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	6,480	6,570	1,049	1,049
	6,930	7,020	1,049	1,049

NOTES TO THE MAIN FINANCIAL STATEMENTS

Operating Leases

The Council uses vehicles and property throughout the Kirklees district, financed under the terms of operating leases (The restated figures include leased property disclosed for the first time). The Council is committed at 31 March 2024 to make future minimum lease payments due under non-cancellable leases as follows:

	Minimum Lease Payments		Minimum Sub Leases Receivable	
	31 March 2024	31 March 2023 Restated	31 March 2024	31 March 2023
	£000	£000	£000	£000
Not later than one year	980	1,214	0	0
Later than one year and not later than five years	728	1,549	0	0
Later than five years	1,655	1,742	0	0
	3,363	4,505	0	0

Leases and sub lease payments recognised in the year are as follows:

	2023/24	2022/23 Restated
	£000	£000
Minimum Lease Payments	1,350	1,512
Contingent Rents	0	0
Sub Lease Payments	0	0
	1,350	1,512

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 2024	31 March 2023
	£000	£000
Finance lease debtor (net present of value of minimum lease payments):		
Non-current	3,398	3,401
Unearned finance income	13,746	14,018
Gross investment in the lease	17,144	17,419

NOTES TO THE MAIN FINANCIAL STATEMENTS

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 2024	31 March 2023	31 March 2024	31 March 2023
	£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	15,769	16,044	15,769	16,044
	17,144	17,419	17,144	17,419

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.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The value of the assets leased out is as follows:

	31 March 2024	31 March 2023
	£000	£000
Cost or valuation		
At 1 April	168,991	184,615
Additions	3,113	4,287
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	3,980	-786
Revaluation increases/decreases(-) recognised in provision of services	-11,300	-14,805
De-recognition – disposals	0	-1,239
De-recognition – other	0	0
Other movements in cost or valuation (re-classifications)	-113	-3,081
At 31 March	164,671	168,991
Depreciation and impairments		
At 1 April	-529	-1,369
Depreciation and impairment charge for year	-1,818	-1,930
Depreciation written out to the Revaluation Reserve	1,069	1,023
Depreciation written out to the Surplus/Deficit to Services	804	1,636
De-recognition – disposals	0	2
De-recognition – other	0	109
At 31 March	-474	-529
Net Book Value as at 31 March	164,197	168,462

The Council received £4.6 million in rent on operating leases in 2023/24 (£4.9 million 2022/23).

The following table shows the future minimum lease payments under non-cancellable operating leases for each of the following periods:

	31 March 2024	31 March 2023
	£000	£000
Not later than one year	2,153	2,348
Later than one year and not later than five years	2,578	3,025
Later than five years	1,422	1,690
	6,153	7,063

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 2024/25	36,536	5,356	5,360	1,883	49,135
Between 2025/26 to 2028/29	136,536	17,325	25,258	7,081	186,200
Between 2029/30 to 2033/34	99,081	8,500	45,849	6,486	159,916
Between 2034/35	770	5	1,670	0	2,445
	272,923	31,186	78,137	15,450	397,696

The value of assets held under all schemes:

	2023/24 £000	2022/23 £000
Net Book Value at 1 April	97,424	94,478
Additions	2,877	2,960
Revaluations net of depreciation written back	-14,394	4,623
Disposals	0	0
Depreciation	-5,525	-4,637
Net Book Value at 31 March	80,382	97,424

The value of liabilities for all schemes:

	2023/24 £000	2022/23 £000
At 1 April	-78,153	-84,648
Movement in the year	3,927	6,495
At 31 March	-74,226	-78,153

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 four years to 2027/28. 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.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The Council incurred costs of £17.7 million under the contract in 2023/24 (2022/23 £15.4 million) and received no PFI Grant (2022/23 £3.1 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 2024/25	15,822	0	0	15,822
Between 2025/26 to 2027/28	47,466	0	0	47,466
	63,288	0	0	63,288

The estimated payments for service charges are based on expected tonnages and 2023/24 price base. The estimates do not include extra charges arising from changes in statutory regulations.

