



CHESTERFIELD
BOROUGH COUNCIL



Statement of Accounts
2022/23
(Subject to audit)

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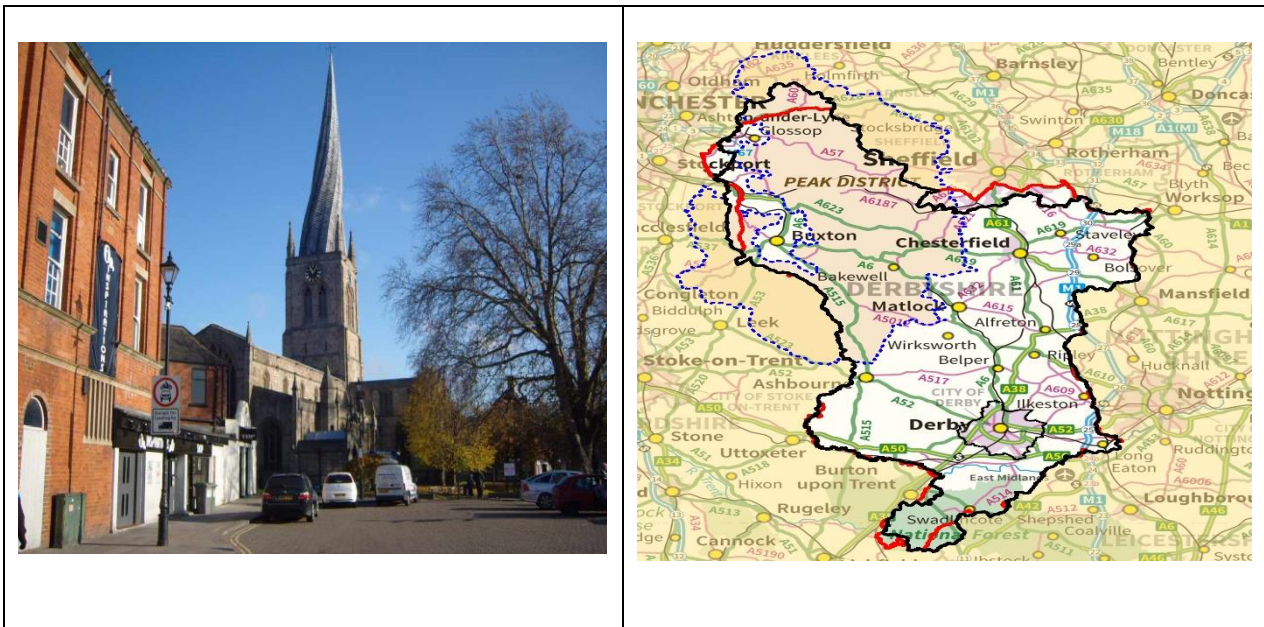
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NARRATIVE REPORT

AN INTRODUCTION TO CHESTERFIELD BOROUGH COUNCIL

Chesterfield Borough Council is one of eight second-tier authorities within the county of Derbyshire. It lies in the north eastern part of the county and covers an area of 66 square kilometres. Chesterfield is the second largest settlement in Derbyshire (Derby City is the largest).

The market town of Chesterfield acts as the sub-regional centre for North Eastern Derbyshire and provides a range of retail, commercial, leisure and cultural facilities. The town is well located on the edge of the Peak District National Park and benefits from easy access to the surrounding cities of Sheffield, Derby and Nottingham.



Chesterfield Borough is home to 103,600 people (2021 Census) with Chesterfield town the second largest settlement in Derbyshire (Derby City is the largest). It is a relatively compact and mainly urban borough. In addition to Chesterfield, there are several other key neighbourhood centres; the largest being Staveley and Brimington. Staveley lies on the eastern side of the borough, approximately five miles from Chesterfield town centre – it is linked to the M1 and Chesterfield by the A619.

The demographic and economic profiles of the local population have a major influence on the priorities of the Council and the services it provides.

Economic Profile

- 51,000 people work in the Borough with high levels of employment in the public sector (31%) and retail and wholesale (22%), whilst manufacturing now accounts for 8% of employment. Over the last 5 years local employment has increased by 6%, which is broadly in line with the increase seen at the national scale of 7%.

- Chesterfield Town Centre is ranked as the 125th largest centre in the country for comparison retail shopping with a market potential of £186m and a shopper population of over 105,000. Tourism makes an important and growing contribution to the local economy, with Chesterfield attracting 4.0m visitors in 2019 with an economic impact of £204m, supporting 2,350 jobs.
- In 2022 there were 3,350 businesses based in Chesterfield with over 350 new start ups in 2022
- Unemployment currently stands at 3.6% compared to 3.9 in England. Chesterfield has a high level of employment in health and social work (19%), Wholesale and retail (18%), Manufacturing (9%), Construction (9%) and Education (9%).

Key challenges

The latest indices of multiple deprivation figures, health profile, official labour market statistics (NOMIS) and child poverty statistics indicate that despite extensive investment to grow Chesterfield's economy, our communities are still struggling to access the proceeds of growth due to a variety of factors including poor health, caring responsibilities and poor educational and skills attainment. Improving these outcomes for our communities has been a key driver in developing our Council Plan 2023 – 2027.

Key statistics include:

- An estimated 5,600 children living in poverty
- 9.8 years difference in life expectancy between the most deprived areas of Chesterfield compared to the least deprived
- Over 1,000 people per annum presenting as homeless
- Chesterfield Borough is ranked as the 86th most deprived local authority area out of 317 but is ranked at 13 for health, 40 for employment and 64 for income

Our key challenges include:

- Covid-19 recovery in particular around economic, community and health and wellbeing
- The town centre faces a number of challenges including: maintaining a viable outdoor market, raising the quality of the retail and leisure offer, the growth of on-line retailing and strong competition for consumer spend from surrounding centres such as Meadowhall and Sheffield
- The borough has a weaker occupational and skills profile, with fewer knowledge workers and more people with no qualifications than the national average
- A lower level of entrepreneurship, with fewer new start businesses per head of working age population than regional and national averages (7 per head in the borough, 10 per head nationally)
- The local economy has a bias towards lower-value and lower-growth employment sectors, and an under-representation of the fastest growing 'professional and business services' sector, impacting on future employment growth prospects

- The forecast increase in automation and digitalisation impacting on employment across a range of sectors: 20% of jobs could be displaced over the next 20 years, though new job roles will also be created
- A limited supply of employment land available for immediate development and the costs and difficulty of bringing forward brownfield sites for development
- Increasing the rate of housing delivery and evidencing a five year supply of available housing sites
- A legacy of industrial restructuring: a high level of working age benefit claimants (particularly health related) and concentrated deprivation in some local communities

Political Structure – the Council’s policies are determined by its Politicians and implemented by the Corporate Leadership Team. Chesterfield has 16 wards and 40 councillors. Following the local election on 4 May 2023 the Labour Party remained in control. The 2023/24 political structure is as follows:

	No. Councillors
Labour Party	28
Liberal Democrat Party	12
Total	40

The Council has adopted the Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The Leader of the Council (Councillor Tricia Gilby) has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of Executive Functions. Cabinet Members are held to account by a system of scrutiny. The Scrutiny Select Committee – resilient council review the Council’s financial performance and budget position at regular intervals throughout the year.

Management Structure - The organisational management structure is headed by the Chief Executive Dr Huw Bowen. The Chief Executive is supported by the Senior Leadership Team, consisting of two Executive Directors (one post is currently vacant). The Senior Leadership Team is in turn supported by six Service Directors, who together form the Corporate Leadership Team.

Employees – The Council employs over 920 full time equivalent staff. In October 2021 the Council was awarded the silver award in the Ministry of Defence Employer Recognition Scheme and in January 2022 achieved the Gold standard for Investors in People. The Council has developed a Workforce Strategy (our People Plan) which recognises the value and importance of Council staff in delivering services and achieving the Council’s priorities.

NON-FINANCIAL PERFORMANCE

The key document that frames the actions of the Council is the four year Council Plan. The Council Plan sets out the Council’s Vision and Priorities, defining what we are trying to achieve and why.

The Council Plan is guided by the Council's Vision which is "**Putting Our Communities First**".

There are three corporate priorities that underpin the delivery of the Vision, they are:

1. Making Chesterfield a thriving borough
2. Improving quality of life for local people
3. Building a more resilient council

Council Plan 2023 - 2027

A four-year Council Plan was developed and approved at Full Council in February 2023 and covers the period 2023 – 2027.

The Council Plan 2023 – 2027 plan provides continuity with the 2019 - 2023 plan, maintaining the same vision, values and two of the three overarching priorities. The third priority area has been enhanced to focus on resilience and sustainability. Whilst the overall framework of the plan is maintained from the previous version, the objectives set out within each priority have been revised and updated. For each objective, a series of commitments for 2023 have been developed alongside some key facts and figures relating to current performance.

To ensure that we stay on track for delivering on the plan we develop annual delivery plans.

Council Plan Delivery in 2023/24

A Council Plan delivery plan for 2023/24 was approved by Cabinet in March 2023. The plan has 39 key activities to be delivered in year and also tracks 36 key performance measures. Quarterly monitoring and challenge take place through the year with the Corporate Leadership Team being tasked to develop improvement strategies and alternative options for delivering outcomes where necessary.

Performance Management Framework

A new performance management framework has been developed alongside the new Council Plan to support and demonstrate plan delivery. This includes regular challenge at Corporate Leadership Team meetings, Scrutiny Select Committees and Cabinet.

Peer Challenge

In October 2021, Chesterfield Borough Council took part in Peer Challenge with senior officers and an elected member from different authorities plus a Local Government Association Peer Challenge Programme Manager visiting Chesterfield Borough Council for three days. Prior to the onsite challenge, a range of documents were supplied including a position statement, Council Plan, financial information and key strategies and policies. During the three day visit peers met over 70 people and organisations via one to one interviews, small group discussions and focus groups.

The peer challenge was focused around the following five themes, which form the core components of all corporate peer challenges:

1. Understanding of place and priority setting

2. Leadership of place
3. Organisational leadership and governance
4. Financial planning and viability
5. Capacity to deliver

Key feedback included:

Understanding of place and priority setting

Chesterfield BC's leadership, staff and partnerships understand the needs of its place, the challenges, and the opportunities

- Through our political and organisational leadership, we lead, communicate, and influence others to support our ambitious and passionate growth and transformation agenda
- There are opportunities to strengthen our good work by ensuring measurable outcomes and targets are regularly reviewed to reflect changing demographics and are evaluated for effectiveness

Leadership of place

- Chesterfield BC demonstrates visible evidence of successful partnership working and received wide-spread praise from partners
- Our regional and sub-regional position is firmly established in the Vision Derbyshire initiative and in the D2N2 LEP
- The Chesterfield BC brand is recognised, trusted, and embraced to maximise its 'can do' attitude
- Opportunities for increasing visibility of senior political and officer leadership in key partnership activity

Organisational leadership and governance

- Chesterfield BC is a strongly led, ambitious council with good member/officer relationships and a demanding culture for results and success
- Opportunities to build on the goodwill and commitment strengthened by work during the pandemic including improved communication and visibility of senior leaders

Financial planning and viability

- The Council has a good track record in managing financial performance and growth, consistently operating within set budgets and building a reasonable level of reserves
- Opportunities to increase the understanding of risks in decision making activity
- The External Auditor complimented the Finance team over the preparation of the statement of accounts and related processes
- Opportunities to improve the integration of financial expertise at an early stage in the development of strategies and emerging projects and programmes so that they can influence and guide as appropriate in the decision-making processes

Capacity to deliver

- Chesterfield has a committed and talented workforce who are passionate about making a difference
- All members and staff have been on an unusual journey and naturally there is a question now being asked: “What does the future look like?”
- There is potential to harness new ways of working to transform the purpose and effectiveness of the organisation both internally and within the borough’s communities

FINANCIAL PERFORMANCE 2022/23

Budget Process

The Council approved the General Fund Revenue Budget for 2022/23 on 22 February 2022. The budget was constructed in accordance with the Council’s budget principles and the Medium-Term Financial Plan (MTFP) was balanced for the first two financial years with an expectation that the gaps in the latter two years of the MTFP would be met from savings delivered through the Council’s Organisational Development programme.

The budget for 2022/23 was produced against the backdrop of the ongoing Covid-19 pandemic and some of the medium and long-term effects of the pandemic relating to the demand for Council services were difficult to project. The budget assumed that income from fees and charges and expenditure levels would return to pre-Covid levels from 2022/23, with the exception of Sports Centre income which was anticipated would take one year longer to recover.

The budget set out new savings and efficiency proposals of £477k to address the budget gaps. Some of the proposals are one off and, as such, will fall out in future financial years.

The principal funding sources to pay for the General Fund Services (i.e. excluding Council Housing) are Government grant, the retained share of Business Rates income, Council Tax, fees, charges and rental income from the Council’s industrial & commercial property portfolio.

The 2022/23 Council Budget was set **at £11.1m** and financed as follows:

	Amount £’000	Proportion of total
Government Funding (Revenue Support Grant, retained business rates and other grants)	5,746	52%
Council Tax	5,371	48%
Total Budget (after savings target)	11,117	100%

Revenue Budget Outturn

The position at the end of the year was a General Fund deficit of £292k for 2022/23. This overspend is driven by unprecedented and unpredicted inflationary pressures upon pay and

contracts together with the long-term impacts upon service demands and income from the Covid pandemic.

The main areas for the budget deficit are :

- Net reduction in rental income from industrial/commercial/retail units (+£378k);
- Net reduction in fees and charges from car parks, cafes, markets, cultural venues, leisure (+£867)
- Reduced planning income (+£318k);
- Increase in ICT costs and contracts (+£225k);
- Increase in recycling and refuse contracts (+£341k);
- Net of all other variances (-£874k).
- Additional Business Rates/ pool contribution and S31 Grants (-£963)

Set out below is a summary of the outturn for 2022/23 based on the 'Portfolio' structure which is used for internal management and reporting purposes.

2022/23 General Fund - Comparison of outturn with the original budget

	Original Budget £000	Actual £000	Variance £000
<u>Portfolios:</u>			
Leader of the Council	34	41	7
Deputy Leader of the Council	1,221	1,186	(35)
Cabinet Member for Economic Growth	(393)	(1,459)	(1,066)
Cabinet Member for Town Centre & Visitor Economy	21	4,804	4,783
Cabinet Member for Health and Wellbeing	8,819	9,477	658
Cabinet Member for Housing	883	559	(324)
Cabinet Member for Governance	2,636	2,366	(270)
Cabinet Member for Business Transformation & Customers	2,705	3,046	341
Portfolio Net Expenditure	15,926	20,020	4,094
Transformation Savings	(1,138)	(784)	354
Other - Non-Portfolio Expenditure/(Income)	(545)	(483)	62
Service Expenditure	14,243	18,753	4,510
Interest & Capital Charges	(2,299)	(5,333)	(3,034)
Transfer to/(from) Reserves	(827)	(923)	(96)
Surplus/(Deficit) to/(from) Budget Risk Reserve	0	(292)	(292)
Total Expenditure	11,117	12,205	1,088

The General Fund Working Balance was maintained at £1.5m during 2022/23.

The Movement in Reserves Statement and Comprehensive Income & Expenditure Statement on page 29 and 31 presents this same information but in the format specified by the Code for external reporting purposes.

Housing Revenue Account

The Council continues to be the major provider of rental accommodation in the Borough, with 8,868 dwellings. All income and expenditure relating to the landlord function of providing council housing must be accounted for within a ring-fenced account called the Housing Revenue Account (HRA). The ring-fencing means that the account cannot be used to subsidise other Council activities and similarly other activities cannot be used to subsidise the HRA.

The HRA for 2022/23 is set out on pages 103 to 114 and shows a decrease to the HRA balance of £6,912 due mainly to relation to unprecedented and unpredicted inflationary pressures around energy, fuel, contracts, building materials, interest rates and pay budgets..

Capital Spending in 2022/23

A summary of the capital expenditure and financing is shown in Note 24 to the core financial statements.

Capital expenditure on General Fund services totalled £5.4m. The main projects included:

- ◆ Stephenson Memorial Hall refurbishment - £0.9m
- ◆ ICT development - £0.4m
- ◆ HS2 Station Masterplan - £0.3m
- ◆ Parks/Play area upgrades - £0.1m
- ◆ Northern Gateway development - £0.4m
- ◆ Waterside Development - £0.5m
- ◆ House Renovation, Disabled Facilities and Green Homes Grants - £1.8m
- ◆ Vehicles - £0.1m
- ◆ Staveley Town Deal - £0.2m
- ◆ Town Centre transformation - £0.6m
- ◆ Hollis Lane Link Road - £0.1m

A large proportion of the General Fund Capital Programme was funded from grants and contributions (£3.6m) in 2022/23. The remainder was financed from borrowing (£1.3m), capital receipts (£359k) and reserves (£135k).

Capital expenditure on Council Housing, aimed particularly at maintaining dwellings at the decent homes standard, was £24.9m.

Our housing stock continues to see a number of 'Right to Buys' and these receipts are reinvested in line with government policy.

Total long-term debt outstanding at the end of the year amounted to £125.4m. This should be viewed in relation to the Council's assets which have a net book value of £572m.

The approved capital programme for the next three years will be financed from borrowing, earmarked reserves, anticipated capital receipts and grants.

Pension Costs

The Balance Sheet shows the Pension Fund surplus as a Pension Reserve (£10.4m) which is matched by an equal and opposite entry on the other side of the balance sheet described as the Pension Scheme Assets/Liabilities. Changes in pension scheme valuations and the scheme assumptions can have a material effect on the reserve. A triennial revaluation of the Derbyshire County Council Local Government pension scheme was conducted in 2022/23. Note 16 provides more information along with pension assets and liability details.

The pension fund surplus will be reviewed in future re-valuations of the fund and by the revision of employers' contributions. Changes to the scheme were introduced in April 2014 to make the scheme more affordable.

Staveley Town Deal

In October 2019, Staveley was one of 101 locations invited to bid into the Towns Fund. In March 2021, the Town Investment Plan for Staveley was approved by Government, securing funding of £25.2m to deliver a range of projects that will have a transformational impact on Staveley, driving economic growth, offering quality skills and employment opportunities, and improving the Town Centre, green spaces and canal network around Staveley.

The Staveley Town Deal Board provide strategic direction to the development and implementation of the Staveley Town Deal and work in partnership with Chesterfield Borough Council who act as the Accountable Body.

The allocation of the funding is overseen by the Staveley Town Deal Board and 11 projects have been approved for receipt of this grant subject to satisfactory business cases being received by the Board. Across the 11 projects there are 8 different sponsor organisations, a far greater diversity than is typically the case for other Town Deals. This council is the sponsor organisation for 3 of the projects and these have been included in our capital programme approved in 2021/22.

The Staveley Town Deal income and expenditure is accounted and administered independently from the Council's accounts and therefore, do not form part of the financial statements which appear later in this Statement of Accounts with the exception in respect of cash collected or expenditure incurred by the agent on behalf of the principal, in which case there is a debtor or creditor position. This is in accordance with the principles set out in the Local Authority Accounting Code of Practice where the Council is acting as an intermediary and is therefore following the agent principle as set out in section 2.6.2.1 of the Code.

Levelling up Funding

The Council submitted a £19.98m bid for round one of the Levelling Up Fund (LUF) in June 2021. The bid sought £11.4m of funding for projects to remodel and refurbish George Stephenson Memorial Hall extending the Pomegranate Theatre, reconfiguring and modernising Chesterfield Museum and introducing new gallery space, a café bar, education and community facilities. The remaining £8.5m was to be allocated to further regenerate Chesterfield's historic town centre, with investment centred on four key public spaces and the connections between them – Corporation Street, Rykneld Square, Market Square and New Square. The bid was confirmed as part of the Autumn Budget and Spending Review 2022 and work is underway to deliver the two projects by March 2025.

Reserves & Balances

The Council reserves are set out in Note 11. The level of reserves and annual contributions to those reserves were reviewed during 2022/23.

The Council has set money aside in a number of earmarked reserves to meet planned future commitments. The earmarked reserves include:

- £2.1m as a provision for significant revenue budget risks
- £0.2m in a Service Improvement reserve and
- £0.4m in a Service Redesign reserve

A reserve has been created to meet the Council's share of the Collection Fund deficit on business rates. The balance on this reserve is £4.0m. However, £1.6m of this is earmarked to meet the repayment of S31 grants in 2023/24 (see note 11 for further information).

The revenue working balance for the General Fund is £1.5m. The balance is prudently based on an assessment of the key income and expenditure risks facing the Council. There is a balance of £6.7m on the Housing Revenue Account at the year-end which will be needed in future years to finance capital improvement works. The Council has a policy of maintaining a minimum £3.4m HRA working balance.

Medium Term Outlook

General Fund

Like all local authorities, Chesterfield Borough Council continues to face significant financial challenges. The sustained period of austerity since 2010, the ongoing risks and uncertainties over future funding arrangements, the budgetary impacts of the Covid-19 pandemic and a sustained period of exceptionally high inflation, have all impacted on the Council's financial position.

In response to these challenges, the Council has already made significant savings over many years and taken steps to manage demand and deliver services in the most economic, efficient, and effective way. It is against this context that the Council will develop its approach to balancing the 2024/25 budget, and the Medium-Term Financial Plan (MTFP).

The financial impact of Covid-19 and the cost-of-living crisis on Council services has been and continues to be significant, resulting in new cost pressures and reductions in income,

particularly in areas such as car parking, markets and town centre retail units. Income remains significantly below pre-pandemic levels and may never fully recover.

It is also of significant concern that details of how the Government intends to fund local authorities, post the 2023/24 financial year, remain uncertain. The provisional settlement is only for one-year 2023/24 (with some guiding principles and additional amounts identified for 2024/25) which makes medium term financial planning highly unpredictable. Recent Treasury announcements suggest that future growth will be limited, and that further savings are likely to be required although, without knowledge of detailed departmental spending plans, it is difficult to predict how significant these will be.

The Council approved the General Fund Revenue Budget for 2023/24 on 23 February 2023. The budget was constructed in accordance with the Council's budget principles and the 2023/24 budget was balanced with the use of £1m from the budget risk reserve. This was to enable the Council to take a more strategic approach to reviewing priorities and managing the gaps over the medium term.

The use of reserves in this way is in line with the Government's expectations. DLUHC encouraged "local authorities to consider how they can use their reserves to maintain services in the face of immediate inflationary pressures." The Government also outlined that it would consult with "trusted partners" including the Local Government Association, on releasing data on reserves held by councils.

Whilst the Local Government Finance Act 1992 required the Council to set a legal budget and Council Tax precept for the coming financial year i.e., 2023/24, the Council was not in a position to set a balanced MTFP over the 4-year period. There are significant gaps in the MTFP of £2.5m in 2024/25 rising to £3.4m in 2026/27.

Whilst there is no legal requirement to set a balanced MTFP, this is considered good practice. However, the most recent Autumn Statement and anticipated government funding still leaves the overall resource equation uncertain with the reforms to local government funding delayed further until at least 2025/26.

Given the size and scale of the financial challenge, it was recognised that the 2024/25 budget setting process would require an early focus to allow maximum time for the development and delivery of future budget savings.

The Council does have an adequate level of reserves given the risks and investment needs it faces, but reserves are coming under increasing pressure and can only be used once. Further borrowing (alongside asset disposals) will be required to make capital and operational investments to transform services and grow new income sources. The focus will continue to be on reducing the base budget, by both reducing expenditure and increasing income.

Housing Revenue Account

The financial strategy for the HRA is to deliver a balanced and sustainable budget which is self-financing in the longer term, and which reflects both the requirements of tenants and the strategic vision and priorities of the Council.

The HRA is not permitted to run at an overall deficit and risks will continue to be identified and managed effectively. A minimum balance of £3.4m is maintained to avoid the risk of a negative balance in the event of an exceptional cost arising. The HRA balance was anticipated to fall to £3.856m in 2023/24, due to increased capital spend.

Whilst the HRA balance at the end of 2022/23 is in line with expectations, primarily by reducing the direct financing of the capital programme and can be maintained at or above the minimum set by Council of £3.4m over the period of the business plan. However, the increase in costs set out in the MTFP, lower than inflationary increases in income, increase costs from inflationary pressures and increased spending on the capital programme, will have a detrimental impact on HRA balances and reduce the ability to provide further revenue contribution to capital spending. This will necessitate the requirement for additional borrowing (if within the parameters of the business plan) or scale back spending either on service provision or within the capital programme.

The Council does have an adequate level of reserves given the risks and investment needs it faces, but reserves are coming under increasing pressure and can only be used once. Further borrowing (alongside asset disposals) will be required to make capital and operational investments to transform services and grow new income sources. The focus will continue to be on reducing the base budget, by both reducing expenditure and increasing income.

Corporate Risks and Uncertainties

The Council has established procedures for managing risk. Operation level risks are managed at the service level through the service planning and monitoring arrangements.

The higher level, corporate risks, which can impact on the Council's ability to deliver its strategic priorities, are managed through the Corporate Risk Register arrangements. The Corporate Risk Register is approved and monitored at the highest levels within the Council, by the Corporate Leadership Team, the Cabinet, Standards & Audit Committee and the full Council.

The key corporate risks include delivering savings and producing a sustainable budget, current legislation (e.g. data security, procurement, health and safety, safeguarding, etc.) and organisational issues (workforce development, procurement and contract management, information technology, emergency planning and business continuity including our response to the Covid19 pandemic).

Summary

In 2022/22 the Council continue to make progress in addressing the financial challenges it faced and in meeting its Council Plan targets particularly given the economic climate of unprecedented and unpredicted inflationary pressures and the continuing challenges that the pandemic has introduced.

The General Fund revenue outturn with a £292k surplus was £292k above the original forecast deficit for the year. The HRA ended the year with a working balance of £6.7m. An adequate level of General Fund reserves has been maintained which will help to provide financial resilience for 2022/23 and future years.

Further Information

If you would like to receive further information about these accounts please contact the Head of Accountancy & Finance at the Town Hall, Rose Hill, Chesterfield, Derbyshire, S40 1LP. Interested members of the public have a statutory right to inspect the accounts. The dates on which the accounts are available for inspection are advertised annually on the Council's website.

Further information on non-financial performance data is available from the Service Director - Corporate.

**T CHANNELL FCPFA
SERVICE DIRECTOR - FINANCE**

**K CAULFIELD
CHAIR OF STANDARDS AND AUDIT COMMITTEE**

INTRODUCTION TO THE STATEMENTS

The Statement of Accounts is prepared using the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), which defines proper accounting practices for local authorities in England. The pages that follow are the Council's final accounts for 2022/23 and comprise:

Comprehensive Income & Expenditure Statement (CIES) – This reports the cost for the year of providing the services for which the Council is responsible rather than the amount to be funded from taxation. The taxation position is shown in the Movement in Reserves Statement.

Movement in Reserves Statement (MIRS) – provides a summary of the changes that have taken place in the 'reserves' section of the Balance Sheet over the financial year as a result of incurring expenditure and generating income, movements in the fair value of assets and movements in reserves that will affect the availability of resources to the authority.

Balance Sheet – This explains the Council's year-end financial position. It shows the balances and reserves at the Council's disposal and its long term indebtedness, the net current assets employed in its operations, and summarised information on the non-current assets held.

Cash Flow Statement – This summarises the inflows and outflows of cash arising from both revenue and capital transactions with third parties.

Statement of Accounting Policies – This explains the basis of the figures in the accounts. The accounts can be properly appreciated only if the policies, which have been followed in dealing with material items are explained.

Expenditure & Funding Analysis (EFA) – shows how annual expenditure is spent and funded and how it is split for decision making purposes between the council's portfolios.

Housing Revenue Account (HRA) – This reflects a statutory obligation to account separately for local authority housing provision. It shows the major elements of housing revenue expenditure – maintenance, administration and capital financing costs – and how these are met by rents and other income.

Collection Fund – This shows the transactions of the Council as a billing authority in relation to the collection from taxpayers and distribution to Local Authorities and the Government.

RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required

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

The Service Director - Finance Responsibilities

The Service Director - Finance is responsible for the preparation of the Authority'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 - Finance has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code;
- Kept proper accounting records which were up-to-date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

SERVICE DIRECTOR - FINANCE CERTIFICATE

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

**T CHANNELL FCPFA
SERVICE DIRECTOR - FINANCE**

CHESTERFIELD BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2022/23

Scope of Responsibility

Chesterfield Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Chesterfield Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government Framework 2016 edition*. This Statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31st March 2023 and up to the date of approval of the Statement of Accounts.

The governance framework

The key elements of the systems and processes that comprise the Council's governance framework are as follows: -

The Council's vision is "Putting our communities first". Chesterfield Borough Council identifies and communicates the authority's vision of its purpose and intended outcomes for citizens and service users via its Council Plan and Vision statement.

The Council Plan consists of 3 priorities: -

To make Chesterfield a thriving borough

To improve the quality of life for local people To provide value for money services

The Council's values reflect the way the council wants to achieve its vision, these are: -

Customer focused: delivering great customer service, meeting customer needs,
Can do: striving to make a difference by adopting a positive attitude,
One council, one team: proud of what we do, working together for the greater good,
Honesty and respect: embracing diversity and treating everyone fairly.

Governance Arrangements

The Council Plan is cascaded down through, managers, meetings, service plans, team plans, budgets, the medium- term financial plan and employee performance development reviews. This flow ensures that resources are utilised for the achievement of the Council Plan and vision.

Chesterfield Borough Council has a formal Constitution in place that sets out how it operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. In addition, the Constitution sets out the roles and responsibilities of Members and Senior Managers.

- The Cabinet is the part of the authority which is responsible for most day to day decisions.
- The Overview and Scrutiny committees support the work of the Council by scrutinising the decisions made.
- The Standards and Audit Committee are responsible for maintaining and promoting high standards of conduct and for considering the effectiveness of the Council's risk management arrangements and the control environment. The Committee also reviews reports from internal and external audit and other inspection agencies and seeks assurance that action has been taken where necessary.

Changes to Future Governance Arrangements

The Local Government Boundary Commission completed a review of Chesterfield Borough Council's electoral arrangements during 2022. The following key changes will come into force from the 4 May 2023 election:

- A reduction in Council size from 48 to 40 members
- The average number of electors per councillor will rise from an average of 1,633 to 1,960 based on the reduction in councillor numbers and then rise year on year to 2,108 by 2027 due to housing and population growth
- Move from 19 wards to 16 wards with extensive ward boundary changes

The reduction in Council size by almost 20% means that following the election in 2023 there will need to be changes around governance arrangements and subsequently a re-alignment of the constitution.

Codes of Conduct / Standards

Formal Codes of Conduct are in place for Members and Officers and are available on the intranet and form part of induction procedures. To further enhance these high standards the

Council has in place a Comments, Complaints and Compliments procedure, a Customer Services Charter, an Anti- Fraud, Bribery and Corruption policy and a Confidential Reporting (whistle blowing) Code. The Corporate Complaints Procedure was revised in November 2022 to improve the process for the public.

Statutory Responsibilities

The Chief Executive is the designated Head of Paid Service, with the statutory responsibility for the overall review of the Council's staffing and operation. The Chief Executive is monitored for performance in the delivery of political priorities which are in turn monitored and measured across all staff.

The Council's Monitoring Officer attends Corporate Leadership team meetings and is suitably qualified. The Monitoring Officer is responsible for all matters relating to the conduct of councillors and officers and to be responsible for the operation of the Council's Constitution.

The Chief Financial Officer is professionally qualified and experienced to undertake their roles and responsibilities and is supported by an experienced and appropriately qualified finance team. The Chief Financial Officer is a key member of the Corporate Leadership team and leads and directs a finance function that is fit for purpose. The Chief Financial Officer ensures compliance with S151 requirements. The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

Financial Management

The Council has assessed its arrangements against the CIPFA Financial Management Code and is broadly compliant with these. Further work is being undertaken to embed the principles within the Code. CIPFA's Financial Management Code (FM Code) was published in October 2019 and provides guidance for good and sustainable financial management in local authorities. The FM Code offers assurance that authorities are managing resources effectively, regardless of their current level of financial risk. The Code provides 6 principles against which to judge financial management (leadership, accountability, transparency, standards, assurance and sustainability). The principle of proportionality is embedded within the code and reflects a non-prescriptive approach.

The best use of resources and value for money challenge and assurance are obtained by scrutiny reports and reviews, reviewing service performance, benchmarking and monitoring budgets.

Internal Audit

Internal Audit is provided on a Consortium basis for Bolsover District Council, North East Derbyshire District Council and Chesterfield Borough Council. The Internal Audit function operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and conforms to the requirements of the CIPFA statement on the Role of the Head of Internal Audit 2019. The Head of the Internal Audit Consortium is a senior manager, professionally qualified and leads an appropriately resourced and experienced audit team. The latest external review of internal audit confirmed that the Consortium is compliant with the PSIAS.

Risk Management

Chesterfield Borough Council has a risk management strategy (recently refreshed), a risk management group and risk is considered as part of all Cabinet reports. The Strategic risk register is regularly reviewed and service risk registers are in the process of being reviewed

and updated. The risk management process includes horizon scanning to identify new threats and opportunities at an early stage.

Organisational Development

In April 2021 Council approved an Organisational Development (OD) strategy and a subsequent programme of change activity was approved in October 2022, focused around four strategic themes: ICT Improvement, Customer Services, People and Resources and New ways of working. Projects are being delivered by teams made up of Programme and Project Managers, business analysts, project support officers and employees from different services across the council. A Project Management Office is being established to provide oversight of the projects which are being undertaken across the Council.

Key achievements so far include:

- ICT programme delivery
- Customer experience improvements
- Implementation of a number of service reviews and reshapes
- New ways of working
- Developing digital innovation in CCTV – safer streets initiative
- Introduction of new digital systems and concierge service at sports centres

Training and staff Development

To ensure compliance with relevant laws and regulations, internal policies and procedures Chesterfield Borough Council has a comprehensive induction package and provides training for staff and Members on a regular basis. The Constitution is underpinned by legal references. Training needs are identified through Member and employee performance and development reviews and continuous professional development is encouraged. There is an online learning tool that records all training and includes a comprehensive bank of training modules. Policies are readily available on the intranet to view.

CBC have celebrated national apprenticeship day. In the last 12 months CBC employees have studied and completed apprenticeships in a variety of subjects to help them with their future career development. The courses completed range from entry level to masters degree level.

Partnerships

The Council works with a number of partnerships to deliver its aims. Where the Council has entered into partnership arrangements it seeks to ensure that these promote the Council's vision of its purpose and intended outcomes for citizens and service users and that they are subject to appropriate governance and performance management arrangements.

The Council is a member of D2N2 Local Enterprise Partnership (LEP) and a non constituent member of the Sheffield City Region mayoral combined authority.

Building Control are now part of a limited company (The Derbyshire Building Control Partnership). There are a series of legal agreements that support the new company including a shareholder agreement and a service level agreement. A separate Board has been set up to govern the new company. The company is consolidating its position in the market and continues to outperform the budget forecast.

CBC along with Chesterfield Health and Wellbeing partnership and a range of partner organisations have joined forces to get dozens of warm spaces up and running as the cost of living continues to rise.

Economic Development

There is a large amount of economic development in the Borough aimed at increasing economic prosperity, creating jobs and revitalising the heart of Chesterfield. Regeneration projects currently underway include Chesterfield Waterside, Peak Resort, Northern Gateway, Staveley Corridor, Stephenson Memorial Hall refurbishment.

The Northern Gateway Enterprise Centre was officially opened in July 2022 and has a full complement of staff and services. A proactive marketing campaign to promote the centre is ongoing to let the remaining units.

No.1 Waterside Place opened in January 23. This is a new office building that provides office accommodation of the highest specification. This represents a major step forward for the £340 million Chesterfield Waterside regeneration scheme. The new building features six floors of 'Grade A' office space and has already drawn in new investment to the town.

Progress has been made in respect of the 11 Staveley Town Deal Projects put forward to be met from the £25.2 million secured from the Department for Levelling up Housing and Communities. Business cases have been produced and assessed for due diligence and most of the projects are now moving from planning to delivery phase. A robust monitoring system has been established to support the Town Deal Board and ensure projects can meet the conditions required for proceeding to contract.

In terms of the Stephenson Memorial Hall Refurbishment a series of enabling works to the buildings are in progress with the main works being due to commence on site in Summer 2023. The Pomegranate Theatre and Museum are temporarily closed to enable the multi-million pound renovation project that will create an enhanced customer experience.

The first stages of the £10.28 million Revitalising the Heart of Chesterfield scheme have begun with work starting on Packers Row. The scheme aims to transform the look, feel and flow of the town centre – creating a contemporary market town that has better connections between key public spaces, and a more attractive physical environment.

Climate Change

Progress in the delivery of the existing Climate Change Action Plan has been monitored and reported via the Council Plan performance monitoring arrangements, and through regular Overview and Performance Scrutiny sessions. The existing Climate Change Action Plan has largely been delivered.

Actions delivered in 2022/23 include: -

- Improvements to the Council's housing stock,
- supporting improvements to private sector rental properties,
- delivery of the Council's training programme at all levels of the Council,
- procurement and completion of significant research reports into the scoping and potential pathways for Council and borough-wide decarbonisation,
- embedding our innovative Climate Change Impact Assessment (CCIA) tool within our decision-making process. The CCIA tool in particular has attracted much interest from other local authorities many of which have sought advice on replicating the approach in their local area.

A new Climate Change Strategy 2023 - 2030 has been developed along with a Climate Change Delivery Plan, which details the year one activities (2023- 2024).

ICT

The Council's digital platform continues to be developed and the ICT Improvement programme continues to deliver targeted efficiencies.

- Complaints processes and private sector housing processes have been reviewed and incorporated into the digital platform programme.
- Our ICT infrastructure, cyber security and digital skills have been strengthened.
- Take up and usage of 'My Chesterfield', our customer portal, is rising each month.
- Bulky waste collections can now be booked and paid for online.
- The portal can also be used to provide information on council house rent bills and balances.
- Work is underway to replace the system that is used to collect commercial property rent and is expected to go live in late 2023.
- Work is also underway to ensure that 90% of our applications are cloud hosted, providing greater resilience. This project remains on track.
- A new access system has been introduced within our leisure centres which provides online access to book and cancel leisure services and onsite kiosk facilities for booking, payments and check-ins have been installed.
- Our theatre booking system has been replaced, making it easier for customers to book online and access their tickets directly from their phone.