The value of assets (other land and buildings) held under this scheme is as follows:

	2023/24 £000	2022/23 £000
Net Book Value at 1 April	24,241	27,362
Additions	1,693	1,590
Revaluations net of depreciation written back	-2,763	-1,411
Depreciation	-3,939	-3,300
Net Book Value at 31 March	19,232	24,241

The value of liabilities held under this scheme is as follows:

	2023/24 £000	2022/23 £000
At 1 April	0	-1,706
Movement in the year	0	1,706
At 31 March	0	0

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.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The Council incurred costs of £19.8 million under the contract in 2023/24 (2022/23 £19.7 million) and received £5.9 million in PFI Grant (2022/23 £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 2024/25	15,914	2,041	1,948	1,403	21,306
Between 2025/26 to 2028/29	67,907	6,678	8,790	6,069	89,444
Between 2029/30 to 2033/34	77,244	3,115	17,540	6,123	104,022
	161,065	11,834	28,278	13,595	214,772

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:

	2023/24 £000	2022/23 £000
Net Book Value at 1 April	52,333	47,133
Additions	586	471
Revaluations net of depreciation written back	-11,900	5,675
Disposals	0	0
Depreciation	-1,043	-946
Net Book Value at 31 March	39,976	52,333

The value of liabilities held under this scheme is as follows:

	2023/24 £000	2022/23 £000
At 1 April	-29,715	-31,390
Movement in the year	1,437	1,675
At 31 March	-28,278	-29,715

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.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The Council incurred costs of £3.1 million under the contract in 2023/24 (£2.9 million in 2022/23) and received £2.2 million in PFI Grant (2022/23 £2.2 million). Details of estimated payments due to be made are as follows:

	Service Charges	Interest Charges	Repayments Of Liability	Other	Total
	£000	£000	£000	£000	£000
In 2024/25	1,379	444	419	480	2,722
Between 2025/26 to 2028/29	5,938	1,267	2,742	1,012	10,959
Between 2029/30 to 2031/32	3,887	266	2,194	363	6,710
	11,204	1,977	5,355	1,855	20,391

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:

	2023/24	2022/23
	£000	£000
Net Book Value at 1 April	4,988	4,513
Additions	58	563
Revaluations net of depreciation written back	0	0
Disposals	0	0
Depreciation	-100	-88
Net Book Value at 31 March	4,946	4,988

The value of liabilities held under this scheme is as follows:

	2023/24	2022/23
	£000	£000
At 1 April	-5,768	-6,302
Movement in the year	413	534
At 31 March	-5,355	-5,768

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 fund the payments (for those benefits) 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 2023/24, the Council paid £18.1 million (2022/23 £18.0 million) in respect of teachers' retirement benefits, representing 23.7% (2022/23 23.7%) of pensionable pay. Payments of £1.5 million were owing to the scheme as at 31 March 2024 (31 March 2023 £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 2023/24, the Council paid £0.1 million (2022/23 £0.1 million) to the NHSBSA, representing 14.4% (2022/23 14.4%) of pensionable pay.

Transactions Relating to Retirement Benefits

In 2023/24 the Council paid an employer's contribution of £43.1 million (2022/23 £41.2 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:

NOTES TO THE MAIN FINANCIAL STATEMENTS

	LGPS		Teachers	Total
	Funded	Unfunded		
	£000	£000	£000	£000
2023/24				
Comprehensive Income and Expenditure Statement				
<u>Cost of Services:</u>				
Current service cost	54,529	0	0	54,529
Past service cost	95	0	0	95
<u>Financing and Investment income and expenditure:</u>				
Net interest income/expense	-5,163	840	1,794	-2,529
Total Post-employment Benefits charged to the Surplus/Deficit on the Provision of Services	49,461	840	1,794	52,095
<u>Remeasurement of the net defined benefit liability comprising:</u>				
Return on plan assets (excluding the amount included in the net interest expense)	-80,571	0	0	-80,571
Actuarial gains and losses arising on changes in demographic assumptions	-35,243	-216	-506	-35,965
Actuarial gains and losses arising on changes in financial assumptions	-76,469	-479	-994	-77,942
Actuarial gains and losses due to liability experience	25,642	128	274	26,044
Adjustment loss due to restriction of surplus	104,735	0	0	104,735
Total Post Employment Benefit charged to the CIES	-12,445	273	568	-11,604
Movement in Reserves Statement				
Reversal of net charges made to the Surplus/Deficit on the Provision of Services for retirement benefits	-49,461	-840	-1,794	-52,095
Actual amount charged against General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	43,771	1,976	0	45,747
Retirement benefits payable to pensioners	0	0	3,752	3,752

NOTES TO THE MAIN FINANCIAL STATEMENTS

	LGPS		Teachers	Total
	Funded	Unfunded		
2022/23	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement				
<u>Cost of Services:</u>				
Current service cost	109,813	0	0	109,813
Past service cost	270	0	0	270
<u>Financing and Investment income and</u>				
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
<u>Remeasurement of the net defined benefit liability comprising:</u>				
Return on plan assets (excluding the amount included in the net interest expense)	62,391	0	0	62,391
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	-739,280	-510	-2,014	-741,804
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

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 2024 are shown the following table:

	2023/24	2022/23
	£000	£000
Present value of liabilities:		
LGPS Funded	-2,244,148	-2,245,260
LGPS Unfunded	-17,143	-18,846
Teachers	-36,839	-40,023
Fair value of assets in the LGPS	2,493,302	2,333,463
Unrecognised asset	-104,735	0
Net asset/liability (-)	90,437	29,334
LGPS Funded	144,419	88,203
LGPS Unfunded	-17,143	-18,846
Teachers	-36,839	-40,023
Net asset/liability (-)	90,437	29,334

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 2024 resulting in a pension plan asset. 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 an asset ceiling of £144.4 million for the funded scheme meaning the net pension asset cannot be recognised in full at the accounting date, which reflects the extent to which it is estimated that the council can derive future benefit from the estimated surplus in its pension position via future reductions in its contribution levels.

NOTES TO THE MAIN FINANCIAL STATEMENTS

Assets and Liabilities in relation to Post-Employment Benefits

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

	LGPS		Teachers	Total
	Funded £000	Unfunded £000	£000	£000
2023/24				
Opening balance 1 April 2023	-2,245,260	-18,846	-40,023	-2,304,129
Current Service Cost	-54,529	0	0	-54,529
Interest cost	-103,843	-840	-1,794	-106,477
Contributions by scheme participants	-17,578	0	0	-17,578
Remeasurement gain/loss(-):				
Arising on changes in demographic assumptions	35,243	216	506	35,965
Arising on changes in financial assumptions	76,469	479	994	77,942
Due to liability experience	-25,642	-128	-274	-26,044
Benefits/transfers paid	91,087	1,976	3,752	96,815
Past service costs	-95	0	0	-95
Net increase in liabilities from disposals/acquisitions	0	0	0	0
Closing balance 31 March 2024	-2,244,148	-17,143	-36,839	-2,298,130
2022/23				
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

Reconciliation of the Movements in the Fair Value of Scheme Assets (LGPS Funded)

	31 March 2024	31 March 2023
	£000	£000
Opening balance 1 April	2,333,463	2,357,764
Interest income on assets	109,006	63,334
Remeasurement gains and losses	80,571	-62,391
Employer contributions	43,771	42,015
Contributions by scheme participants	17,578	16,915
Benefits paid	-91,087	-84,174
Net increase in assets from disposals/acquisitions	0	0
Closing balance 31 March	2,493,302	2,333,463

NOTES TO THE MAIN FINANCIAL STATEMENTS

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 2024.

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 surplus of £189.6 million (2022/23 return of £0.9 million).

Pension Scheme Assets

The percentage breakdown of Fund assets is as follows:

			2023/24	2022/23
	Quoted	Unquoted	Total	Total
	%	%	%	%
Equity investments	63.9	15.5	79.4	80.8
Government Bonds	8.5	0.0	8.5	6.9
Other Bonds	4.2	0.0	4.2	4.6
Property	1.0	1.8	2.8	3.3
Cash/ liquidity	0.0	1.8	1.8	2.3
Other	0.1	3.2	3.3	2.1
	77.7	22.3	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:

	2023/24			2022/23		
	LGPS		Teachers	LGPS		Teachers
	Funded	Unfunded		Funded	Unfunded	
Rate of inflation – CPI	2.60%	2.60%	2.60%	2.70%	2.70%	2.70%
Rate of increase in salaries	3.85%	n/a	n/a	3.95%	n/a	n/a
Rate of increase in pensions	2.60%	2.60%	2.60%	2.70%	2.70%	2.70%
Rate for discounting liabilities	4.80%	4.80%	4.80%	4.70%	4.70%	4.70%
<u>Mortality assumptions</u>						
<u>(years):</u>						
Longevity at 65 for current pensioners:						
Men	21.0	21.0	21.0	21.6	21.6	21.6
Women	24.2	24.2	24.2	24.6	24.6	24.6
Longevity at 65 for future pensioners:						
Men	22.3	n/a	n/a	22.9	n/a	n/a
Women	25.2	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 £2,244.1 million and for projected service cost is £52.1 million.