Communication

Chesterfield Borough Council has a variety of means of communicating with all sections of the community and stakeholders including an internal and external Communication and Engagement Strategy, the Council's website, the publication of "Your Chesterfield" four times a year which includes "Our Homes" for tenants and leaseholders and an annual Community Engagement Programme.

We continue to improve our website accessibility and use a wide range of social media channels to increase communication channels.

This year the Council successfully administered a number of government schemes such as the £150 one off energy payments for most households in council tax bands A – D.

Housing

A lot of work has been undertaken to improve our council houses: -

- The £5.9 million work at Pullman Close, Mallard and Leander Courts in Staveley have been completed with tenants starting to move in. These are the latest and final independent living flats to undergo a complete modernisation. Each home has benefitted from a newly renovated kitchen and lounge area, whilst bathrooms have been converted into a wet room with a level access shower.
- The £1 million refurbishments at Brierley and Dixon Courts have been completed.
- Willowgarth Road improvements have taken place in respect of re-roofing, drainage works and new doors and windows.
- Work at Newlandale has also progressed well with new windows and doors being installed, communal areas in flats being painted, electrical work and rendering has now started.
- Local families are settling into their new homes following the completion of the biggest council housing development in the borough for a generation. A £4.1m development has seen 21 brand new properties constructed on the former places for people to live Brockwell Court site in Loundsley Green.

An Anti-Social Behaviour Strategy 2022 – 25 has been adopted.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Corporate Leadership Team within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The processes that have been applied in maintaining and reviewing the effectiveness of the governance framework include:

- Internal audit reviews of the governance, risk and control arrangements in place in accordance with the agreed internal audit plan.
- Monitoring Officer reviews and monitoring of the operation of the Council's Constitution.
- The work of the Risk Management Group.
- The Chief Financial Officer providing the Council and the leadership team, with financial reports and financial advice covering the whole range of Council activities.
- Reviews by external agencies such as the Council's external auditor
- The work of the Council's Standards and Audit Committee.
- The annual review of the Local Code of Corporate Governance.
- Reports received and considered by Cabinet in relation to the outcome of reviews by the external auditor and other review agencies.

Internal Audit Opinion 2022/23

The Head of the Internal Audit Consortium is responsible for the delivery of an annual audit opinion that can be used by the council to inform its governance system. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

"In my opinion reasonable assurance can be provided on the overall adequacy and effectiveness of the council's framework for governance, risk management and control for the year ended 2022/23. Sufficient work has been completed and assurances ascertained to be able to provide an unlimited opinion on the systems of governance, risk management and control in place. This year 6 substantial, 8 reasonable and 3 limited assurance reports have been issued. Managers are in the process of implementing the audit recommendations made".

Assurance can never be absolute. In this context "reasonable assurance" means that arrangements are in place to manage key risks and to meet good governance principles, but there are some areas where improvements are required.

A Review of 2021/22 Governance Issues

As part of formulating the 2022/23 Annual Governance Statement a review of progress against the issues raised in 2021/22 has taken place. Positive progress has been made, but

work is still ongoing in a number of areas so these issues have been raised again in the 2022/23 Statement. These actions will be delivered through the 2023/24 municipal year.

Significant governance issues

Whilst there are many areas of the Governance Framework that are operating satisfactorily, the work of internal audit and discussions with the Corporate Leadership Team have identified that there are some areas where action can be taken to improve the governance arrangements in place. The areas identified below either present significant future challenges and/or require further targeted improvements.

No.	Issue Identified	Action to address
1.	<p>Financial Sustainability</p> <p>The Council's financial position is being impacted by many factors including: -</p> <ul style="list-style-type: none"> • risks and uncertainties over future funding, • the cost-of-living crisis, • a period of exceptionally high inflation impacting on the cost of large scale projects and service procurement of supplies and services, • Significant increase in utilities and fuel prices, • Substantial increase in salary costs following the in – year pay award and the rise in the living wage, • reductions across the Council's income streams, particularly in areas such as, car parking, markets and town centre retail units, • Costs associated with climate change initiatives. <p>The Housing Revenue Account is also under pressure as rents increase by less than inflation.</p>	<p>The Council is committed to making the changes needed in response to these challenges and to maintain the stability of services needed in extremely difficult circumstances by the careful management of the Council's finances and the strengthening of financial resilience.</p> <p>Further work will be undertaken to ensure a balanced and financially sustainable Medium Term Financial Plan.</p> <p>There will also be: -</p> <ul style="list-style-type: none"> • Ongoing in year budget review and potential savings, • Horizon scanning activities to inform quarterly review of the MTFP – Identifying emerging pressures and opportunities, • Assessment of implications of external pressures as further details become available – feeding into MTFP and updating assumptions, • Responding to key Government consultation activity and lobbying where necessary for fair and improved funding settlements including new burdens, • Delivery of the 2022/23 savings plan and income targets, • Renegotiating utility contracts in 2022/23 into 2023/24. <p>Ensure there is a viable 40 year business plan for the Housing Revenue Account</p>
2	Asset Management	Additional resource has been brought in at a

	<p>The Council needs to continue to improve the way in which it manages its assets: -</p> <ul style="list-style-type: none"> • Introduction of a new IT system, • Development of a 10-year maintenance plan based on condition surveys and supported by the budget, • Inclusion of climate change assessments, • Disposal of assets that are no longer required. 	<p>high level to address the issues identified.</p> <p>Work has been done to draft a new Asset Management Strategy that is awaiting feedback and support information to progress. A redraft will be provided to the Senior Leadership team by the middle of May 2023 with a view to the Strategy then being approved by Council in July 2023. The draft strategy includes clear prioritisation of climate change modifications to the council buildings portfolio.</p> <p>Progress has been made in the disposal of assets that are no longer required. The income from disposals will be used for surveys and the repairs and climate work identified.</p> <p>A new IT system is to be introduced. A briefing note on the recommendation to proceed is about to be submitted to the Senior Leadership team for consideration.</p> <p>Condition surveys are due to be commenced for 2 major properties (including carbon reduction assessment) by the end of March 2023. A budget will then be needed to carry out the rest of the surveys, planned to be phased over three tranches over the next 18 months. The outcome of the reports will dictate the repairs plan, the disposal of some assets and also the climate reduction plan.</p> <p>Climate readiness is a key component of the asset condition surveys being undertaken in support of the development of a ten-year maintenance plan.</p>
3	<p>Workforce Capacity and Capability</p> <p>Ongoing budget challenges and service demands increasing due to the cost of living crisis mean that the Council will need to continue to manage workforce capacity and capability to be able to deliver the Council Plan.</p> <p>Throughout 2022/23 there have been recruitment difficulties and the loss of some key people within the organisation.</p> <p>The cost of living crisis has contributed towards workloads exceeding staff capacity.</p>	<p>The people plan 2019 – 23 has largely been implemented and the next people plan is under development. The plan aims to develop great leaders, manage change well, develop capacity and skills, support employee wellbeing and promote recognition and reward.</p> <p>The new People Plan will incorporate the learning from the Investors in People assessment in 2022.</p> <p>Hybrid working group and sub-group work will continue through 2023/24.</p> <p>A Training needs analysis for all directorates</p>

		<p>and services will be undertaken.</p> <p>Staffing structures will continue to be reviewed during 2023/24.</p> <p>A housing property reshape will take place to enable the delivery of the HRA capital programme.</p> <p>Vacancy control processes will continue to be followed ensuring that service demands can be met whilst managing budget.</p>
4	<p>Procurement</p> <p>Work is still underway to improve procurement processes.</p> <p>A recent internal audit identified the following key issues: -</p> <ul style="list-style-type: none"> • The Head of Procurement post in the new structure was not filled during 2022/23, • The Procurement Service cannot prevent non-compliant spending due to Unit 4 (the accounting system) requiring development, • Services are not always involving the Procurement Unit with major spends, • Insufficient training of budget officers in respect of procurement legislation (internal and external). 	<p>The Council's procurement processes will be improved by the following: -</p> <ul style="list-style-type: none"> • A Head of Procurement has been appointed and is due to start in April 2023, • Regular procurement meetings will be implemented across all key service areas. High risk service areas such as ICT, Housing and Regeneration already have regular meetings in place, • The Corporate Leadership Team to receive quarterly updates on procurement activity, risks and issues, • Training will be completed by central government during 2023 and will support officers to remain compliant with legislation, • Unit 4 is currently being upgraded. Additional functionality will be costed and a business case will be developed and approval to implement will be sought, • New reporting has been developed which targets non contract spend and identifies opportunities to reduce and limit tail spend corporately and by directorate.
5	<p>Health and Safety</p> <p>Good headway has been made this year with the appointment of a Strategic Health, Safety and Risk Manager that has increased capacity. Health & Safety issues are now at a more localised level. The new Strategic Health, Safety and Risk Manager has undertaken a review to ensure that there is a comprehensive</p>	<p>Further improvements are planned for 2023/24 including further health and safety policy review work, auditing and inspection, increased in person training etc.</p>

	<p>corporate health and safety function in place. All managers have completed accident and investigation training.</p>	
6	<p>Cyber Risk and Network Security</p> <p>Whilst the IT Improvement Programme has progressed well the ever changing IT environment means that there is still work to be completed to manage the inherent risks.</p>	<p>Mandatory training will be enforced.</p> <p>The draft Disaster Recovery Policy will be finalised.</p> <p>Work will continue towards obtaining ISO 27001.</p> <p>IT Policies will be reviewed, updated and publicised.</p> <p>There will be full engagement in annual health checks and improvement plans.</p> <p>Cyber security desktop exercises will be undertaken and the arrangements to monitor the increased risk of cyber attacks will be kept under review.</p> <p>Horizon scanning activities will take place.</p> <p>Engaging with Information commissioner best practice and learning and development opportunities.</p>

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Cabinet and the Standards and Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas identified for improvement form part of the 2023/24 Annual Governance Statement action plan.

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

Signed:

H Bowen
Chief Executive

Councillor P Gilby
Leader of Chesterfield Borough Council

Date:

MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'.

The Movement in Reserves Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax or 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.

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31st March 2021 carried forward (notes 11, 39 & 40)	26,731	20,465	3,393	-	5,521	56,110	244,946	301,056
Movement in reserves during 2021/22								
Total Comprehensive Income & Expenditure	(30,511)	9,771				(20,740)	55,737	34,997
Adjustments between accounting basis & funding basis under regulations (note 10)	27,722	(16,659)	851		1,251	13,165	(13,165)	-
Net Increase/ (Decrease) in 2021/22	(2,789)	(6,888)	851	-	1,251	(7,575)	42,572	34,997
Balance at 31st March 2022 carried forward (notes 11, 39 & 40)	23,942	13,577	4,244	-	6,772	48,535	287,518	336,053
Movement in reserves during 2022/23								
Total Comprehensive Income & Expenditure	(6,408)	(7,965)				(14,373)	122,978	108,605
Adjustments between accounting basis & funding basis under regulations (note 10)	3,430	1,045	2,699	-	3,199	10,373	(10,373)	-
Net Increase/ (Decrease) in 2022/23	(2,978)	(6,920)	2,699	-	3,199	(4,000)	112,605	108,605
Balance at 31st March 2023 carried forward (notes 11, 39 & 40)	20,964	6,657	6,943	-	9,971	44,535	400,123	444,658

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

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

The Comprehensive Income & Expenditure Statement brings together all the activities of the authority, summarises all the resources that the authority has consumed in providing those services and consolidates all the gains and losses experienced during the financial year.

The Statement has two sections.

The first section provides information on the costs of local authority services, net of specific grants and income from fees and charges to give the 'Surplus or Deficit on the Provision of Services'. This represents the increase or decrease in the net worth of the authority as a result of incurring expenses and generating income.

The second section, 'Other Comprehensive Income & Expenditure' shows any changes in net worth for any other reason: eg as a result of movements in the value of non-current assets or actuarial gains or losses on pension liabilities.

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

2021/22			Portfolio	2022/23		
Expenditure £000	Income £000	Net Expenditure £000		Expenditure £000	Income £000	Net Expenditure £000
385	(135)	250	Leader of the Council	418	(140)	278
4,218	(364)	3,854	Deputy Leader of the Council	5,728	(459)	5,269
5,032	(5,151)	(119)	Cabinet Member for Economic Growth	2,655	(5,673)	(3,018)
28,262	(6,623)	21,639	Cabinet Member for Town Centre and Visitor Economy	11,124	(6,735)	4,389
15,908	(7,720)	8,188	Cabinet Member for Health and Well Being	17,437	(8,092)	9,345
3,455	(3,257)	198	Cabinet Member for Housing	4,470	(4,111)	359
4,849	(1,634)	3,215	Cabinet Member for Governance	4,878	(1,768)	3,110
32,693	(28,587)	4,106	Cabinet Member for Business Transformation & Customers	32,841	(27,886)	4,955
94,802	(53,471)	41,331	COST OF GENERAL FUND SERVICES	79,551	(54,864)	24,687
19,306	(36,454)	(17,148)	Local Authority Housing (HRA)	39,449	(37,813)	1,636
114,108	(89,925)	24,183	COST OF SERVICES	119,000	(92,677)	26,323
4,801		4,801	Other operating expenditure (Note 12)	2,236		2,236
10,708	(4,335)	6,373	Financing & investment income & expenditure (Note 13)	8,209	(5,224)	2,985
	(14,617)	(14,617)	Taxation & non-specific grant income (Note 14)		(17,172)	(17,172)
		20,740	(Surplus)/Deficit on Provision of Services			14,372
		(16,111)	(Surplus)/deficit on revaluation of Property, Plant & Equipment			(31,300)
			(Surplus)/deficit on revaluation of available for sale financial assets			-
		(39,626)	Actuarial (gains)/losses on pension liabilities			(91,678)
		(55,737)	Other Comprehensive Income & Expenditure			(122,978)
		(34,997)	Total Comprehensive Income & Expenditure			(108,606)

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by reserves held by the authority. Reserves are reported in two categories.

The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the capital receipts reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (e.g. 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'.

BALANCE SHEET AS AT 31ST MARCH 2023

2021/22 £000		2022/23 £000	Notes
385,603	Council Dwellings	418,575)
70,837	Other Land & Buildings	80,693)
4,368	Vehicles, Plant, Furniture & Equipment	4,672)20,21
1,744	Infrastructure Assets	3,401)23,24
4,072	Community Assets	4,072)26
29,554	Assets Under Construction	13,913)
865	Surplus Assets Not Held for Sale	278)
497,043	Property, Plant & Equipment	525,604	
2,899	Heritage Assets	2,899	22
36,850	Investment Properties	37,480	25
-	Intangible Assets		
771	Long Term Debtors	5,910	
537,563	Long Term Assets	571,893	
9,006	Assets Held for Sale - Investment Properties	-	32
12,400	Short Term Investments	-	
289	Inventories	287	
14,298	Short Term Debtors	16,021	30
14,784	Cash & Cash Equivalents	15,144	31
50,777	Current Assets	31,452	
(18,050)	Short Term Borrowing	(13,079)	
(28,356)	Short Term Creditors	(27,011)	33
(661)	Short Term Provisions	(661)	34
(902)	Cash Overdrawn	(2,268)	31
(47,969)	Current Liabilities	(43,019)	
(125,442)	Long Term Borrowing	(122,363)	
(4,241)	Long Term Provisions	(3,229)	34
(72,950)	Net Pension Scheme Liabilities	10,386	16 & 43
(376)	Other Long Term Liabilities	(216)	
(1,309)	Capital Grants Receipts in Advance	(246)	18
(204,318)	Long Term Liabilities	(115,668)	
336,053	Net Assets	444,658	
48,535	Usable Reserves	44,535	11 & 39
287,518	Unusable Reserves	400,123	40 - 46
336,053	Total Reserves	444,658	

CASH FLOW STATEMENT

The Cash Flow statement shows the changes in cash and cash equivalents of the authority during the reporting period.

The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

CASH FLOW STATEMENT

2021/22 £000		2022/23 £000
20,740	Net (surplus)/deficit on provision of services	14,372
(48,063)	Adjustments to net (surplus)/deficit on provision of services for non-cash movements (Note 47)	(40,017)
10,913	Adjustments for items included in net (surplus)/deficit on provision of services that are investing and financing activities (Note 48)	2,645
(16,410)	Net cash flows from Operating Activities (Note 49)	(23,000)
57,057	Investing Activities (Note 50)	22,278
(24,497)	Financing Activities (Note 51)	1,728
16,150	Net increase/decrease in cash and cash equivalents	1,006
(30,032)	Cash and cash equivalents at beginning of reporting period	(13,882)
(13,882)	Cash and cash equivalents at end of reporting period (Note 31)	(12,876)

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year end 31st March 2023.

The Accounts and Audit Regulations 2015 require the authority to produce an annual Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), supported by International Financial Reporting Standards (IFRS).

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

1.2 ACCRUALS OF EXPENDITURE & INCOME

Income and expenditure in general are accounted for in the year in which they become due whether or not the cash has been actually received or paid in the year.

Exceptions to this principle relate to electricity and similar quarterly payments which are charged at the date of the meter reading rather than being apportioned between years and wages payments for which only full week's pay is recorded. This policy is applied consistently each year and does not have a material effect on the year's accounts.

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor is included in the Balance Sheet.

1.3 CASH & 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 any other instrument repayable within a 24 hour period.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

1.4 INTERNAL INTEREST

Internal interest is credited to the various funds on the basis of their respective cash flow positions. The rate of interest used is the average Sterling Overnight Index.

1.5 OVERHEADS

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

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 and include salaries, paid annual and sick leave and bonuses, and are recognised as an expense for services in the year in which employees render service to the Authority.

An accrual is made for the cost of holiday entitlements or any form of leave, earned by an employee but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the salary level applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to 'Surplus or Deficit on the Provision of Services' so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs, but then reversed out through the Movement in Reserves Statement.

Termination Benefits

These are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer accepts voluntary redundancy and are charged on an accruals basis to the appropriate service in the Comprehensive Income & Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when it recognises costs for a restructuring.

Post Employment Benefits

Employees of the council may be members of the Local Government Pension Scheme administered by Derbyshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees worked for the council.

The Local Government Pension Scheme

The liabilities of the pension scheme attributable to the council are included in the balance sheet on an actuarial basis using the projected unit method – ie an assessment of 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, projected earnings etc.

The assets of the pension scheme attributable to the council are included in the balance sheet at their fair value:

Quoted securities	current bid price
Unquoted securities	professional estimate
Unitised securities	current bid price
Property	market value

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

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income & Expenditure Statement to the revenue accounts of services for which the employees worked
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement
- Net interest on the net defined benefit liability (i.e. net interest expense for the Authority) – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period - taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments
- Remeasurements comprising:
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income & Expenditure
 - Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income & Expenditure
- Contributions paid to Derbyshire County Council pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund in the year. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end.

1.7 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.

1.8 VALUE ADDED TAX

Value added tax (VAT) is only included in the Council's accounts to the extent that it is not recoverable from HM Revenue & Customs.

1.9 EVENTS AFTER THE BALANCE SHEET DATE

These are events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect these events
- Those indicative of conditions arising after the reporting period – the Statement of Accounts is not adjusted, but where the event would have a material effect, disclosure is made in the notes on the nature of the event with an estimate of the financial effect

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

1.10 INVENTORIES

The majority of inventories are included in the Balance Sheet at cost, although the last invoice price has been used in some instances as a proxy for cost.

1.11 RESERVES

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

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

1.12 PROVISIONS

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate of the obligation can be made.

Provisions are charged as an expense to the appropriate service in the Comprehensive Income and Expenditure Statement in the year that the Authority

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.

When payments are eventually made, they are charged to the provision in the Balance Sheet. The provision is reviewed at the end of each financial year and any reduction in provision is reversed and credited back to the relevant service.

1.13 INVESTMENT PROPERTY

Investment properties are those held solely to earn rentals or for capital appreciation. They are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Investment properties will be measured at highest and best use.

These properties are not depreciated but are revalued annually according to market conditions at the year end and any gains or losses on revaluation, or disposal, are included in the Financing & Investment Income line in the Comprehensive Income and Expenditure Statement. These are subsequently reversed out of the General Fund Balance in the Movement of Reserves Statement and transferred to the Capital Adjustment Account.

Rentals from investment properties are credited to the Financing & Investment Income line and result in a gain for the General Fund.

1.14 PROPERTY, PLANT & EQUIPMENT

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure is capitalised, provided that the asset yields benefits to the authority and the services it provides. This excludes expenditure on routine repairs and maintenance which is charged direct to service revenue accounts. Capital expenditure below £25,000 on land and property assets and below £10,000 on vehicles, plant and equipment is classed as de-minimis.

Assets are initially measured at cost. The cost of assets other than by purchase is deemed to be its fair value. This is the amount that would be received on disposing of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

- infrastructure, community assets and assets under construction are included in the balance sheet at depreciated historic cost.
- dwellings are included in the balance sheet at current value, on the basis of existing use for social housing
- all other assets are valued at current value, on the basis of existing use

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

Non property assets with short useful lives or low values are valued on a depreciated historical cost basis as a proxy for current value.

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

Increases arising from the re-valuation are credited to the revaluation reserve to recognise unrealised gains. Exceptionally, gains may be credited to the Comprehensive Income & Expenditure Statement where they arise from the reversal of a loss previously charged to a service revenue account.

Where decreases in value are identified, they are accounted for as follows:

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

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

Intangible Assets

Expenditure on assets that do not have physical substance but are controlled by the Council (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the authority.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service in the Comprehensive Income and Expenditure Statement.

Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. Immediately before the initial classification of an asset as held for sale, the carrying amount of the asset is measured in accordance with the relevant section of the Code.

If there is a decrease in value, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

Council house 'Right to Buy' applications are not classed as Assets Held for Sale, as the probability of these sales are uncertain until completion takes place and are outside the authority's control.

Disposals

When an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the Other Operating Expenditure line in the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal. Receipts in excess of £10,000 are categorised as capital receipts. Receipts from disposals are credited to the same line on the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the revaluation reserve are transferred to the capital adjustment account.

A proportion of receipts from housing disposals have to be repaid to Government. The balance of receipts is credited to the Capital Receipts Reserve and can only be used to fund new capital investment or set aside to reduce the council's underlying need to borrow. 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 in separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

1.15 DEPRECIATION & IMPAIRMENT

Depreciation is provided on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets with no determinable finite useful life (i.e. freehold land and heritage assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation charges are calculated as follows:

- dwellings and other buildings - using the straight line method over the useful life of the asset (which can be determined at the time of acquisition or revaluation).
- Vehicles - depreciated by 25% on a reducing balance basis.
- Plant and equipment - depreciated on a straight line basis.

Where an asset has major components with different estimated useful lives, these are depreciated separately.

An individual asset or asset group is considered for splitting into components if:

- the current value of the asset is material (i.e. over £1m)
- the value of an individual component is more than 15% of total asset value
- the component life is significantly different to the life of the main asset

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 – The value of assets are reviewed at the end of each year for evidence of reductions in value. Where impairment is identified and possible losses 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 and accounted for as follows:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount is written down against that balance (up to the amount of 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 in the Comprehensive Income and Expenditure Statement

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

1.16 HERITAGE ASSETS

The Authority has seven classes of heritage assets. They are recognised and measured in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets. All heritage assets identified have indefinite lives and will therefore not be subject to depreciation.

The carrying amount of heritage assets are reviewed when there is evidence of impairment. Any impairment is recognised and measured in accordance with the Authority's general policy on impairment. Any proceeds from disposals are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

The de-minimis level for individual heritage assets is £50,000 (excluding assets that have already been recognised). For practical reasons, Mayoral Regalia, Civic Plate, Paintings and Porcelain and the Museum Collection will be treated as one group and a lower de-minimis level of £10,000 will therefore be applied to additions/disposals which impact on this group.

1.17 CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Service revenue accounts, support services and trading accounts are charged with the following amounts to record the real cost of holding non-current assets used in the provision of services 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 they can be written off
- amortisation of intangible fixed assets attributable to the service.

The authority is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis in accordance with statutory guidance). This is referred to as the Minimum Revenue Provision (MRP).

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.18 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset, has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where the cost of this expenditure is met from existing capital resources or borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged so there is no impact on the level of council tax.

1.19 GOVERNMENT GRANTS AND CONTRIBUTIONS

Government grants and other contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant have been satisfied. Money received by the authority for which conditions have not been satisfied is carried in the Balance Sheet as creditors. Once conditions are satisfied, the grant is credited to the relevant service (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). This levy will be charged on residential and retail developments with appropriate planning consent. The income generated by this levy will be used to fund infrastructure projects to support the development of the area.

CIL is received without outstanding conditions and so is recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions outlined above. CIL charges will generally be used to fund capital expenditure. However, 15% of the levy will be retained for neighbourhood development.

1.20 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 asset 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 which 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.

Finance Leases

Assets held under finance leases are recognised on the balance sheet. Rental payments under finance leases are apportioned between the finance charge and the principal element, i.e. the reduction of the liability to pay future rentals. The finance element of rentals is charged to the Financing & Investment Income line in the Comprehensive Income and Expenditure Statement.

Operating Leases

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service using the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

The Authority as Lessor

The Council leases some of its properties to third parties. The value of these assets is included in the Balance Sheet.

Rent is charged for the use of these properties and is included in the relevant line in the Comprehensive Income & Expenditure Statement and credits are made on a straight-line basis over the life of the lease.

1.21 **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. They are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income & Expenditure line in the Comprehensive Income & Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. This means that the amount in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income & Expenditure Statement is the amount payable for the year in the loan agreement.

Financial Assets

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

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair Value through other comprehensive income (FVOCI)

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

Financial Assets Measured at Amortised Cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means 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.

The authority may also make loans to the voluntary sector at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

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

Expected Credit Loss Model – the authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

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

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

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

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

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

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

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

1.22 INTEREST IN COMPANIES AND OTHER ENTITIES

If the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, it is required to prepare group accounts.

There were no group accounts identified for 2022/23.

1.23 JOINTLY CONTROLLED OPERATIONS

Jointly controlled operations are activities undertaken by the Authority in conjunction with other organisations which involve the use of assets and resources of one or more of the parties but which does not establish a separate entity.

The Council has a joint operation with Bolsover District Council and North East Derbyshire District Council who together operate the Chesterfield & District Joint Crematorium. The Council recognises on its balance sheet, its share of the assets that it controls and liabilities incurred and its share of the expenditure and income earned from the operation on its Comprehensive Income & Expenditure Statement. Note 53 provides further details.

1.24 CONTINGENT ASSETS/LIABILITIES

Contingent assets/liabilities are not recognised in the accounting statements but, where they exist, they are disclosed by way of a note to the accounts.

1.25 PRIOR PERIOD ADJUSTMENTS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable and relevant information on the Authority's financial position. Any change 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 adjusting opening balances and comparative amounts for the prior period.

1.26 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 at fair value at each reporting date. Fair value is defined as 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. It assumes that the transaction takes place either:

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

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability, assuming that market participants would 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 or selling the asset in its highest and best use.

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

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

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

1.27 COUNCIL TAX AND NON-DOMESTIC RATES

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

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

The balance sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances, prepayments and appeals.

Where debtor balances are identified as impaired because there is a likelihood arising from a past event that payments due will not be made, the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cashflows.

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

The Code of Practice on Local Authority Accounting for 2022/23 requires the disclosure of information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

Accounting changes that are introduced by the 2023/24 Code are:

- Amendments to IFRS 16 Leases: only for those local authorities that have decided to adopt IFRS 16 in the 2023/24 year
- Amendments to IFRS Standards:
 - IAS 8: Definition of Accounting Estimates
 - IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
 - IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
 - IFRS 3: Updating a Reference to the Conceptual Framework

It is not anticipated that the above amendments will have a material impact on the information provided in the Council's financial statements.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The authority is the accountable body for the Staveley Towns Deal funding. The authority has reviewed its arrangements and concludes that it is acting as agent for the Town Deal. Income and expenditure is accounted and administered independently from the Council's accounts with the exception in respect of cash collected or expenditure incurred by the agent on behalf of the principal, in which case there is a debtor or creditor position. This is in accordance with the principles set out in the Local Authority Accounting Code of Practice where the Council is acting as an intermediary and is therefore following the agent principle as set out in section 2.6.2.1 of the Code.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

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

Item	Uncertainties	Effect if Actual Results Differ From Assumptions
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements including mortality rates, expected return on fund assets and future salary rate increases. A firm of actuaries are engaged by the pension fund administrator to advice on the assumptions to be applied.	These assumptions interact in complex ways. During 2022/23, the actuaries advised that the net pensions liability had increased by £22.6m because of estimates being corrected as a result of experience and decreased by £129.3m attributable to updating their assumptions.
Arrears	At 31 st March 2023, the Authority had a balance of sundry debtors of £10.9m. A review of significant balances based on age profile and likelihood of recovery, suggested that an impairment provision of £2.0m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a 1% increase in the level of impairment provision would require an additional amount of £109k to be found.
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that this level of spending on repairs and maintenance can be sustained, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings, including council houses, would increase by £1.6m for every year that useful lives had to be reduced.
Fair value measurement	<p>When the fair value of financial assets and liabilities cannot be measured based on quoted prices in active markets (Level 1 inputs), valuation techniques such as quoted prices for similar assets in active markets or discounted cash flow are used. Where possible, the inputs to the valuation are based on observable data, but where this is not possible, judgement is required in establishing fair values, including considerations such as uncertainty and risk. Changes in assumptions used could affect the fair value amount.</p> <p>Where Level 1 inputs are not available, the authority uses relevant experts to identify the most appropriate valuation technique to determine fair value. Information about the valuation techniques and inputs used in determining fair value is disclosed in notes 21, 25 and 37.</p>	<p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates, adjusted for regional factors, for investment properties and some financial assets.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement.</p>

A further source of uncertainty has arisen due to the introduction of the Business Rates Retention Scheme from 1st April 2014. Local Authorities are now liable for a proportion of successful appeals against business rates in their proportionate shares. Therefore a provision has been recognised in the accounts to cover this liability. It is difficult to judge the size of the provision required due to the high level of uncertainty as to when and if the appeals will be decided and which appeals will be successful. The provision has been calculated using information from the Valuation Office ratings list of appeals and an analysis of successful appeals to date by an independent company.

5. MATERIAL ITEMS OF INCOME AND EXPENSE

The programme of capital expenditure on Council Housing remained high at £24.9m in 2022/23. This spending is aimed at maintaining dwellings at the decent homes standard. It is anticipated that this level of investment will continue next year.

6. EVENTS AFTER THE BALANCE SHEET DATE

The statement of accounts was authorised for issue on 31/07/2023 by the Service Director - Finance, Theresa Channell FCPFA. This is also the date up to which events after 31st March 2023 have been considered.

7. EXPENDITURE AND FUNDING ANALYSIS

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (ie government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income & Expenditure Statement.

Expenditure & Funding Analysis

2021/22 Net Expenditure Chargeable to the General Fund and HRA Balances £000	2021/22 Adjustment between Funding and Accounting Basis £000	2021/22 Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Portfolio	2022/23 Net Expenditure Chargeable to the General Fund and HRA Balances £000	2022/23 Adjustment between Funding and Accounting Basis £000	2022/23 Net Expenditure in the Comprehensive Income and Expenditure Statement £000
154	96	250	Leader of the Council	100	178	278
6,490	(2,636)	3,854	Deputy Leader of the Council	8,130	(2,861)	5,269
(641)	522	(119)	Cabinet Member for Economic Growth	(1,421)	(1,597)	(3,018)
141	21,498	21,639	Cabinet Member for Town Centre and Visitor Economy	1,092	3,297	4,389
4,354	3,834	8,188	Cabinet Member for Health and Well Being	4,518	4,827	9,345
429	(231)	198	Cabinet Member for Housing	434	(75)	359
2,106	1,109	3,215	Cabinet Member for Governance	1,317	1,793	3,110
(2,051)	6,157	4,106	Cabinet Member for Business Transformation and Customers	1,481	3,050	4,531
(489)	(16,659)	(17,148)	Housing Revenue Account (HRA)	592	1,044	1,636
10,493	13,690	24,183	Net Cost of Services	16,243	9,656	25,899
(817)	(2,626)	(3,443)	Other Income and Expenditure	(6,767)	(5,184)	(11,951)
9,676	11,064	20,740	(Surplus)/Deficit	9,476	4,472	13,948
(47,196)			Opening General Fund and HRA Balance	(37,520)		
9,676			Movement	9,476		
(37,520)			Closing General Fund and HRA Balance	(28,044)		
(26,731)			Opening General Fund Balance	(23,942)		
2,789			Movement	2,556		
(23,942)			Closing General Fund Balance	(21,386)		
(20,465)			Opening HRA Balance	(13,577)		
6,888			Movement	6,920		
(13,577)			Closing HRA Balance	(6,657)		

7A. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS: ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS

The note below shows the difference between the accounting basis and funding basis.

Adjustments between Funding and Accounting Basis 2022/23				
Portfolios	Adjustment for Capital Purposes £000	Net change for Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Leader of the Council		178	-	178
Deputy Leader of the Council		(2,862)	1	(2,861)
Economic Growth	(1,090)	1,106	(1,613)	(1,597)
Town Centre & Visitor Economy	2,180	1,116	1	3,297
Health & Wellbeing	1,397	3,424	6	4,827
Housing	(242)	167	-	(75)
Governance	134	1,657	2	1,793
Business Transformation and Customers	467	2,580	3	3,050
Housing Revenue Account	1,929	980	(1,865)	1,044
Net Cost of Services	4,775	8,346	(3,465)	9,656
Other income & expenditure from Expenditure & Funding Analysis	(695)		(4,489)	(5,184)
Difference between General Fund deficit and CIES deficit on Provision of Services	4,080	8,346	(7,954)	4,472

Adjustments between Funding and Accounting Basis 2021/22				
Portfolios	Adjustment for Capital Purposes £000	Net change for Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Leader of the Council	-	96	-	96
Deputy Leader of the Council	-	(2,636)	-	(2,636)
Economic Growth	1,012	631	(1,121)	522
Town Centre & Visitor Economy	20,705	793	-	21,498
Health & Wellbeing	1,309	2,525	-	3,834
Housing	(312)	81	-	(231)
Governance	134	978	(3)	1,109
Business Transformation and Customers	390	5,765	2	6,157
Housing Revenue Account	(15,882)	1,124	(1,901)	(16,659)
Net Cost of Services	7,356	9,357	(3,023)	13,690
Other income & expenditure from Expenditure & Funding Analysis	1,326	-	(3,952)	(2,626)
Difference between General Fund deficit and CIES deficit on Provision of Services	8,682	9,357	(6,975)	11,064

Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied during the year. It also includes capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for Pension Adjustments

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

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

Other Differences

Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:

- **For financing and investment income and expenditure** – recognises adjustments to the General Fund for the timing differences for premiums and discounts
- **For taxation and non-specific grant income and expenditure** – represents the differences between what is chargeable under statutory regulations for council tax and business rate income that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be included in future surplus/deficit on the Collection Fund.

8. SEGMENTAL INCOME

The amount of income received from external sources is shown below on a segmental basis.

Portfolios	Income from Services	
	2022/23 £000	2021/22 £000
Leader of the Council	-	-
Deputy Leader of the Council	(96)	(9)
Economic Growth	(4,889)	(4,605)
Town Centre & Visitor Economy	(7,236)	(6,908)
Health & Wellbeing	(6,470)	(5,643)
Housing	(151)	(148)
Governance	(406)	(432)
Business Transformation and Customers	(25,043)	(24,648)
Housing Revenue Account	(40,480)	(38,760)
Total income analysed on a segmental basis	(84,771)	(81,153)

9. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

	2022/23 £000	2021/22 £000
Expenditure		
Employee expenses	26,597	32,429
Other service expenses	63,810	58,862
Support service recharges	13,381	11,329
Depreciation, amortisation & impairment	34,730	25,664
Transfers to/from reserves	(16,021)	(1,119)
Interest payments	4,720	6,820
Precepts	506	487
Payments to Housing Capital Receipts Pool	-	925
Gain/loss on disposal of fixed assets	1,723	3,375
Total Expenditure	129,446	138,772
Income		
Fees, charges & other service income	(56,457)	(53,987)
Government grants	(30,951)	(39,363)
Recharges & other income	(13,381)	(18,469)
Interest & investment income	(4,833)	(56)
Income from business rates	(3,554)	(519)
Income from council tax	(5,898)	(5,638)
Total Income	(115,074)	(118,032)
(Surplus)/Deficit on Provision of Services	14,372	20,740

10. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

Income and expenditure charged to the General Fund and which must be taken into account in determining a local authority budget requirement and therefore its council tax is determined by statute and non-statutory proper practices rather than being in accordance with IFRS requirements.

Whilst the amounts which must be included in the Comprehensive Income and Expenditure Statement and the amounts required by statute and non-statutory practices to be included in the General Fund are largely the same, there are a number of differences.

This note details the adjustments that are made to the total comprehensive income and expenditure recognised in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure.