NOTES TO THE MAIN FINANCIAL STATEMENTS

	Approximate % Increase in Defined Benefit Obligation	Approximate Monetary Amount
		£000
0.1% decrease in real discount rate	1.70%	38,151
1 year increase in member life expectancy	2.60%	58,348
0.1% increase in the salary increase rate	0.20%	4,488
0.1% increase in the pension increase rate	1.50%	33,662

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 existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The total funded contributions expected to be made to West Yorkshire Pension Fund by the Council in the year to 31 March 2025 is £45.4 million. The weighted average duration of the defined benefit obligation for the scheme members is 17.0 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 2023/24 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 2024.

In 2023/24, 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 0.2 million, (operating deficit £0.3 million 2022/23). Similarly, as at 31 March 2024, the Company had net assets of £14.3 million (£18.8 million at 31 March 2023).

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	35,865	40%	14,346
Group Deficit	-1,331	40%	-532
Other Comprehensive Income and Expenditure	-9,885	40%	-3,954
Total Comprehensive Income and Expenditure	-11,216	40%	-4,486

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.

	2023/24			2022/23		
	Gross	Gross	Net	Gross	Gross	Net
	Exp	Income	Exp	Exp	Income	Exp
	£000	£000	£000	£000	£000	£000
Children & Families	447,487	-322,862	124,625	436,219	-306,277	129,942
Adults & Health	301,332	-166,800	134,532	287,652	-143,932	143,720
Growth & Regeneration	159,555	-50,161	109,394	160,292	-41,650	118,642
Corporate Strategy, Commissioning & Public Health	200,790	-116,338	84,452	196,041	-112,084	83,957
Central Budgets	24,939	-11,279	13,660	38,504	-3,061	35,443
HRA	93,846	-100,654	-6,808	86,994	-104,744	-17,750
Cost of Services	1,227,949	-768,094	459,855	1,205,702	-711,748	493,954
Other operating expenditure			4,062			5,542
Financing and investment income and expenditure			33,817			55,688
Taxation and non-specific grant income			-415,909			-398,066
Surplus(-)/Deficit on Provision of Services			81,825			157,118
Joint venture accounted for on an equity basis			532			742
Tax expenses of subsidiary and joint venture			0			0
Group Surplus(-)/Deficit			82,357			157,860
Surplus(-)/Deficit on revaluation of PPE and Heritage assets			-24,082			-30,869
Impairment losses on non-current assets to the Revaluation Reserve			0			0
Surplus(-)/Deficit from investments in equity instruments designated at fair value through other comprehensive income			-37			219
Re measurements of the net defined benefit liability			-63,699			-871,766
Share of other comprehensive income and expenditure of joint venture			3,955			-1,930
Other Comprehensive Income and Expenditure			-83,863			-904,346
Total Comprehensive Income and Expenditure			-1,506			-746,486

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	Usable 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
2023/24									
Balance at 31 March 2023	-96,621	-44,416	-83,489	-224,526	-976,026	-1,200,552	543	-19,376	-1,219,385
Movement in reserves during 2023/24									
Total Comprehensive Income and Expenditure	86,373	-4,548	0	81,825	-87,818	-5,993	532	3,955	-1,506
Adjustments between group and Council accounts	0	0	0	0	0	0	0	0	0
Adjustments between accounting & funding basis under regulations	-63,706	15,022	-12,300	-60,984	60,984	0	0	0	0
Net Increase(-)/Decrease	22,667	10,474	-12,300	20,841	-26,834	-5,993	532	3,955	-1,506
Balance at 31 March 2024 carried forward	-73,954	-33,942	-95,789	-203,685	-1,002,860	-1,206,545	1,075	-15,421	-1,220,891
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	-902,416	-745,298	742	-1,930	-746,486
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	-800,176	-745,298	742	-1,930	-746,486
Balance at 31 March 2023 carried forward	-96,621	-44,416	-83,489	-224,526	-976,026	-1,200,552	543	-19,376	-1,219,385