	Usable Reserves					
2022/23	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
<u>Adjustments primarily involving the Capital Adjustment Account:</u>						
Reversal of items debited/credited to Comprehensive Income & Expenditure Statement						-
Depreciation, impairment & revaluation losses of non-current assets	6,755	16,601				(23,356)
Non-current assets written off on disposal as part of gain/loss on disposal to CIES	5,989	10,840				(16,829)
Movement in market value of Investment Properties	(568)	(62)				630
Amortisation of intangible assets						-
Capital grants & contributions applied	(3,186)				3,186	-
Revenue expenditure funded from capital under statute	(155)				(1,596)	1,751
<u>Insertion of items not debited/credited to Comprehensive Income & Expenditure Statement</u>						
Statutory provision for financing of capital investment	(722)					722
Capital expenditure charged against General Fund and HRA balances	(145)	(3,819)				3,964
Voluntary Repayment of Debt		(1,869)				1,869
Community Infrastructure Levy (CIL)	(1,610)				1,610	-
Transfers between Other Reserves	(5)		7			(2)
<u>Adjustments primarily involving the Capital Receipts Reserve:</u>						
Use of Capital Receipts Reserve to finance new capital expenditure			(5,329)			5,329
Contribution from Capital Receipts Reserve to finance payments to Government capital receipts pool						-
Transfer of cash sale proceeds credited as part of gain/loss on disposal to CIES	(6,539)	(8,567)	8,020			7,086
<u>Adjustments primarily involving the Major Repairs Reserve:</u>						
HRA depreciation & impairment		(13,064)		13,064		-
Excess of Major Repairs Allowance over HRA depreciation						-
Use of Major Repairs Reserve to finance new capital expenditure				(13,064)		13,064
<u>Adjustments primarily involving the Financial Instruments Adjustment Account:</u>						
Amounts by which finance costs charged to Comprehensive Income & Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements						-

Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited/credited to Comprehensive Income & Expenditure Statement	13,697	980				(14,677)
Employers contributions payable to Derbyshire County Council Pension Fund and retirement benefits payable to pensioners in the year	(6,330)					6,330
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax and business rate income credited to the Comprehensive Income & Expenditure Statement is different from council tax and business rate income calculated for the year in accordance with statutory requirements	(3,767)					3,767
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which salaries charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements.	15	4				(19)
Total Adjustments	3,429	1,044	2,698	-	3,200	(10,371)

2021/22	Usable Reserves					Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited/credited to Comprehensive Income & Expenditure Statement						-
Depreciation, impairment & revaluation losses of non-current assets	24,782	(1,141)				(23,641)
Non-current assets written off on disposal as part of gain/loss on disposal to CIES	522	8,749				(9,271)
Movement in market value of Investment Properties	(2,652)	(2)				2,654
Amortisation of intangible assets						-
Capital grants & contributions applied	(1,888)				1,888	-
Revenue expenditure funded from capital under statute	2,996				(1,233)	(1,763)
Insertion of items not debited/credited to Comprehensive Income & Expenditure Statement						
Statutory provision for financing of capital investment	(339)					339
Capital expenditure charged against General Fund and HRA balances	(67)	(5,511)				5,578
Voluntary Repayment of Debt		(1,897)				1,897
Community Infrastructure Levy (CIL)	(1,197)				1,197	-
Transfers Between Other Reserves	74		527		(601)	-

<u>Adjustments primarily involving the Capital Receipts Reserve:</u>					
Use of Capital Receipts Reserve to finance new capital expenditure			(4,647)		4,647
Contribution from Capital Receipts Reserve to finance payments to Government capital receipts pool	925		(925)		-
Transfer of cash sale proceeds credited as part of gain/loss on disposal to CIES	(54)	(5,842)	5,896		-
<u>Adjustments primarily involving the Major Repairs Reserve:</u>					
HRA depreciation & impairment		(12,135)		12,135	-
Excess of Major Repairs Allowance over HRA depreciation					-
Use of Major Repairs Reserve to finance new capital expenditure				(12,135)	12,135
<u>Adjustments primarily involving the Financial Instruments Adjustment Account:</u>					
Amounts by which finance costs charged to Comprehensive Income & Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements	(8)				8
<u>Adjustments primarily involving the Pensions Reserve:</u>					
Reversal of items relating to retirement benefits debited/credited to Comprehensive Income & Expenditure Statement	14,225	1,124			(15,349)
Employers contributions payable to Derbyshire County Council Pension Fund and retirement benefits payable to pensioners in the year	(5,991)				5,991
<u>Adjustments primarily involving the Collection Fund Adjustment Account:</u>					
Amount by which council tax and business rate income credited to the Comprehensive Income & Expenditure Statement is different from council tax and business rate income calculated for the year in accordance with statutory requirements	(3,605)				3,605
<u>Adjustments primarily involving the Accumulated Absences Account:</u>					
Amount by which salaries charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements.	(1)	(4)			5
<u>Total Adjustments</u>	27,722	(16,659)	851	-	1,251
					(13,165)

11. TRANSFERS TO/FROM EARMARKED RESERVES

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

	Balance 01/04/2021 £000	Transfers In 2021/22 £000	Transfers Out 2021/22 £000	Balance 31/03/2022 £000	Transfers In 2022/23 £000	Transfers Out 2022/23 £000	Balance 31/03/2023 £000
General Fund							
Vehicles & Plant	731	400	(282)	849	360	(576)	633
Information Technology	514	-	(431)	83	191	(267)	7
Crematorium							
Mercury Abatement	538	72	-	610	71	-	681
Capital Improvements	283	50	-	333	50	(10)	373
Capital Reserves	2,066	522	(713)	1,875	672	(853)	1,694
General Fund							
Enterprise Zone Business Rates	1,411	1,893	(735)	2,569	1,680	(1,121)	3,128
Budget Risk Reserve	1,809	856	(281)	2,384	430	(669)	2,145
Service Improvement	300	-	(56)	244	-	(32)	212
Property Improvement	688	1,225	(1,124)	789	1,166	(1,482)	473
Insurance	920	-	(150)	770	-	(150)	620
Tenants Property	890	287	(166)	1,011	306	(228)	1,089
Tapton Innovation Centre	136	25	(15)	146	28	(8)	166
DSO/DLO Reserve	560	-	-	560	-	-	560
Planning Inquiry	66	15	-	81	15	-	96
Flood Restoration	51	-	-	51	-	-	51
Elections Equipment	2	-	-	2	-	-	2
Museum Exhibits	25	-	-	25	-	-	25
Internal Audit Consortium	7	17	(7)	17	11	(17)	11
Risk Management Fund	5	5	(5)	5	5	(5)	5
S106	523	210	(69)	664	81	(5)	740
Revenue Grants Unapplied	4,559	2,039	(4,420)	2,178	2,535	(2,337)	2,376
MMI Insurance Reserve	153	-	-	153	-	-	153
Barrow Hill Bridge	30	5	-	35	5	-	40
Business Rates*	9,500	4,297	(7,247)	6,550	-	(2,491)	4,059
Repaid Improvement Grants	153	105	(93)	165	100	(46)	219
Northern Gateway	149	-	-	149	-	-	149
Theatre Restoration	105	89	-	194	83	-	277
Tier 4	-	364	(79)	285	-	(116)	169
Digital Innovation	31	10	(10)	31	-	-	31
Service Redesign	675	-	(104)	571	-	(198)	373
General	-	425	-	425	-	(425)	-
Crematorium							
Crematorium Balance	222	165	(72)	315	157	(72)	400
Cremator Repairs	183	-	-	183	-	-	183
Crematorium Equipment	12	3	-	15	3	-	18
Revenue Reserves	23,165	12,035	(14,633)	20,567	6,605	(9,402)	17,770
Total Earmarked Reserves	25,231	12,557	(15,346)	22,442	7,277	(10,255)	19,464
General Fund Working Balance	1,500	-	-	1,500	-	-	1,500
HRA							
Housing Revenue Account Balance	20,460	78	(6,966)	13,572	82	(6,997)	6,657
Major Repairs Reserve (HRA)	-	12,135	(12,135)	-	13,064	(13,064)	-
Revenue Grants Unapplied	5	5	(5)	5	-	(5)	-
Total HRA Reserves	20,465	12,218	(19,106)	13,577	13,146	(20,066)	6,657

12. OTHER OPERATING EXPENDITURE

	2022/23 £000	2021/22 £000
Parish council precepts	506	488
Payments to Housing Capital Receipts Pool	-	925
(Gains)/losses on disposal of non-current assets	1,723	3,375
Other	7	13
TOTAL	2,236	4,801

13. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2022/23 £000	2021/22 £000
Interest payable & similar charges	4,720	4,685
Net interest on net defined benefit liability	2,053	2,135
Interest and investment income	(571)	(56)
Income and expenditure in relation to Investment Properties	(2,246)	(2,364)
Changes in fair value of Investment Properties	(627)	2,654
(Gain)/loss on trading accounts	(391)	(761)
Transfer to/(from) Bad Debt Provisions	47	80
TOTAL	2,985	6,373

14. TAXATION AND NON SPECIFIC GRANT INCOME

	2022/23 £000	2021/22 £000
Council tax income	(5,898)	(5,638)
Business Rates income and expenditure	(3,554)	(519)
Non-ringfenced government grants	(4,534)	(6,571)
Capital grants and contributions	(3,186)	(1,889)
TOTAL	(17,172)	(14,617)

15. OFFICERS' REMUNERATION

The number of all employees whose remuneration excluding pension contributions was £50,000 or more in bands of £5,000 were:

Remuneration Band	No. of Employees	
	2022/23	2021/22
£50,000 - £54,999	28	8
£55,000 - £59,999	4	4
£60,000 - £64,999	2	-
£65,000 - £69,999	-	2
£70,000 - £74,999	2	-
£75,000 - £79,999	-	5
£80,000 - £84,999	6	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	1	2
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	1	1

The following tables set out the remuneration disclosure for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year (these are also included in the table above).

2022/23	Salary (inc fees & allowances)	Expense Allowances	Compensation for loss of employment	Total remuneration exc pension contributions 2022/23	Pension Contributions	Total remuneration inc pension contributions 2022/23
Post Title	£	£	£	£	£	£
Chief Executive	117,717	60	-	117,777	17,874	135,651
Executive Director (a)	31,808	-	-	31,808	3,890	35,698
Executive Director	97,889	-	-	97,889	14,579	112,468
Service Director - Finance	80,588	-	-	80,588	12,249	92,837
Total	328,002	60	-	328,062	48,592	376,654

a) The Executive Director was in post until 15/09/2022.

2021/22	Salary (inc fees & allowances)	Expense Allowances	Compensation for loss of employment	Total remuneration exc pension contributions 2021/22	Pension Contributions	Total remuneration inc pension contributions 2021/22
Post Title	£	£	£	£	£	£
Chief Executive	115,792	-	-	115,792	17,581	133,373
Executive Director	95,964	85	-	96,049	14,586	110,635
Executive Director	95,964	85	-	96,049	14,586	110,635
Service Director - Finance (a)	34,087	332	-	34,419	5,181	39,600
Service Director - Finance (b)	44,576	-	-	44,576	6,775	51,351
Total	386,383	502	-	386,885	58,709	445,594

a) The Service Director - Finance left the role on 6/9/2021.

b) The Service Director - Finance started in post on 7/9/2021.

The number of exit packages with total cost per band and total cost of the compulsory and other departures are set out in the table below. The total cost has been agreed and charged to the Comprehensive Income & Expenditure Statement in the year indicated.

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	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23 £000	2021/22 £000
£0 - £20,000	-	-	3	5	3	5	50	35
£20,001 - £40,000	-	-	1	2	1	2	29	66
Total	-	-	4	7	4	7	79	101

16. **DEFINED BENEFIT PENSION SCHEMES**

Participation in Pension Scheme

As part of the terms and conditions of employment of its officers, the authority makes contributions towards the cost of post-employment benefits. Although the benefits of this scheme are not actually payable until employees retire, the authority has a commitment to make the payments and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme and Derbyshire County Council administers the scheme. It is a funded defined benefit career average revalued earnings scheme, meaning that the Council and employees pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.

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

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as

pensions. However, the charge that is required to be made against the council tax is based on the cash payable to the pension fund in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income & Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:-

Transactions Relating to Retirement Benefits		
Comprehensive Income & Expenditure Statement	2022/23 £000	2021/22 £000
Cost of Services		
Service cost comprising:		
▪ Current service cost	12,371	13,158
▪ Past service costs	253	56
▪ (Gain)/Loss from settlements		-
Financing & Investment Income and Expenditure		
▪ Net interest expense	2,053	2,135
Total Post Employment benefit Charged to surplus/Deficit on Provision of Services	14,677	15,349
Remeasurement of net defined benefit liability comprising:		
▪ Return on plan assets (excluding amount included in net interest expense)	15,792	(13,928)
▪ Actuarial gains and losses arising on changes in demographic assumptions	(5,782)	(2,134)
▪ Actuarial gains and losses arising on changes in financial assumptions	(124,399)	(24,225)
▪ Other	22,712	661
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(77,000)	(24,277)

Movement in Reserves Statement		
▪ Reversal of net charges made to Surplus/Deficit on Provision of Services for post employment benefits in accordance with the Code	(14,677)	(15,349)
Actual amount charged against General fund Balance for pensions in year		
▪ Employers' contributions payable to scheme	6,331	5,948

Pension Assets and Liabilities Recognised in the Balance Sheet

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

	2022/23 £000	2021/22 £000
Present value of defined benefit obligation	245,283	340,852
Fair value of plan assets	(255,603)	(268,444)
Net liability arising from defined benefit obligations	(10,320)	72,408

Reconciliation of Movements in the Fair Value of Scheme Assets

	2022/23	2021/22
	£000	£000
Opening fair value of scheme assets	268,444	250,276
Interest income	7,236	4,995
Re-measurement gain/loss:		
▪ Return on plan assets, excluding amount included in net interest expense	(15,706)	13,858
Contributions from employer	6,285	5,948
Contributions from employees into the scheme	1,722	1,623
Benefits paid	(8,527)	(8,256)
Remeasurement gains/losses:		
▪ Other	(3,851)	658
Effect of Business Combinations		-
Closing balance at 31st March	255,603	269,102

Reconciliation of Present Value of Scheme Liabilities

	2022/23	2021/22
	£000	£000
Opening balance at 1st April	340,852	352,768
Current service cost	12,297	13,079
Interest cost	9,274	7,115
Contributions from scheme participants	1,722	1,623
Remeasurement gains/losses:		
▪ Actuarial gains/losses arising from changes in demographic assumptions	(5,700)	(2,121)
▪ Actuarial gains/losses arising from changes in financial assumptions	(123,648)	(24,070)
▪ Other	18,760	658
Past service cost	253	56
Benefits paid	(8,527)	(8,256)
Effect of Business Combinations		-
Closing balance at 31st March	245,283	340,852

Local Government Pension Scheme Assets

	Fair Value of Scheme Assets							
	2022/23				2021/22			
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets
Cash & cash equivalents		9,250	9,250	4%		12,063	12,063	4%
Equity Securities								
▪ Consumer	555		555	0%	1,063		1,063	1%
▪ Manufacturing	450		450	0%	683		683	0%
▪ Energy & utilities	249		249	0%	338		338	0%
▪ Financial institutions	279		279	0%	511		511	0%
▪ Health & care	487		487	0%	704		704	0%
▪ Information technology	510		510	0%	961		961	1%
▪ Other	7,519		7,519	3%	9,396		9,396	4%
Sub-total Equity	10,049	-	10,049	3%	13,656	-	13,656	6%
Debt Securities								
▪ Corporate	14,485	18,007	32,492	13%	16,624	18,314	34,938	13%
▪ UK Government	19,370		19,370	8%	22,528		22,528	8%
▪ Other	4,479		4,479	2%	4,766		4,766	2%
Sub-total Debt	38,334	18,007	56,341	23%	43,918	18,314	62,232	23%
Property								
▪ UK Property	898	19,464	20,362	8%	1,441	19,719	21,160	8%
Private Equity								
▪ All	4,319	8,531	12,850	4%	5,017	7,869	12,886	5%
Investment Funds & Unit Trusts								
▪ Equities	43,657	75,445	119,102	47%	79,865	44,462	124,327	46%
▪ Infrastructure	5,386	22,263	27,649	11%	5,610	16,510	22,120	8%
Sub-total Investment Funds & Unit Trusts	49,043	97,708	146,751	58%	85,475	60,972	146,447	54%
Total Assets	102,643	152,960	255,603	100%	149,507	118,937	268,444	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions payable in future years dependent on assumptions about mortality rates, salary levels etc. The scheme has been assessed by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme at 31st March 2022.

The actuaries' valuation report includes an assessment of the impact of the McCloud judgement relating to the 2014 reforms of LGPS benefits.

The significant assumptions used by the actuary are:

	2022/23	2021/22
Mortality Assumptions:		
Longevity at 65 for current pensioners		
▪ Men	21.0	21.1
▪ Women	24.0	23.8
Longevity at 65 for future pensioners		
▪ Men	21.8	22.2
▪ Women	25.5	25.6
Rate of inflation	2.95%	3.20%
Rate of increase in salaries	3.95%	3.90%
Rate of increase in pensions	2.95%	3.20%
Rate for discounting scheme liabilities	4.75%	2.70%
Take up of option to convert annual pension into retirement lump sum - pre April 2008 service	60%	50%
Take up of option to convert annual pension into retirement lump sum - post April 2008 service	60%	75%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method. The methods and types of assumption used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined benefit Obligation in the Scheme	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	4,205
0.1% increase in Salary Increase Rate	0%	613
0.1% increase in Pension Increase Rate	1%	3,650
1 year increase in member life expectancy	4%	9,811

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 19 years. Funding levels are reviewed as part of the triennial valuation process. The next triennial valuation is due to be completed as at 31st March 2025.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Act 2013. Under the Act, the Local Government Pension Scheme may not provide benefits in relation to service after 31st March 2014. The Act provides

for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in 2023/24 is £6.13m.

With the exception of the tables detailing transactions in the Comprehensive Income & Expenditure Statement and the Movement in Reserves Statement, the pension fund details in note 16 do not include Chesterfield Borough Council's share of the Crematorium pension fund which has its own separate fund.

17. **MEMBERS' ALLOWANCES**

The allowances and expenses paid to Members were as follows:

	2022/23 £000	2021/22 £000
Special Responsibility & Other Allowances	148	148
Basic Responsibility Allowances	306	307
Member expenses	3	-
TOTAL	457	455

A schedule of the amounts paid to individual Members is published each year in the Council's newspaper. The schedule can also be viewed on the Council's website (www.chesterfield.gov.uk).

18. **GRANT INCOME**

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2022/23.

	2022/23 £000	2021/22 £000
Credited to Taxation & Non Specific Grant Income		
Revenue Support Grant	458	444
New Homes Bonus Grant	440	15
Home Office	-	303
Staveley Town Deal	212	186
Department for Levelling Up, Housing & Communities		
▪ Business Rate Relief	3,249	5,194
▪ Covid19	-	644
▪ Levelling Up Fund	2,817	
▪ Other	387	1,471
Other	192	203
TOTAL	7,755	8,460

Credited to Services:		
Capital		
BEIS	-	56
Derbyshire Better Care Fund	1,197	1,372
Derbyshire County Council:	-	29
Revenue		
Dept for Work & Pensions- Housing Benefits	22,604	23,644
Department for Levelling Up, Housing & Communities	1,120	1,268
Arts Council	46	306
Other Government Grants		489
Derbyshire County Council:		
- Supporting People	286	298
- Highways Agency	130	130
- Other	50	77
Other Local Authorities	163	12
S106 Contributions	6	4
TOTAL	25,602	27,685

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will/may require the monies to be returned. The balances at year end are as follows:

Capital Grants Receipts in Advance	2022/23 £000	2021/22 £000
BEIS - Green grants	106	1,169
Derbyshire County Council	3	3
S106 Contributions	134	123
Other	14	14
TOTAL	257	1,309

19. **EXTERNAL AUDIT COSTS**

The Council has incurred the following fees relating to external audit and inspection, certification of grant claims and non-audit services.

	2022/23 £000	2021/22 £000
Fees payable to the auditors with regard to external audit services carried out by the appointed auditor	48	40
Fees payable to the auditor for certification of grant claims and returns	8	8
Fees payable in respect of any other services provided by the appointed auditor	4	4
Total	60	52

20. MOVEMENTS IN PROPERTY, PLANT & EQUIPMENT

<u>Movements in 2022/23</u>	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000
<u>Gross Book Value</u>								
Brought forward 1 April	385,603	76,256	8,225	6,061	4,072	891	29,554	510,662
Additions	23,403	61	548				4,429	28,441
Revals - Revaluation Reserve	16,016	582						16,598
Revals - surplus/deficit on provision of services	(3,537)	(3,402)						(6,939)
Derecognition - disposals	(8,249)							(8,249)
Derecognition - other								-
Impairment losses reversed in s/d on provision of services								-
Other movements	5,339	12,679	761	1,867		(581)	(20,070)	(5)
GBV at 31 March 23	418,575	86,176	9,534	7,928	4,072	310	13,913	540,508
<u>Accumulated Depreciation & Impairment</u>								
Brought forward 1 April	-	(5,419)	(3,857)	(4,317)	-	(26)	-	(13,619)
Additions - depreciation	(12,892)	(2,378)	(1,005)	(210)		(6)		(16,491)
Additions - impairment								-
Revals - Revaluation Reserve	12,462	2,314						14,776
Revals - surplus/deficit on provision of services								-
Derecognition - disposals	425							425
Derecognition - other								-
Impairment losses reversed in s/d on provision of services								-
Other movements	5							5
Depreciation & Impairment at 31 March 23	-	(5,483)	(4,862)	(4,527)	-	(32)	-	(14,904)
Net Book Value B/fwd	385,603	70,837	4,368	1,744	4,072	865	29,554	497,043
Net Book Value at 31 March 23	418,575	80,693	4,672	3,401	4,072	278	13,913	525,604

<u>Movements in 2021/22</u>	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000
Gross Book Value								
Brought forward 1 April	357,178	76,754	7,100	6,061	4,072	1,413	19,099	471,677
Additions	17,525	22,844	1,125				12,238	53,732
Revals - Revaluation Reserve	3,907	(1,166)						2,741
Revals - surplus/deficit on provision of services	13,267	(21,435)						(8,168)
Derecognition - disposals	(9,184)					(522)		(9,706)
Derecognition - other								-
Impairment losses reversed in s/d on provision of services								-
Other movements	2,910	(741)					(1,783)	386
GBV at 31 March 22	385,603	76,256	8,225	6,061	4,072	891	29,554	510,662
Accumulated Depreciation & Impairment								
Brought forward 1 April	-	(4,894)	(2,943)	(4,106)	-	(20)	-	(11,963)
Additions - depreciation	(11,988)	(2,352)	(914)	(211)		(6)		(15,471)
Additions - impairment								-
Revals - Revaluation Reserve	11,543	1,827						13,370
Revals - surplus/deficit on provision of services								-
Derecognition - disposals	435							435
Derecognition - other								-
Impairment losses reversed in s/d on provision of services								-
Other movements	10							10
Depreciation & Impairment at 31 March 22	-	(5,419)	(3,857)	(4,317)	-	(26)	-	(13,619)
Net Book Value B/fwd	357,178	71,860	4,157	1,955	4,072	1,393	19,099	459,714
Net Book Value at 31 March 22	385,603	70,837	4,368	1,744	4,072	865	29,554	497,043

Depreciation

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

Council Dwellings:	9 – 40 years
Other Land & Buildings:	1 – 75 years
Vehicles, Plant, Furniture & Equipment:	1 – 10 years
Infrastructure	20 – 35 years

21. SURPLUS ASSETS

Fair Value Hierarchy

Details of surplus assets and information about their fair value hierarchy at 31st March are as follows:

Fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 23 £000
Community Rooms	68	-	68
Land	-	210	210
Total 2022/23	68	210	278

Fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 22 £000
Community Rooms	74	-	74
Land	-	791	791
Total 2021/22	74	791	865

There were no transfers between Levels 2 and 3 during the year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values

Significant Observable Inputs – Level 2

The fair value for the surplus assets has been based on a market approach using current market evidence including recent sale prices/rentals achieved and other relevant information for similar assets within the local authority area. Market conditions are such that similar properties have actively sold or let and the level of observable inputs are significant.

Significant Unobservable Inputs – Level 3

These valuations are historic based on existing use values and/or based on unobservable inputs. These assets will be revalued in 2022/23 to allow confirmation of their fair value hierarchy classifications.

Reconciliation of Fair Value Measurements (using significant unobservable inputs)
Categorised within Level 3 of the Fair Value Hierarchy

Surplus Assets categorised as Level 3	31st March 2023 £000	31st March 2022 £000
Opening balance	791	1,313
Transfers into Level 3	-	-
Transfers from Level 3	-	-
Total gains/losses for the period included in surplus/deficit on Provision of Services resulting from changes in fair value	-	-
Additions		
Revaluations	-	-
Disposals	(581)	(522)
Closing Balance	210	791

Quantitative Information about Fair Value Measurement of Surplus Assets using Significant Unobservable Inputs – Level 3

	31st March 2023 £000	Valuation Technique	Unobservable Inputs	Sensitivity
Land	210	Market Value	Future Use	Planning Restrictions Site issues - redevelopment

22. HERITAGE ASSETS

The Heritage Assets owned by the Council are largely peripheral to its main objectives and are held entirely with the objective of preserving them for future generations because of their cultural, environmental or historical association with the borough.

Reconciliation of the carrying value of Heritage Assets held by the Authority:

Asset Class	Balance B/Fwd at 1st April 2022 £000	Additions £000	Disposals £000	Revaluations £000	Other Changes £000	Balance C/Fwd at 31 March 2023 £000
Rosewall Sculpture	950					950
Historic Sites & Buildings	315					315
Museum Collection	265					265
Civic Plate, Paintings & Porcelain	245					245
Mayoral Regalia	439					439
Assets Carried at Valuation	2,214	-	-	-	-	2,214
Barrow Hill Railway HC	344					344
War Memorials etc	38					38
Museum Collection	-					-
Percent for Art Sculptures	303					303
Assets Carried at Cost	685	-	-	-	-	685
TOTAL HERITAGE ASSETS	2,899	-	-	-	-	2,899

Assets not included in the Balance Sheet

War Memorials and Other Monuments – The Council has 17 war memorials together with various other monuments, including the Peace Fountain in Eastwood Park and the ‘Old Town Pump’ in the centre of Chesterfield market place. Only 4 of the war memorials and the Peace Fountain are included on the Balance Sheet. Reliable information on cost is not available. No further acquisitions or disposals of assets in this class of heritage assets is anticipated. These assets are not insured and it is considered impractical to obtain valuation information due to the lack of comparable transactions and the relative insignificance of the assets in purely financial terms.

Percent for Art – The Council supports and encourages the promotion of public art as good planning practice which brings cultural, environmental and economic benefit to local communities. Previous planning policy required developers of schemes costing more than £1m to include a work of art to the value of 1% of the total project cost on their development. The Council keeps a register of sculptures owned and maintained by it in the Forward Planning Section. The Council manages a separate website www.chesterfieldarttrail.co.uk which gives details of where the existing artworks can be found.

It is considered impractical to obtain reliable information on cost for most of the assets in this category as some of the artworks were paid for by third parties and for those sponsored by the Authority, the difficulty of separating costs relating to artwork from other capital costs. These assets are not insured and it is considered impractical to obtain valuation information due to the lack of comparable transactions and the diversity of the assets themselves.

Museum Collection – The majority of the 30,000 objects in the museum collection are made up of objects of social and industrial history. A high proportion of the collection is made up of items of minimal commercial value. The collection is currently held in storage whilst the Museum is undergoing refurbishment. The collection can be divided into five broad categories:

- Social and historical objects
- Fine arts (paintings and drawings)
- Decorative art (pottery and glass)
- Archaeological finds
- Material available for loans to schools

Except for recent acquisitions, reliable information on cost is not available. In general, conventional valuation approaches would not be suitable owing to the sheer number and diversity of items, coupled with the unique and irreplaceable nature of many of the objects concerned. The collection is insured for £3.3m but this is regarded as a nominal and fairly arbitrary figure and therefore only those existing assets with a readily ascertainable market value have been recognised on the balance sheet.

Assets included in the Balance Sheet

Historic Buildings

There are three assets included in this classification. These are the Barrow Hill Railway Heritage Centre which hosts Britain’s last working roundhouse, the Revolution House which is an old stone cottage used as a museum, originally an alehouse used to plot the Revolution of 1688 and the Queens Park dovecote which is located in the

Victorian park in the centre of Chesterfield. No further acquisitions or disposals are expected in this classification of heritage assets. All of these assets can be visited by the public and further information is available on the Council's website.

These assets are measured at valuation using conventional valuation approaches. They were valued as at 1st April 2020 by the Council's internal valuer, in accordance with the Statements of Asset Valuation Practice & Guidance Notes of the Royal Institute of Chartered Surveyors.

War Memorials/Monuments

Only 4 of the 17 war memorials in the Borough and the Peace Fountain in Hasland Park are included in the balance sheet, the former at a notional cost of £1 each. No further acquisitions or disposals are anticipated for this classification of heritage asset. All assets are accessible to the public.

Rosewall Sculpture

This was originally commissioned from Barbara Hepworth by the Post Office to stand outside their administrative offices when they relocated to Chesterfield in the 1960's. It was acquired in 2008/09 and was valued immediately prior to purchase by Hazlett, Holland-Hibbert, a firm of specialist dealers in modern art at market value. Due to the cost involved, further appraisals will be infrequent. It is located adjacent to the public footbridge from the town centre into Queens Park in the centre of Chesterfield.

Mayoral Regalia/Civic Plate, Paintings & Porcelain

These are kept in the Mayor's Parlour in the Town Hall. The parlour is accessible to the public on several occasions each year and to school parties by special arrangement. No further acquisitions or disposals are planned for this classification of heritage asset, although items are donated on an ad-hoc basis. They were valued in 2015 and are recognised on the balance sheet at valuation. Due to the costs involved, further appraisals will be infrequent.

Museum Collection

The whole of the collection is currently in storage whilst the museum is refurbished. Those items with a reasonably ascertainable value are recognised on the balance sheet at valuation. The valuations were carried out in 1991 by Phillips Midlands and in 1993 by Henry Spencer & Sons. The value is based on formal valuation evidence, restated at April 2010 prices, using RPI as a reference index. No material additions or disposals have occurred since the valuation was prepared. Assets acquired in future will be measured at historic cost.

23. CAPITAL COMMITMENTS

The Council has approved a capital programme for the two year period to 2024/25 amounting to approximately £93m of which approximately £20.1m was contractually committed at 31st March 2023.

	Approved Expenditure £000	Committed £000
Council Housing	50,800	5,983
Economic Development	20,962	8,501
Housing Grants	4,359	996
Culture	15,652	5,500
Other Schemes	1,685	-
	93,458	20,980

24. **CAPITAL EXPENDITURE & FINANCING**

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

	2022/23 £000	2021/22 £000
Opening Capital Financing Requirement (CFR) 1st April	181,139	150,240
<u>Capital Investment</u>		
Property, Plant & Equipment	28,441	53,732
Investment Properties	-	-
Intangible Assets	-	-
Heritage Assets	-	-
Revenue Expenditure Funded from Capital under Statute	1,843	4,452
<u>Financed by</u>		
Capital Receipts	(5,329)	(4,647)
Capital Grants & Contributions	(3,594)	(2,690)
Revenue Balances & Direct Revenue Financing	(17,029)	(17,712)
Minimum/Voluntary Revenue Provision	(2,590)	(2,236)
Use of Capital Receipts to Repay Debt		-
Closing Capital Financing Requirement 31st March	182,881	181,139
Increase/(Decrease) in CFR	1,742	30,899
<u>Analysis of Increase/(Decrease) in CFR</u>		
Supported by Government Financial Assistance	-	-
Unsupported by Government Financial Assistance	1,742	30,899
Increase/(Decrease) in CFR	1,742	30,899

25. INVESTMENT PROPERTIES

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

	2022/23 £000	2021/22 £000
Rental income from investment property	(3,635)	(3,599)
Direct operating expenses arising from investment property	1,390	1,235
Net (gain)/loss	(2,245)	(2,364)

Generally, 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 revenue income and proceeds of disposal. The exceptions to this are as follows:

- Tapton House School was gifted to the authority and must be used for the benefit of the inhabitants of Chesterfield.
- Commercial and industrial units at Venture House and Prospect House were built by the authority but the construction was part funded by external grant funding. Net revenue income must be returned to these funding partners on an annual basis pro rata to the share of capital funding provided by them for the initial creation of the asset. Any proceeds on disposal of these assets would be returned on a similar basis.

The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement except for the Pavements Centre, Dunston Farm and Tapton House where there is an obligation to maintain and repair.

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

	2022/23 £000	2021/22 £000
Balance at start of year	36,850	34,592
Additions:		
Subsequent expenditure	-	-
Disposals		-
Net gains/losses from fair value adjustments	630	2,653
Other changes		(395)
Balance at end of year	37,480	36,850

Fair Value Hierarchy

Details of the investment properties and information about their fair value hierarchy at 31st March are as follows:

Recurring fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 22 £000
Industrial Units & Trading Estates	26,386		26,386
Retail & Office	8,537		8,537
Undeveloped Land	160	900	1,060
Miscellaneous	1,188	309	1,497
Total 2022/23	36,271	1,209	37,480

Recurring fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 21 £000
Industrial Units & Trading Estates	26,006		26,006
Retail & Office	9,137		9,137
Undeveloped Land	100	282	382
Miscellaneous	1,015	310	1,325
Total 2021/22	36,258	592	36,850

There were no transfers between Levels 2 and 3 during the year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

The Council's investment portfolio generally sits within an active market where there have been a number of lettings and sales therefore they have been classed as Level 2 in the fair value hierarchy as inputs are observable. The fair value takes account of current leases, cash flows and reasonable assumptions regarding future rental income and outgoings.

Significant Unobservable Inputs – Level 3

The Level 3 investment properties consist of 4 agricultural holdings for which formal lease documentation is incomplete thereby creating unknowns.

Reconciliation of Fair Value Measurements (using significant unobservable inputs)
Categorised within Level 3 of the Fair Value Hierarchy

Investment Properties categorised as Level 3	31st March 2022 £000	31st March 2022 £000
Opening Balance	592	377
Transfers into Level 3		
Transfers from Level 3		
Total gains/losses for the period included in surplus/deficit on Provision of Services resulting from changes in fair value	617	215
Additions		
Revaluations		
Disposals		
Closing Balance	1,209	592

Quantitative Information about Fair Value Measurement of Investment Properties
using Significant Unobservable Inputs – Level 3

	31st March 2023 £000	Valuation Technique	Unobservable Inputs	Sensitivity
Undeveloped Land	900	Assumed investment (fair value basis)	Rent details Rent comparables	Tenancy details Rent levels Rent reviews
Farm	309	Assumed investment (fair value basis)	Rent details Rent comparables	Rent level being known/eligible successor/prospect of vacant possession

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

Valuation Process for Investment Properties

The fair value of the authority's investment property is measured annually at each reporting date. All valuations are carried out by the Council's internal valuers, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors.

26. FIXED ASSET VALUATION

The authority's freehold and leasehold properties have been valued by the council's internal valuers, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors. All assets are re-valued on a rolling programme basis over five years.

Plant and machinery includes such items that are not a fixture or fitting to a building.

Properties regarded by the authority as operational were valued on the basis of existing use value or, where this could not be assessed because there was no market based evidence for the subject asset, the depreciated replacement cost.

Infrastructure, community assets and assets under construction are included in the balance sheet at historical cost, net of depreciation.

Except for those dwellings which the Authority leases out to other providers of social housing, the stock of council dwellings was re-valued as at 31st March 2022 in accordance with Government guidelines. The basis of the valuation for the bulk of the housing stock within the HRA is Existing Use Value for Social Housing (see HRA note 4).

The statement below shows the progress of the Council's rolling programme for the revaluation of fixed assets. Where the valuations have not been updated in recent years the authority has assessed that there has been no material change in value. The basis of the valuations is set out in Note 1.14 of the Summary of Significant Accounting Policies.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000
Valued at historical cost		662	9,534	7,928	4,072		13,913	36,109
<u>Valued at current value</u>								
2022/23	418,575	27,520						446,095
2021/22		17,992						17,992
2020/21		17,103						17,103
2019/20		11,824						11,824
2018/19		11,075				310		11,385
Total Gross Book Value	418,575	86,176	9,534	7,928	4,072	310	13,913	540,508

27. DEPRECIATION

The treatment of depreciation is described in Note 1.15 of the Summary of Significant Accounting Policies.

28. IMPAIRMENT LOSSES

No impairment losses were recognised in either Surplus or Deficit on the Provision of Services or in Other Comprehensive Income & Expenditure during 2022/23.

29. LEASES

Authority as Lessee

Finance Leases

The Authority has no finance leases.

Operating Leases

The Authority has a number of operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

	31st March	
	2023 £000	2022 £000
Not later than 1 year	760	651
Later than 1 year and not later than 5 years	46	769
Later than 5 years	-	-
Total	806	1,420

There were no future minimum sublease payments expected to be received under non-cancellable subleases at 31st March, 2023 or 31st March, 2022.

The amounts recognised as an expense in Surplus or Deficit on Provision of Services are detailed below.

	31st March	
	2023 £000	2022 £000
Minimum lease payments	669	669
Contingent rents	3	3
Total	672	672

Authority as Lessor

Finance Leases

The Authority has no finance leases.

Operating Leases

The Authority leases out industrial and commercial premises for economic development purposes to provide suitable affordable accommodation for local businesses.

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

	31st March	
	2023 £000	2022 £000
Not later than 1 year	2,443	2,259
Later than 1 year and not later than 5 years	6,040	5,431
Later than 5 years	3,716	3,628
Total	12,199	11,318

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23, £130,533 contingent rents were receivable by the Authority (2021/22 £34,836).