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 2024	31 March 2023	Note
	£000	£000	
Property, Plant & Equipment	1,690,186	1,657,600	
Heritage Assets	55,607	55,197	
Investment Property	90,762	97,535	
Intangible Assets	2,256	1,779	
Long Term Investments	12,728	13,162	
Investments in Joint Venture	14,346	18,833	
Long Term Debtors	35,970	31,796	
Pension Asset	144,419	88,203	
Long Term Assets	2,046,274	1,964,105	
Inventories	4,596	3,363	
Short Term Debtors	96,187	102,994	
Assets Held for Sale	3,899	4,757	
Cash and Cash Equivalents	29,367	34,211	
Current Assets	134,049	145,325	
Bank Overdraft	-2,984	-7,345	
Short Term Borrowing	-73,305	-106,475	
Short Term Creditors	-97,970	-109,355	
Other Short-Term Liabilities	-5,455	-4,566	
Provisions	-3,739	-3,122	
Current Liabilities	-183,453	-230,863	
Long Term Borrowing	-641,063	-512,785	
Other Long-Term Liabilities	-134,916	-146,397	
Long Term Liabilities	-775,979	-659,182	
Net Assets	1,220,891	1,219,385	
Usable Reserves	-202,610	-223,983	
Unusable Reserves	-1,018,281	-995,402	G2
Total Reserves	-1,220,891	-1,219,385	

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 policies 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	-673,668	-673,668
Revaluation Reserve	-11,188	-301,706	-312,894
Pensions Reserve	0	-90,437	-90,437
Other	-4,233	62,951	58,718
Balance at 31 March 2024	-15,421	-1,002,860	-1,018,281
Capital Adjustment Account	0	-702,869	-702,869
Revaluation Reserve	-15,143	-283,699	-298,842
Pensions Reserve	0	-29,334	-29,334
Other	-4,233	39,876	35,643
Balance at 31 March 2023	-19,376	-976,026	-995,402

G3 Related Party Transactions

The notes below disclose the related party transactions between the Council and KSDL.

Kirklees Stadium Development Limited

During 2023/24 the Council incurred costs of £0.04 million in relation to services provided by KSDL.

The Council made no additional loans to KSDL in 2023/24 (2022/23 no additional loans). At 31 March 2024 the total amount owed to the Council is £4.3 million.

**ADDITIONAL FINANCIAL STATEMENTS
HOUSING REVENUE ACCOUNT**

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.

	2023/24	2022/23	Notes
	£000	£000	
Expenditure			
Repairs and maintenance	28,817	30,874	
Supervision and management	35,523	33,144	
Special services	2,810	2,944	
Rent, rates, taxes and other charges	1,078	372	
Depreciation of non-current assets	24,937	18,886	H1
Debt management costs	46	32	
Movement in the allowance for bad debts	635	742	
Total Expenditure	93,846	86,994	
Income			
Dwelling rents	-87,289	-82,447	
Non-dwelling rents	-220	-187	
Charges for services and facilities	-2,923	-2,742	
Grants and contributions	-7,936	-8,003	H10
Revaluation gains on Property, Plant and Equipment	-2,285	-11,366	H1
Total Income	-100,653	-104,745	
Net Income of HRA Services as included in the CIES	-6,807	-17,751	
HRA share of Corporate & Democratic Core	173	159	
HRA share of Non-distributed costs	26	25	
Net Income of HRA Services	-6,608	-17,567	
HRA share of operating income and expenditure included in the CIES:			
Gain on sale of HRA non-current assets	-1,173	-2,029	H4
Interest payable and similar charges	10,314	10,698	
Interest and investment income	-1,718	-778	H1
Income and expenditure in relation to Investment Properties and changes in fair value	-479	-1,377	
Capital grants and contributions receivable	-4,884	-1,159	
Surplus for the year on HRA services	-4,548	-12,212	

**ADDITIONAL FINANCIAL STATEMENTS
HOUSING REVENUE ACCOUNT**

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.

	2023/24		2022/23		Notes
	£000	£000	£000	£000	
Balance on the HRA at the end of the previous year		-44,416		-54,694	
Surplus for the year on the HRA Income and Expenditure Statement		-4,548		-12,211	
Adjustments involving the Capital Adjustment Account:					
Net revaluation gains on PPE		2,487		12,400	H1
Capital grants and contributions applied		4,884		1,159	
Amounts of non-current assets written off on disposal or sale		-5,211		-6,908	H4
Capital expenditure charged against balances		3,895		4,020	
Provision for the financing of capital investment		2,619	8,674	2,916	13,587
Adjustments involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal		6,555		9,174	H4
Contribution towards administrative costs of asset disposals		-172	6,383	-237	8,937
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
Increase(-)/decrease in the year on the HRA		10,474		10,278	
Balance at the end of the current year		-33,942		-44,416	

NOTES TO THE HRA

H1 Depreciation and revaluation gains

The depreciation charge for Council dwellings in 2023/24 is £24.8 million (2022/23 £18.6 million) and non-dwellings £0.2 million (2022/23 £0.3 million).

The revaluation of the HRA was carried out on the 31 December 2023 by the DVS Valuation Office Agency.

Revaluations of Council dwellings during the year resulted in a £17.2 million gain (2022/23 £29.3 million gain) of which £2.3 million was credited to the HRA Income and Expenditure statement and £14.9 million to the Revaluation Reserve. The £17.2 million gain included a £37.9 million increase at the formal valuation date of 31 December 2023 and an estimated decrease of £20.7 million from January – March 2024 based on a decrease of 2.50% 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% (2022/23 41% as adjusted by the valuer).

Revaluations on non-dwellings during the year resulted in a £0.4 million gain (2022/23 £0.8 million) of which the whole amount was credited to the Revaluation Reserve.

There was a revaluation gain on Investment Properties of £0.2 million in 2023/24 (2022/23 £1.0 million gain).

ADDITIONAL FINANCIAL STATEMENTS
HOUSING REVENUE ACCOUNT

H2 Movement in HRA Fixed Assets

	PPE Council Dwellings	Council Dwellings Held For Sale	Other Land and Buildings	Surplus Assets	Assets Under Construction	Investment Properties	Total Assets
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2023	812,046	4,757	4,824	0	7,889	7,201	836,717
Additions	22,471	0	0	0	9,397	0	31,868
Revaluation increases/decreases(-) recognised in the Revaluation Reserve	-9,407	0	233	10	0	0	-9,164
Revaluation increases/decreases(-) Revaluation recognised in Surplus on the Provision of Services	1,827	0	3	0	0	203	2,033
De-recognition - disposals	-338	-4,757	-120	0	0	-280	-5,495
Assets reclassified to(-)/ from Held for Sale	-3,899	3,899	0	0	0	0	0
Other movements in cost or valuation	2,031	0	-195	195	-2,031	0	0
At 31 March 2024	824,731	3,899	4,745	205	15,255	7,124	855,959
Accumulated Depreciation and Impairment							
At 1 April 2023	0	0	0	0	0	0	0
Depreciation charge	-24,775	0	-162	0	0	0	-24,937
Depreciation written out to the Revaluation Reserve	24,332	0	144	2	0	0	24,478
Depreciation written out to Surplus on the Provision of Services	443	0	12	0	0	0	455
Other movements in depreciation and impairment	0	0	6	-2	0	0	4
At 31 March 2024	0	0	0	0	0	0	0
Net Book Value							
at 31 March 2024	824,731	3,899	4,745	205	15,255	7,124	855,959
at 1 April 2023	812,046	4,757	4,824	0	7,889	7,201	836,717

H3 Fixed Asset Valuation

A revaluation of HRA dwellings was carried out as at 31 December 2023 by DVS Property Specialists, who are RICS qualified. As at that date, the vacant possession value of dwellings was £2,048 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 2023/24 was £1.2 million (2022/23 gain £2.0 million), resulting from capital receipts of £6.3 million less net book value of £5.1 million.

ADDITIONAL FINANCIAL STATEMENTS
HOUSING REVENUE ACCOUNT

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.