30. DEBTORS

	31st March	
	2023 £000	2022 £000
Central Government	2,531	2,654
Other Local Authorities	1,909	3,959
Other Entities & Individuals	11,581	7,685
Total	16,021	14,298

31. CASH & CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	31st March	
	2023 £000	2022 £000
Cash held	17	17
Bank current accounts	(2,268)	(902)
Short term deposits with banks & other financial institutions	15,127	14,767
Total	12,876	13,882

32. ASSETS HELD FOR SALE

	Current		Non-Current	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
<u>Investment Property Held for Sale</u>				
Balance brought forward at 1 April	9,006	9,006	-	-
Revaluations				
Assets newly classified as held for sale				
Assets declassified as held for sale				
Assets sold				
Balance carried forward at 31 March	9,006	9,006	-	-
<u>Other Assets Held for Sale</u>				
Balance brought forward at 1 April	-	-	-	-
Assets newly classified as held for sale				
Assets declassified as held for sale				
Assets sold	(9,006)			
Balance carried forward at 31 March	(9,006)	-	-	-
<u>Net Sale Proceeds</u>				
Investment Property Held for Sale	9,448			
Other Assets Held for Sale				

33. CREDITORS

	31st March	
	2023 £000	2022 £000
Central Government	10,491	15,716
Other Local Authorities	1,981	1,770
Other Entities & Individuals	14,539	10,870
Total	27,011	28,356

34. PROVISIONS

The Council has established the following provisions under the appropriate legal power to cover potential liabilities:-

	Balance b/fwd 01/04/22 £000	Movements in year		Balance c/fwd 31/03/23 £000
		Additions £000	Applied £000	
Short Term Provisions				
Non Domestic Rate Appeals	661	-	-	661
Total - Short Term Provisions	661	-	-	661
Long Term Provisions				
Non Domestic Rate Appeals	2,280		(1,304)	976
Transport Employee Pensions	1,119	51	(52)	1,118
Insurance Provision	836	293	-	1,129
MMI Provision	6	-	-	6
Total - Long Term Provisions	4,241	344	(1,356)	3,229

D.L.O. Provision

Provision for potential future remedial works and losses is no longer required as housing repairs are now included within the HRA.

Transport Employee Pensions

The provision is being built up in order to meet the Council's liability in respect of pensions of former Transport Undertaking employees who were transferred to the private sector on privatisation. An independent actuarial review of this fund takes place every three years. The fund was reviewed in March 2020 and will be increased over the next 3 years in line with review recommendations.

Insurance Provision

All major risks are insured externally and the Insurance Fund is used to finance the excesses on these policies. An independent actuarial review of this fund was undertaken in 2019 which suggested that the fund balance was adequate. The next review will take place during 2023/24.

MMI Provision

The Council was insured by MMI until 1993 when the Company went into administration. In March 2012 the Supreme Court found against MMI in the Employers' Liability Policy Trigger case. The ruling means that MMI are liable to pay compensation for mesothelioma cases where they were the insurer at the date of exposure to asbestos, rather than the insurer at the time the disease develops. The judgement will have significant implications for the Company and the Scheme Creditors, of which the Council is one.

Because a solvent run-off is not possible, the Scheme of Arrangement has been triggered with claw back of some element of the claims paid since 1993 from the Council.

As at the 31st March 2023 the Council's claims paid and outstanding with MMI totalled £1.2m. The Council has been advised that it will be liable to pay 25% of

these claims and an appropriate provision has therefore been included in the accounts.

Non Domestic Rate Appeals

The introduction of the business rates retention scheme from 1st April 2013, means that a proportion of successful rating appeals must be met by the local authority. Previously they were met by central government. A provision has been established to recognise the liability. Due to the complexity and uncertainties surrounding the calculation of the provision, the Council engages the services of Inform PCI and the Analyse Local system.

35. FINANCIAL INSTRUMENTS BALANCES

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

Financial Assets	Long Term				Current			
	Investments		Debtors		Investments		Debtors	
	31st March				31st March			
	2023 £000	2022 £000	2023 £000	2021 £000	2023 £000	2022 £000	2023 £000	2022 £000
Fair value through profit or loss	-	-	-	-	15,127	14,767		-
Amortised cost	953	505		-	-	12,492		7,343
Total financial assets	953	505	-	-	15,127	27,259	-	7,343
Non-financial assets	-	-	-	-	-	-	19,513	6,955
Total	953	505	-	-	15,127	27,259	19,513	14,298

Financial Liabilities	Long Term				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31st March				31st March			
	2023 £000	2022 £000	2023 £000	2021 £000	2023 £000	2022 £000	2023 £000	2022 £000
Fair value through profit or loss	-	-	-	-	-	-	-	-
Amortised cost	122,363	126,550		-	15,752	17,845		11,864
Total financial liabilities	122,363	126,550	-	-	15,752	17,845	-	11,864
Non-financial liabilities				-			29,319	16,492
Total	122,363	126,550	-	-	15,752	17,845	29,319	28,356

36. FINANCIAL INSTRUMENTS INCOME, EXPENSE, GAINS/LOSSES

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

	2022/23		2021/22	
	Surplus/(Deficit) on Provision of Services £000	Other Comprehensive Income & Expenditure £000	Surplus/(Deficit) on Provision of Services £000	Other Comprehensive Income & Expenditure £000
Net gains/losses on:				
Financial assets measured at fair value through profit or loss	(386)	-	(10)	-
Financial assets measured at amortised cost	-	-	-	-
Total net gains/losses	(386)	-	(10)	-
Interest revenue				
Financial assets measured at amortised cost	(263)	-	(37)	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-
Total interest revenue	(649)	-	(47)	-
Total interest expense	4,719	-	4,685	-

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value of Financial Assets

Some of the Council's financial assets are measured at fair value on a recurring basis and are described in the table below, including the valuation techniques used to measure them.

Financial assets measured at fair value				
Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique	Value as at 31/03/23 £000	Value as at 31/03/22 £000
Fair Value through Profit or Loss				
UK Gilt	Level 1	Unadjusted quoted prices in active markets	-	-
Money Market Funds	Level 1	Unadjusted quoted prices in active markets	15,127	14,767
Certificate of Deposits	Level 1	Unadjusted quoted prices in active markets	-	-
Total			15,127	14,767

There were no transfers between input levels during the year and no changes in valuation techniques.

The Fair Values of Financial Assets and Financial Liabilities that are Not Measured at Fair Value but for which Fair Value Disclosures are Required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets held by the Council are carried in the balance sheet at amortised cost. Their fair values are calculated as follows:

Financial Liabilities	31st March 2023		31st March 2022	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial Liabilities	138,115	137,595	144,395	171,505

The fair value is more than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest payable is higher than the rates available for similar loans at the balance sheet date. The commitment to pay interest above current market rates increases the amount that the authority would have to pay if the lender requested or agreed early repayment of loans.

Financial Assets	31st March 2023		31st March 2022	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Loans & Receivables held at amortised cost	-	-	12,998	12,998

For loans and receivables held at amortised cost, the carrying amount is considered to be a reasonable approximation of fair value and therefore no fair value disclosures are included.

The fair value of trade and other receivables is taken to be the invoiced or billed amount. The carrying amount is therefore a reasonable approximation of fair value and this category of financial instrument is therefore excluded from the figures above.

Fair Value Hierarchy for Financial Liabilities that are not measured at fair value

Recurring fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 23 £000
Financial Liabilities			
PWLB Loans	-	124,922	124,922
Total 2022/23	-	124,922	124,922

Recurring fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 22 £000
Financial Liabilities			
PWLB Loans	-	155,601	155,601
Total 2021/22	-	155,601	155,601

For the remaining £12.7m of financial liabilities, the carrying value has been used as a proxy for fair value.

The fair value for financial assets and liabilities that are not measured at fair value included in level 3 above has been calculated using a discounted cash flow analysis. They can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Applicable interest rate (repayment rates)
- no impairment or early repayment is recognised
- all loans have fixed rates

There has been no change in valuation techniques used and no transfers between levels 2 and 3 during the year.

38. NATURE & EXTENT OF RISKS FROM FINANCIAL INSTRUMENTS

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

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

The authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by officers using policies approved by the Council in the Treasury Management Strategy which is reviewed annually. This provides written principles for overall risk management and for specific subjects such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits placed with financial institutions, which include fixed interest securities traded in an active market, as well as credit exposures to the authority's customers. The risk is minimised through the adoption of the Annual Investment Strategy published annually on our website.

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury

Management Strategy. These include the UK government, other local authorities, and commercial entities with a minimum long-term credit rating of A-. The list of approved counterparties has been compiled using advice from our independent treasury advisers who have fully researched their background and credit worthiness. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £5m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than UK government). The Council also sets limits on investments in certain sectors. No more than £10m in total can be invested for a period longer than one year.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating at 31st March 2022:

Credit Rating	Gross Carrying Amount £000
AAA	15,127
AA	0
AA-	0
A+	0
Unrated Local Authorities	0

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. At 31st March there were no loss allowances related to treasury investments (2022 £nil).

The authority does not generally allow credit for customers, such that £3.940m (£3.302m in 2021/22) of the £6.599m (£4.987m in 2021/22) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31st March 2023 £000	31st March 2022 £000
Less than three months	1,027	866
Three to six months	758	278
Six months to one year	680	993
More than one year	1,475	1,165
Total	3,940	3,302

In furtherance of the Council's service objectives, it has lent money to Chesterfield Football Club Community Trust, Baylight Properties and Staveley Town Council. The amount recognised on the balance sheet as at 31st March 2023 for these instruments totals £1,058k (31st March 2022 £597k).

The Council manages the credit risk inherent in its loans for service purposes in line with its published Investment Strategy. Loss allowances on loans for service

purposes and loan commitments have been calculated by reference to the Council's historic experience of default and to adjust for current and forecast economic conditions. As at 31st March 2023 loss allowances on service loans amounted to £5,000 (31st March 2022 £5,000).

Liquidity Risk

The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loan Board (PWLB) so there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replace a significant proportion of its borrowings at a time of unfavourable interest rates. The risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 5% of the Council's borrowing matures in any one financial year.

The maturity analysis of financial liabilities is as follows:

Maturing within	31st March 2023 £000	31st March 2022 £000
1 year	15,752	18,952
1 to 2 years	2,613	3,081
2 to 5 years	8,256	7,917
5 to 10 years	17,249	15,215
10 to 15 years	25,320	25,196
15 to 20 years	23,384	24,970
20 to 25 years	17,654	17,640
25 to 30 years	15,534	17,717
30 to 35 years	6,823	6,805
35 to 40 years	5,530	6,903
40 to 45 years	-	-
Total	138,115	144,396

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

Market Risk

Interest Rate Risk

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

- Borrowings at variable rates – interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- Borrowings at fixed rates – fair value of liabilities borrowings will fall

- Investments at variable rates – interest income credited to the Surplus or Deficit on the Provision of Services will rise
- Investments at fixed rates – fair value of assets will fall

Investments measured at amortised cost and loans taken out are not carried at fair value, so changes in their value would not impact on the Comprehensive Income & Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income & Expenditure.

Changes to interest rates are reviewed quarterly and used to update the annual budget setting information. This allows any adverse changes to be accommodated.

At 31 March 2022, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	2022/23 £000
Increase in interest receivable on variable rate investments	(134)
Decrease in fair value of investments held at FVPL	16
Impact on other Comprehensive Income & Expenditure	(118)
Decrease in fair value of fixed rate borrowing (no impact on Comprehensive Income & Expenditure)	11,641
Decrease in fair value of loans and investments at amortised cost (no impact on Comprehensive Income & Expenditure)	-

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

Price Risk

The authority may at times hold some financial instruments whose capital value may fluctuate as a result of market conditions. However these instruments would all be kept on a 'hold to maturity' basis and therefore any temporary fluctuations in the market value of these products would have no impact on the authority's finances.

Foreign Exchange Risk

The authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to losses arising from movements in exchange rates.

39. USABLE RESERVES

	31st March	
	2023 £000	2022 £000
Earmarked Reserves - Capital	1,694	1,875
Earmarked Reserves - Revenue	17,770	20,567
Total Earmarked Reserves (GF)	19,464	22,442
General Fund (GF) Working Balance	1,500	1,500
HRA Working Balance	6,657	13,572
Earmarked Reserves - HRA	-	5
Usable Capital Receipts Reserve	6,943	4,244
Capital Grants Unapplied	9,971	6,772
Total Usable Reserves	44,535	48,535

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement. A detailed breakdown of the Council's earmarked reserves is provided in Note 11. Two further reserves are included in the balance sheet within the Usable Reserves category and the details of these are shown below:

<u>Usable Capital Receipts Reserve</u>	2022/23 £000	2021/22 £000
Brought forward 1 April	4,244	3,393
Additions	8,027	6,423
Capital Receipts Pooled	-	(925)
Capital Receipts used for financing	(5,328)	(4,647)
Carried forward 31 March	6,943	4,244

<u>Capital Grants Unapplied</u>	2022/23 £000	2021/22 £000
Brought forward 1 April	6,772	5,521
Additions	3,199	1,285
Transfers (to)/from revenue	-	(34)
Financing of capital expenditure	-	-
Carried forward 31 March	9,971	6,772

40. UNUSABLE RESERVES

	31st March	
	2023 £000	2022 £000
Revaluation Reserve	93,770	67,799
Capital Adjustment Account	289,569	297,097
Financial Instruments Adjustment Account	-	-
Pensions Reserve	10,386	(72,950)
Deferred Capital Receipts Reserve	7,228	149
Collection Fund Adjustment Account	(425)	(4,192)
Accumulated Absences Account	(405)	(385)
Total Unusable Reserves	400,123	287,518

41. REVALUATION RESERVE

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

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

The Reserve contains only revaluation gains accumulated since 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2022/23 £000	2021/22 £000
Balance brought forward 1st April	67,799	56,137
Revaluation gains	31,977	17,517
Revaluation & impairment losses	(677)	(1,406)
Amounts t/f to Cap Adj Account (Depreciation)	(4,535)	(3,675)
Amounts t/f to Cap Adj Account (Disposals)	(794)	(774)
Balance carried forward 31st March	93,770	67,799

42. CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

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

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

	2022/23 £000	2021/22 £000
Balance brought forward 1st April	297,097	300,071
<u>Reversal of items recognised in the Comprehensive Income & Expenditure Statement</u>		
Property, Plant & Equipment: depreciation charges	(16,491)	(15,471)
Property, Plant & Equipment: net revaluation gains/(losses)	(6,866)	(8,166)
Intangible Assets: amortisation charges	-	-
Revenue expenditure funded from capital under statute	(1,843)	(4,452)
Disposal/derecognition of non-current assets	(16,829)	(9,271)
Gain/(loss) in fair value of investment properties	629	2,651
<u>Amounts transferred from the Revaluation Reserve</u>		
Depreciation adjustment	4,536	3,675
Disposal/derecognition adjustment	794	774
<u>Capital financing provisions</u>		
Application of usable capital receipts	5,329	4,647
Application of major repairs reserve	13,064	12,135
Application of revenue balances and direct revenue financing	3,964	5,578
Capital grants/contributions recognised in revenue during the period	3,594	2,640
Application of capital grants unapplied		50
Minimum revenue provision	2,591	2,236
Balance carried forward 31st March	289,569	297,097

43. PENSIONS RESERVE

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment

returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employers contributions to pension funds or pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2022/23 £000	2021/22 £000
Balance brought forward 1st April	(72,950)	(103,222)
Adjustment to 2020/21 (2019/20) reported valuation	5	4
	(72,945)	(103,218)
Actual gains or losses on pensions assets and liabilities	91,677	39,626
Reversal of items relating to retirement benefits debited/credited to Surplus/Deficit on Provision of Services in Comprehensive Income & Expenditure Statement	(14,677)	(15,349)
Effect of Business Combinations		-
Employers pension contributions	6,331	5,991
Balance carried forward 31st March	10,386	(72,950)

44. DEFERRED CAPITAL RECEIPTS RESERVE

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

The balance relates to debt outstanding on assets transferred from North East Derbyshire District Council in 1974 and 1988 and the sale of land to Tilia Homes in 2023.

	2022/23 £000	2021/22 £000
Balance brought forward 1st April	149	155
Additions	7,086	-
Transfer to Capital Receipts Reserve on receipt of cash	(7)	(6)
Balance carried forward 31st March	7,228	149

45. COLLECTION FUND ADJUSTMENT ACCOUNT

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

	2022/23 £000	2021/22 £000
Balance brought forward 1st April	(4,192)	(7,797)
Amount by which council tax and non domestic rates income credited to Comprehensive Income & Expenditure Statement is different from council tax and non domestic rates income calculated for year in accordance with statutory requirements	3,767	3,605
Balance carried forward 31st March	(425)	(4,192)

46. ACCUMULATED ABSENCES ACCOUNT

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

	2022/23 £000	2021/22 £000
Balance brought forward 1st April	385	390
Settlement or cancellation of accrual made at end of preceeding year	(385)	(390)
Amounts accrued at end of current year	405	385
Balance carried forward 31st March	405	385

47. CASHFLOW STATEMENT - ADJUST NET SURPLUS/DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH ADJUSTMENTS

	2022/23 £000	2021/22 £000
Depreciation/Impairment	(23,357)	(23,638)
Movement in Fair Value of Investments		
(Increase)/decrease in Creditors	79	(6,034)
Increase/(decrease) in Debtors	6,796	(2,684)
Increase/(decrease) in Stock	(2)	47
Movement in Pension Liability	(8,346)	(9,358)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(16,829)	(9,270)
Other non-cash items charged to net surplus/deficit on provision of services	1,642	2,874
Total	(40,017)	(48,063)

48. CASHFLOW STATEMENT - ADJUST FOR ITEMS IN NET SURPLUS/DEFICIT ON PROVISION OF SERVICES THAT ARE INVESTING & FINANCING ACTIVITIES

	2022/23 £000	2021/22 £000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(12,400)	0
Proceeds from sale of PPE, investment properties & intangible assets	11,452	6,416
Capital grants	3,595	4,497

49. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2022/23 £000	2021/22 £000
Interest received	(571)	(56)
Interest paid	4,720	4,685
Dividends Received	-	-

50. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2022/23 £000	2021/22 £000
Purchase of non-current assets	29,715	55,696
Purchase of short term and long term investments		12,400
Other payments for investing activities	881	-
Proceeds from sale of non-current assets	(4,373)	(6,423)
Proceeds from short term and long term investments		-
Other receipts from investing activities	(3,945)	(4,616)
Net cash flows from investing activities	22,278	57,057

51. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2022/23 £000	2021/22 £000
Cash receipts of short - and long-term borrowing	(10,000)	(20,000)
Repayments of short and long term borrowing	18,050	1,941
Other payments for financing activities	(6,321)	(6,438)
Net cash flows from financing activities	1,729	(24,497)

52. RELATED PARTY TRANSACTIONS

The Code requires that material transactions with third parties that have the potential to control or influence the Council or to be controlled or influenced by the Council are disclosed in the accounts. For this Council, these parties are mainly Central Government, other Local Authorities, subsidiary and associated companies, joint ventures and joint venture partners, Members, Chief Officers, Senior Officers and the pension fund.

Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

The UK Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills,

housing benefits). Grants received from government departments are set out in Note 18 on grant income.

Members and Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2022/23 is shown in Note 17. In addition, the Council paid grants totalling £217,755 to voluntary organisations in which 11 members had positions on the governing body. In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion relating to the grants.

Council Members and senior officers are required to make annual disclosures of the pecuniary and non-pecuniary interests to the Council's monitoring officer for inclusion in the Register of Members Interests and the Declaration of Personal Interests (Officers). Members are also required to declare any interest on individual committee agenda items being discussed at meetings. Finally, a separate declaration has been returned at year end by all members and senior officers. The returns confirm that there are no material interests in related parties beyond those in voluntary organisations declared above.

Subsidiary and Associated Companies

The authority had no interest in subsidiary or associated companies in the year.

Staveley Town Deal

The Authority is the accountable body for the Staveley Town Deal. In 2021/22, it was allocated £25.2m to spend by 2024/25. This money has been allocated to 11 projects, 3 of which are sponsored by the Council and are included in our capital programme. The remaining 8 projects are sponsored by other organisations and as accountable body we provide grant funding to these projects.