	2023/24	2022/23
	£000	£000
Balance at 1 April	0	0
Amount equivalent to depreciation	-24,937	-18,886
	-24,937	-18,886
Financing of new capital expenditure	20,640	18,886
Used to repay debt	4,297	0
Balance at 31 March	0	0

H6 Capital Expenditure and Sources of Finance

	2023/24	2022/23
	£000	£000
Capital Expenditure:		
Fixed Assets (including PFI)	32,163	27,438
Total Capital Expenditure	32,163	27,438
Financed by:		
Finance Lease (PFI)	-540	-336
Major Repairs Reserve	-20,639	-18,886
Capital Receipts	-3,155	-3,037
Capital Grant and Contributions	-3,934	-1,159
HRA RCCO/Reserves	-3,895	-4,020
Total Sources of Finance	-32,163	-27,438

H7 Capital Receipts

	2023/24	2022/23
	£000	£000
Capital receipts from sales of:		
Dwellings	-6,473	-9,119
Land	-50	-55
Clawback of legal title on Right to Buy sales	-32	0
	-6,555	-9,174
Contribution to Housing Pooled Capital Receipts	0	0
Disposal costs	172	237
Usable capital receipts	-6,383	-8,937

The HRA is required to pay over a certain proportion of capital receipts into a national pooling arrangement. From 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.

ADDITIONAL FINANCIAL STATEMENTS
HOUSING REVENUE ACCOUNT

H8 Housing Stock

The Council's housing stock at 31 March 2024 is analysed below by size and age:

	1	2	3	4+	
<u>By Size</u>	Bedroom	Bedrooms	Bedrooms	Bedrooms	Total
Houses/ Bungalows	2,776	5,173	4,056	323	12,328
Flats/ Bedsits and Maisonettes	6,961	2,338	102	0	9,401
	9,737	7,511	4,158	323	21,729
<u>By Age</u>	Pre 1945	1945-64	1965-74	Post 1974	Total
Houses/ Bungalows	5,219	4,955	1,496	658	12,328
Flats/ Bedsits and Maisonettes	188	2,304	3,803	3,106	9,401
	5,407	7,259	5,299	3,764	21,729

H9 Rent Arrears

Net rent arrears have increased over the year, as follows:

	2023/24	2022/23
	£000	£000
Rent Arrears	4,949	4,975
Less Bad Debt Provision	-1,601	-1,485
Net Rent Arrears	3,348	3,490

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 £10.1 million under the contract in 2023/24 (2022/23 £9.4 million) and received £7.9 million in PFI Grant (2022/23 £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 2024/25	3,421	2,871	2,993	9,285
Between 2025/26 and 2028/29	15,225	9,380	13,726	38,331
Between 2029/30 and 2033/34	17,950	5,119	26,115	49,184
In 2034/35	770	5	1,670	2,445
Total	37,366	17,375	44,504	99,245

Part of the contract is indexed annually in line with RPI (assumed to be 2.5% throughout the life of the contract).

ADDITIONAL FINANCIAL STATEMENTS
HOUSING REVENUE ACCOUNT

The value of assets (Council Dwellings) held under this scheme is as follows:

	2023/24	2022/23
	£000	£000
Net Book Value at 1 April	15,864	15,472
Additions	540	336
Revaluations net of depreciation written back	267	359
Depreciation	-443	-303
Net Book Value at 31 March	16,228	15,864

The value of liabilities held under this scheme is as follows:

	2023/24	2022/23
	£000	£000
At 1 April	-42,671	-45,251
Movement in the year	2,078	2,580
At 31 March	-40,593	-42,671

ADDITIONAL FINANCIAL STATEMENTS
COLLECTION FUND

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.