Other Arrangements

The Authority is a non-constituent Council in the Sheffield City Region Combined Authority which came into being on 1st April 2014. It consists of 9 local authorities who are working together to promote strategic economic development. It is also a partner in the Derby, Derbyshire, Nottingham, Nottinghamshire (D2N2) Local Enterprise Partnership which has similar objectives.

The Council has a shared internal audit consortium with Bolsover and North East Derbyshire District Councils. Other joint arrangements may be explored with neighbouring authorities in the future.

Chesterfield Borough Council is a partner in Chesterfield Waterside Ltd, a public/private partnership created to secure the regeneration of a strategic area within the borough. It has three Board members and the Leader of the Council is our representative.

The authority is a shareholder in Derbyshire Building Control Partnership Ltd. The company provides us with our annual statutory building control services for £41,583. This authority also provided the company with a loan of £250,000 in 2017/18 for cash flow and initial set up costs, which has now been fully repaid. A member of the Corporate Leadership Team is acting as interim Managing Director of the company but receives no remuneration for this role. The Council's Chief Executive is also listed as a Director of the company but again receives no remuneration.

53. CHESTERFIELD & DISTRICT JOINT CREMATORIUM COMMITTEE

The Council operates a Crematorium jointly with Bolsover and North East Derbyshire District Councils.

The accounts include our share of all transactions, assets, liabilities, income and expenditure.

The proportion of transactions is based on the number of cremations of residents within the three districts over a rolling 3 year period.

The following percentages have been applied:

Year	Chesterfield Borough Council	North East Derbyshire District Council	Bolsover District Council
2022/23	55%	31%	14%
2021/22	55%	31%	14%

The figures below show Chesterfield Borough Council's share of the Chesterfield & District Joint Crematorium's income, expenditure, assets and liabilities included in the Comprehensive Income & Expenditure Statement and Balance Sheet based on the split outlined above.

Income & Expenditure Account

2021/22 Net Expenditure £000		2022/23		
		Expenditure £000	Income £000	Net Expenditure £000
(93)	Health & Wellbeing	1,122	(1,207)	(85)
(93)	Net Cost of Service	1,122	(1,207)	(85)

Balance Sheet

2021/22 £000		2022/23 £000
	<u>Long Term Assets</u>	
988	Other Land & Buildings	1,368
14	Vehicles, Plant, Furniture & Equipment	20
30	Investment Properties	32
	<u>Current Assets</u>	
1	Stock	1
193	Debtors	232
1,409	Cash	1,598
	<u>Current Liabilities</u>	
(161)	Creditors	(189)
	<u>Long Term Liabilities</u>	
1,462	Pension Scheme Assets	1,448
(2,004)	Pension Scheme Liabilities	(1,382)
1,932	Net Assets	3,128
231	Revaluation Reserve	602
787	Capital Adjustment Account	804
(542)	Pensions Reserve	66
1,141	Earmarked Reserves	1,256
315	Balances - Revenue Surplus	400
1,932	Total Reserves	3,128

54. CONTINGENT LIABILITIES

NNDR Appeals

The Collection Fund account includes a provision for appeals against business rate valuation assessments which were lodged by 31st March 2023. Further appeals against valuations may be received in future years. The value of the liability cannot be estimated for unknown claims which have not yet been received.

Municipal Mutual Insurance

The Scheme of Arrangement was enacted in 2012/13. The liability on the Council as a scheme creditor cannot be fully estimated at this stage for unknown claims incurred but not yet reported. Whilst the Council has considered the financial impact in producing the Statement of Accounts, there is a risk that the Council's financial liability could increase from this level.

Water Charges

On 29 November 2019 the High Court handed down judgment in the case of *Royal Borough of Kingston upon Thames v Moss (2019)*. This judgment impacts on social housing landlords who resold water and sewage services to its tenants for the purposes of the Water Industry Act 1991 under an agreement. Until 31 March 2018, the Council had such an agreement with Severn Trent Water Authority (STWA). The High Court's decision was subsequently appealed to the Court of Appeal. The

judgment of the Court of Appeal in the *Royal Borough of Kingston upon Thames v Moss* [2020] was published on 27th October 2020. The result of that case is that Kingston lost its appeal to the Court of Appeal over the earlier High Court ruling that it overcharged tenants for water.

As a result of this judgement, it is likely that the Council is bound by the maximum charges provisions of the Water Resale Orders 2001 and 2006, it will have charged tenants sums in excess of the maximum charges and tenants will have a right to recover overpayments of charges. No claims have been received to date. The estimated liability at 31 March 2023 for the refund of these earlier years' charges is a provision of around £0.9m. This is not regarded as material in value and the provision has not been included in the 2022/23 Financial Statements.

HOUSING REVENUE ACCOUNT (HRA) INCOME & 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 the legislative framework; 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.

HOUSING REVENUE ACCOUNT (HRA) INCOME & EXPENDITURE STATEMENT

	Notes	2022/23 £000	2021/22 £000
<u>Income:</u>			
Dwellings Rents	1	36,777	35,681
Charges for Services and Facilities		801	436
Non-Dwelling Rents		604	748
Contribution towards Expenditure		643	543
Total Income		38,825	37,408
<u>Expenditure:</u>			
Supervision & Management: General		6,458	7,538
Special		3,800	2,504
Rents, Rates, Taxes & Other Charges		349	391
Repairs and Maintenance		12,579	10,552
Depreciation & Impairment of non-current assets	7 & 8	13,064	(1,142)
Debt Management Costs		40	51
REFCUS		-	-
Movement in the allowance for bad debts		363	155
Total Expenditure		36,653	20,049
Net Expenditure/ (Income) of Services as included in the Comprehensive Income & Expenditure Statement		(2,172)	(17,359)
HRA share of Corporate & Democratic Core		221	211
Net Expenditure/ (Income) for HRA Services included in the Comprehensive Income & Expenditure Statement		(1,951)	(17,148)
(Gain)/Loss on Disposal of HRA non-current assets		2,273	2,907
HRA share of interest payable & similar charges		4,490	4,537
Interest & Investment Income		(308)	(2)
Change in Market Value of Investment Properties		(62)	(2)
Income & Expenditure re Investment Properties		(67)	(63)
(Surplus)/Deficit on HRA Services		4,375	(9,771)

Movement on the HRA Statement	2022/23 £000	2021/22 £000
Balance on HRA at end of previous year	(13,572)	(20,460)
(Surplus)/Deficit for year on HRA Income & Expenditure Statement	4,375	(9,771)
Adjustments between accounting basis and funding basis under statute (note 9)	2,545	16,659
Net (Increase)/Decrease before transfers to or from reserves	6,920	6,888
Transfers to/(from) reserves	(5)	-
(Increase)/decrease in year on HRA	6,915	6,888
Balance on HRA at end of current year	(6,657)	(13,572)

NOTES TO THE HOUSING REVENUE ACCOUNT

The Council had 8,868 dwellings available for rent during 2022/23. Its activities as a housing landlord must, by law, be shown in a separate account, the Housing Revenue Account. The law prescribes what must be included in this Account and prevents transfers to or from the General Fund except in closely defined circumstances.

1. RENT OF DWELLINGS

This is the total rent income collectable for the year after allowance is made for empty properties. During the year £1.185m (3.14%) of rental income was lost due to vacant properties, in 2021/22 the figure was ££0.8m (2.14%). The average weekly rent in 2022/23 was £82.79 (52 week year), an increase of £3.26 (4.1%) on the previous year.

2. HOUSING STOCK

The Council's housing stock at 31st March, 2023 was as follows:

	31-Mar-23	31-Mar-22
Houses	4,316	4,366
Flats & maisonettes	3,089	3,084
Bungalows	1,393	1,393
Others	70	41
Total	8,868	8,884

The number of properties sold under the 'Right to Buy' legislation in 2022/23 was 90 (104 in 2021/22).

3. RENT ARREARS

Rent arrears at the year-end totalled £3,163,906. This compares with £2,622,883 at 31st March, 2022. A provision of £1,262,901 (£976,111 in 2021/22) has been made in the Balance Sheet for uncollectable housing rent debts.

4. VALUATION OF ASSETS

A full valuation of HRA assets was undertaken as at 31st March 2023 in accordance with the 'DCLG's Guidance on Stock Valuation for Resource Accounting'. The valuation comprised valuing circa 135 beacon properties and applying these values to other properties within the group. The figure for 31st March 2023 excludes depreciation and disposals over the period.

Balance Sheet Valuations of HRA Assets		
	As at 31st March 2023 £000	As at 31st March 2022 £000
Council Dwellings	418,575	385,603
Other Land & Buildings	3,335	3,445
Vehicles, Plant, Furniture & Equipment	155	187
Assets Under Construction	8,238	11,580
Surplus Assets Not Held for Sale	210	791
Investment Property	901	839
Investment Property Held for Sale	-	3,017
Total	431,414	405,462

The balance sheet valuations for dwellings in the table above are calculated on the basis of rents receivable from existing tenancies. The rents are less than those that could be obtained on the open market. The balance sheet value defined as Existing Use Value – Social Housing (EUV-SH) is therefore less than the Open Market Value (OMV). The difference between the two values represents the economic cost of providing social housing at less than market value.

The factor used to convert the OMV of the stock to EUV-SH for inclusion in the balance sheet was increased from 34% to 42% with effect from 1st April, 2016.

5. HRA CAPITAL EXPENDITURE & FINANCING

Capital Expenditure		Capital Financing	
	£000		£000
Council Dwellings	23,403	Borrowing	3,000
Assets Under Construction	1,451	Capital Receipts Reserve	4,970
Vehicles, Plant, Machinery & Equipment		Major Repairs Reserve	13,064
REFCUS	-	Grants & Contributions	
		Revenue Balances & Direct Revenue Financing	3,820
Total	24,854		24,854

6. HRA CAPITAL RECEIPTS

HRA Capital Receipts	2022/23 £000	2021/22 £000
Council Dwellings	5,463	5,842
Other Land & Property	-	-
Total	5,463	5,842

7. DEPRECIATION

HRA Depreciation	2022/23 £000	2021/22 £000
Council Dwellings	12,892	11,988
Other Land & Property	110	110
Vehicles, Plant, Furniture and Equipment	62	37
Total	13,064	12,135

8. REFCUS, REVALUATION AND IMPAIRMENT LOSSES

Any revaluation/impairment losses (or reversals of past revaluation/impairment losses), amounts in respect of Revenue Expenditure Funded From Capital Under Statute (net of related grant income) and movements in the fair value of investment property were recognised in Surplus/Deficit on the Provision of Services and then reversed out in the Movement in Reserves Statement by means of a transfer to/from the Capital Adjustment Account.

REFCUS, Revaluation and Impairment Losses	2022/23 £000	2021/22 £000
Council Dwellings	(3,537)	(13,267)
Other Land & Buildings	-	(10)
Surplus Assets Not Held for Sale	-	-
Revaluation and Impairment Losses	(3,537)	(13,277)
REFCUS - Social Mobility Scheme	-	-
Movements in the fair value of investment property	(62)	(2)
Total	(3,599)	(13,279)

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS

	2022/23 £000	2021/22 £000
Net gain/(loss) on sale of HRA non-current assets	(2,273)	(2,907)
HRA share of contributions to or from the Pensions Reserve	(925)	(1,124)
Capital expenditure funded by the HRA	3,820	5,511
Transfer to/(from) Major Repairs Reserve	-	-
Movement in Market Value of Investment Properties (note 8)	62	2
Transfer to/(from) Capital Adjustment Account (note 8)	-	13,277
Voluntary Repayment of Debt	1,869	1,897
Short Term Accumulated Absences	(8)	3
Total Adjustments	2,545	16,659

COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

2021/22		2022/23		
Total		Business Rates	Council Tax	Total
£000		£000	£000	£000
	Income			
(56,309)	Council Tax (Note 1)		(58,881)	(58,881)
(30,910)	Business Rates (Note 2)	(35,579)		(35,579)
(87,219)		(35,579)	(58,881)	(94,460)
	Expenditure			
	Apportionment of Previous Year Surplus/(Deficit)			
(8,953)	Central Government	(3,527)		(3,527)
(7,189)	Chesterfield Borough Council	(2,822)	(26)	(2,848)
(1,803)	Derbyshire County Council	(635)	(191)	(826)
(190)	Derbyshire Fire Authority	(70)	(11)	(81)
(33)	Derbyshire Police & Crime Commissioner		(33)	(33)
(18,168)		(7,054)	(261)	(7,315)
	Precepts, Demands & Shares			
19,198	Central Government	18,018		18,018
20,951	Chesterfield Borough Council	14,415	5,935	20,350
43,937	Derbyshire County Council	3,243	43,001	46,244
2,704	Derbyshire Fire Authority	360	2,441	2,801
7,072	Derbyshire Police & Crime Commissioner		7,594	7,594
93,862		36,036	58,971	95,007
	Charges to Collection Fund			
463	Transitional Protection Payments	286		286
465	Increase/(Decrease) in bad debts provision (Note 5)	(34)	274	240
895	Increase/(Decrease) in provision for appeals (Note 6)	(3,260)		(3,260)
161	Cost of Collection Allowance	161		161
(9,541)	(Surplus)/Deficit arising during year	(9,444)	103	(9,341)
19,545	(Surplus)/Deficit Brought Forward	10,639	(635)	10,004
10,004	(Surplus)/Deficit as at 31st March (Note 3 & 4)	1,195	(532)	663

COLLECTION FUND

NOTES TO THE ACCOUNTS

1. COUNCIL TAX

The Council's Tax Base i.e. the number of chargeable dwellings in each band converted to an equivalent number of Band D dwellings was calculated as follows:-

Band	Estimated No. of Properties	Ratio	Band D Equivalents
A disabled	41	5/9	23
A	17,485	6/9	11,657
B	8,568	7/9	6,664
C	5,545	8/9	4,929
D	3,620	9/9	3,620
E	1,903	11/9	2,326
F	565	13/9	817
G	197	15/9	329
H	13	18/9	26
Totals	37,938		30,391
Less adjustment for collection rate			-8331.82
Council Tax Base			22,059

The basic amount of Council Tax for a Band D property was £1,936.89 (£1,878.83 2021/22).

2. BUSINESS RATES

Central Government specifies the annual amount payable by businesses (51.2p in 2022/23 and 51.2p in 2021/22) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

A small business rate relief scheme was introduced by central government in 2005/06 and for those businesses eligible for this relief the multiplier is 49.9p for 2022/23 (49.9p in 2021/22).

The Council is responsible for collecting business rates due in its area. In previous years the proceeds were paid into the N.N.D.R. Pool administered by the Government. The Government redistributed the sums paid into the Pool back to local authorities through the Formula Grant process each year.

From 2013/14, this has been replaced by the Business Rate Retention Scheme. Income collected is now shared between the Council, Central Government and major preceptors in proportions laid down by Government. Councils are now able to retain a share of any growth in business rate income.

With effect from 1st April 2015, the Council became a member of the Derbyshire Business Rates Pool which is administered by Derby City Council. The advantage of

the pool is that it creates an opportunity to generate additional business growth through collaborative working and to smooth out the impact of volatility in business rates income across a wider economic area.

Under the accounting arrangements for the Derbyshire Pool, instead of each authority paying a proportion of their growth in business rates above a baseline to central government, it pays this levy to the pool and receives a redistribution of growth back from the pool at the end of each financial year.

3. COLLECTION FUND SURPLUS/(DEFICIT) – COUNCIL TAX

Surpluses or deficits relating to the Council Tax are shared between Derbyshire County Council, Derbyshire Police & Crime Commissioner, Derbyshire Fire Authority and the Borough Council in proportion to the precepts and demands issued and must be used to adjust the Council Tax. An estimated surplus of £291,833 was assumed when setting the Council Tax for 2023/24. The improvement in the outturn position of £824,508 will be accounted for in the tax calculation for 2024/25.

ALLOCATION OF SURPLUS/(DEFICIT) ON COUNCIL TAX AT 31ST MARCH		
	2023 £000	2022 £000
Derbyshire County Council	385	464
Derbyshire Police & Crime Commissioner	72	81
Derbyshire Fire Authority	23	26
Chesterfield Borough Council	53	64
Council Tax (Deficit)/Surplus	533	635

The surplus attributed to Chesterfield Borough Council is initially included in the Comprehensive Income & Expenditure Statement, although the element that is redistributed in the tax calculation in 2023/24 is subsequently reversed out and included in the balance sheet as part of Unusable Reserves. The proportion of the collection fund attributable to the three precepting authorities is included in the accounts as a debtor.

4. COLLECTION FUND SURPLUS/(DEFICIT) – BUSINESS RATES

From 2013/14, surpluses or deficits relating to Business Rates are shared between Derbyshire County Council, Derbyshire Fire Authority, Central Government and the Borough Council in proportions fixed by Government. A deficit of £184,495 was assumed in the calculation of business rate income in 2023/24. The increase in deficit of £1,010,505 be distributed in the income calculation for 2024/25.

ALLOCATION OF SURPLUS/(DEFICIT) ON BUSINESS RATES AT 31ST MARCH		
	2023 £000	2022 £000
Central Government	(597)	(5,320)
Derbyshire County Council	(108)	(957)
Derbyshire Fire Authority	(12)	(106)
Chesterfield Borough Council	(478)	(4,256)
Business Rates (Deficit)/Surplus	(1,195)	(10,639)

The deficit attributed to Chesterfield Borough Council is initially included in the Comprehensive Income & Expenditure Statement, although the element that is redistributed is subsequently reversed out in the balance sheet as part of Unusable Reserves. The proportion of the collection fund attributable to the other recipients is included in the accounts as a creditor.

5. **IMPAIRMENT OF DEBTS – WRITE OFFS & ALLOWANCES**

The arrears figure for Council Tax and Business Rates is disaggregated into an age profile with an assessment of the likelihood of recovery of the outstanding amounts for each year. This assessment is carried out using evidence of local patterns of collection and historical experience.

Individual assessments are carried out for council tax and business rate arrears to reflect the different types of customer and the different characteristics of each of these debt classifications.

The movements on the impairment provisions are shown below:

COLLECTION FUND - IMPAIRMENT ALLOWANCE				
Tax	Brought forward £000	Write-offs in the year £000	Increase /(Decrease) in allowance £000	Carried Forward £000
Business Rates	651	45	(34)	662
Council Tax	1,761	(164)	274	1,871
Total	2,412	(119)	240	2,533

6. **PROVISION FOR APPEALS – BUSINESS RATES**

Businesses can appeal against their rateable value, set by the Valuation Office Agency and any successful appeals must be met from the Collection Fund. A provision has been established to recognise this liability.

The movement on the appeals provision is shown below:

COLLECTION FUND - APPEALS PROVISION			
Brought Forward £000	Applied in year £000	Contribution to provision in year £000	Carried Forward £000
7,353	(2,453)	(807)	4,093

7. **PRECEPTS**

Details of the major precepts on the fund are shown in the expenditure section of the account. The precept paid to Chesterfield Borough Council includes £474,335 parish precepts (Staveley £420,307 and Brimington £54,028).

AUDITORS REPORT (Covering pages 29 – 113)

Expected by 30th November 2023