	2023/24			2022/23			Note
	Business Rates	Council Tax	Total	Business Rates	Council Tax	Total	
	£000	£000	£000	£000	£000	£000	
Income							
Income from Council Tax		-259,413	-259,413		-242,775	-242,775	C1
Income Collectable from Business Ratepayers	-91,033		-91,033	-90,841		-90,841	C2
Contributions towards previous years' Collection Fund deficit	0	0	0	-30,887	-1,197	-32,084	
General fund Contribution for discretionary discounts	0	-803	-803	0	-2,445	-2,445	
Total Income	-91,033	-260,216	-351,249	-121,728	-246,417	-368,145	
Expenditure							
Precepts and demands -							
Central Government	49,443		49,443	43,717		43,717	
Kirklees Council	48,454	220,432	268,886	42,843	207,710	250,553	
West Yorkshire Fire and Rescue	989	9,510	10,499	874	8,799	9,673	
West Yorkshire Police		29,113	29,113		26,975	26,975	
Allowance for impairment of debt	1,123	5,426	6,549	1,960	3,769	5,729	
Provision for Appeals	430	0	430	170	0	170	
Cost of collection	586		586	586		586	
Transitional Protection Payment	-7,026		-7,026	1,271		1,271	
Designated Areas	1,375		1,375	419		419	
Interest on Refunds	38		38	0		0	
Distribution of previous year's Collection Fund surplus	3,544	337	3,881	0	0	0	
Total Expenditure	98,956	264,818	363,774	91,840	247,253	339,093	
Surplus(-)/Deficit	7,923	4,602	12,525	-29,888	836	-29,052	
Balance at 1 April	-2,545	1,687	-858	27,343	851	28,194	
Balance at 31 March	5,378	6,289	11,667	-2,545	1,687	-858	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						
2023/24				2022/23		
Number of Chargeable Dwellings	Band D Equivalent Dwellings	Average Council Tax	Band	Number of Chargeable Dwellings	Band D Equivalent Dwellings	Average Council Tax
		£				£
92	51	1,168.03	A (5/9)	79	44	1,109.62
54,714	36,476	1,401.63	A (6/9)	53,833	35,888	1,331.54
28,134	21,882	1,635.24	B (7/9)	28,004	21,781	1,553.46
28,080	24,960	1,868.84	C (8/9)	27,856	24,761	1,775.39
15,653	15,653	2,102.45	D (9/9)	15,501	15,501	1,997.31
11,471	14,021	2,569.66	E (11/9)	11,342	13,863	2,441.16
5,241	7,570	3,036.87	F (13/9)	5,182	7,485	2,885.00
2,104	3,506	3,504.08	G (15/9)	2,087	3,478	3,328.85
116	232	4,204.90	H (18/9)	114	228	3,994.62
		124,351	Total			123,029
		-1,135	Estimated losses on collection			-1,123
		123,216	Council Tax Base			121,906

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 (2022/23 51.2p) and the small business non-domestic rating multiplier of 49.9p (2022/23 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.

	2023/24	2022/23
	£000	£000
Non-domestic rate income 2023/24 (average rateable value £302,061,491)	-150,729	
Non-domestic rate income 2022/23 (average rateable value £284,288,518)		-141,860
Allowance and other adjustments (net)	59,696	51,019
	-91,033	-90,841

The actual non-domestic rateable value at 31 March 2024 was £302,082,707 (£284,264,761 at 31 March 2023).

ADDITIONAL FINANCIAL STATEMENTS
COLLECTION FUND

Kirklees has been part of a regional business rates pool since April 2013. It pools the business rates income of member authorities which, for 2023/24, includes Kirklees, Bradford, Wakefield & Calderdale (top up authorities), and Leeds & York (tariff authorities). Leeds are the lead authority for the administration of this Leeds City Region (LCR) Pool.

The pool is established for one year at a time and thus the existing pool will cease at the end of 2023/24. As part of the 2024/25 Local Government Finance Settlement, Government confirmed the application for the continuation of the LCR Pool into 2024/25 was successful.

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 2023/24 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 2023	Share of 2023/24 Surplus (-)/ Deficit	31 March 2024
	£000	£000	£000
Council Tax and Community Charge			
Kirklees Council: Community Charge	-10	0	-10
Council Tax	1,448	3,913	5,361
Collection Fund Adjustment Account - Council Tax	1,438	3,913	5,351
West Yorkshire Police Authority - Council Tax	187	523	710
West Yorkshire Fire and Rescue Authority - Council Tax	62	166	228
	1,687	4,602	6,289
Business Rates			
Kirklees Council - Business Rates	-1,247	3,882	2,635
Collection Fund Adjustment Account - Business Rates	-1,247	3,882	2,635
Central Government - Business Rates	-1,272	3,961	2,689
West Yorkshire Fire and Rescue Authority - Business Rates	-26	80	54
	-2,545	7,923	5,378

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 2023/24 marked the final 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 (EUUV)

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 (EUUV – 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 its 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.

To be added in due course