

1. INTRODUCTION

1. Introduction

Foreword

Councillor Kath Perry MBE

Leader of the Council

As the Leader of the Council, I would like to welcome you to the South Staffordshire Council Statement of Accounts for 2024/25.

The Financial Year 2024/25 has once again proved challenging across the local government sector. To this end, we are extremely pleased that strong and prudent financial management has enabled the Council to limit its draw on General Fund reserves to £0.4m at the year-end having originally budgeted for a £1.4m draw down, in effect a £1m saving against budget.

The challenges for local government will continue into 2025/26 and our reserve balances will help to ensure we can maintain service provision. Local Government Reorganisation will no doubt dominate discussion throughout the coming months. The eventual outcome remains a source of uncertainty, but it will remain our responsibility to ensure our own finances are secure and stable to hand over to any successor organisation, in whatever guise.

It is now expected that the long-awaited local government Finance review will take place and impact upon our budgets with effect from the start of the 2026/27 financial year. Again, whilst the details are awaited, we have ensured that the Council's Medium Term Financial Strategy takes account of the likely implications should there be any reduction in funding to South Staffordshire.

I would like to say a big thank you to all those involved in producing this Statement of Accounts document.

Furthermore, I would like to thank all those involved in the management of the Council's budgets. In these challenging times it is so important that we keep a close eye on the Council's finances, and my thanks go to everyone from right across the Council – including member colleagues - who have helped us to remain within budget for the year.

2. NARRATIVE REPORT

2. Narrative Report

Message from the S151 Officer

Rebecca Maher S151 Officer

Welcome to our financial statements for 2024/25, a document that I hope you find accessible, useful and informative.

The purpose of this document is to show the Council's financial performance for the year and set out its financial position at the end of the year.

We have included a narrative report which includes important context to the core financial statements under the following headings:

- An overview of South Staffordshire
- What we do
- Our members
- Our Leadership Team
- Our Priorities and Performance Management
- Our Performance
- Financial Performance

We have ensured that this document complies with accounting standards which are often complex, but we have also taken steps to simplify these statements where possible.

Some complexities are inevitable within any local authority accounts. This is because legal rules dictate how budgets (and Council Tax) should be set and managed by the Council, whereas accounting rules dictate the presentation of the core financial statements. This means that our performance against budget (as set out on pages 7 to 8) will differ in presentational terms from the financial statements (as set out on pages 16 to 19).

My current responsibilities (and those of the Council's) are set out on page 13. The core financial statements then follow. These have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, and comprise four main statements:

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

There are a number of notes that provide further information. We have also included an explanatory foreword here to further assist the reader.

The Collection Fund (and associated notes) then follows. These show how much Council Tax and Non-Domestic Rates were raised in South Staffordshire and how these were allocated.

2. NARRATIVE REPORT

Our Annual Governance Statement is set out on pages 95 to 106 which summarises how the Council is managed and how it deals with risk.

Finally, the independent Auditor's Report sets out the auditor's opinion on our financial statements.

Highlights

The financial highlights of this document include:

- The Council has drawn £0.428m from the General Fund Reserve during the year which decreases the balance to £7.903m as of 31 March 2025.
- This represents a £1.028m improvement against budget, primarily arising from less than anticipated inflationary growth applying to a number of services and Council salaries, plus strong performance at the Council's Leisure Centres.
- The value of the Council's long-term assets increased from £49.477m to £58.762m due to investment in our industrial estate and upward revaluations (including the Community Hub).
- After application of the Asset Ceiling, the Pensions Liability on the Balance Sheet has reduced from £9.972m to £9.347m.
- The Capital budget was underspent in the financial year by £11.124m (due to the reprofiling of large project spend) which will be carried forward into the 2025/26 financial year.

Summary of Position

In summary, the Council has managed its budgets well during 2024/25. It is particularly good news that the outturn position was £1.028m better than budgeted.

Significant financial challenges remain however, and a number of savings have already been achieved which will benefit the 2025/26 budget. The Council will continue to take steps to maximise our revenues and streamline services through greater digital self-service, more agile working, making full use of commercial opportunities, included those afforded within the Community Hub.

At year end, the balance sheet remains robust with sufficient levels of General Fund and Earmarked Reserve balances in place.

2. NARRATIVE REPORT

Acknowledgements

I would like to thank all those that have been involved in both producing the financial statements and managing the Council's budgets so effectively during this year. Both can only be done through a lot of hard work by Finance and the valuable support of colleagues across the Council.

Further Information

For further information on the financial statements, please contact John Mayhew, Finance Manager , J.Mayhew@sstaffs.gov.uk

Rebecca Maher

Section 151 Officer

23rd June, 2025

2. NARRATIVE REPORT

Our Priorities and Performance

Council Plan Priorities

The new Council Plan covering 2024-28 was launched in April 2024 setting out the Council vision of ‘A Place of Vibrant Communities’. The plan’s vision is underpinned by over-arching objectives in relation to:

- Financial Stability
- Economic Growth
- Sustainable Environment
- Empowering Our Communities

The success of the new Council Plan will be measured against a suite of revised targets each quarter and reported back to Cabinet and the Corporate Leadership Team via the Council Plan scorecard. A Storyboard is also produced each quarter to capture the positive differences being made across the district. Council Plan performance is reviewed by the Overview and Scrutiny Committee at half year and the year end. The Council Plan targets are reviewed and refreshed on an annual basis.

Alongside the development of the new Council Plan, a comprehensive review of the performance framework was undertaken in early 2024. A more focussed, community-based approach has been developed, concentrating on the outcomes for our communities and performance indicators that have real meaning and impact. Engagement with our communities to develop and refine these indicators will be undertaken.

Integrated Performance Management (IPM)

Each quarter an integrated finance, risk and performance report is reviewed by the Corporate Leadership Team and Cabinet and reported to Overview and Scrutiny Committee twice a year, taking into account the community based indicators detailed above.

Financial Performance

How We Set the Budget

The 2024/25 budget process was influenced by the continuing need to make significant reductions in expenditure whilst Council priorities are progressed whilst recognising any inflationary pressures impacting upon service delivery.

The Council followed a tried and tested methodology through a “Resource, Planning and Prioritisation” process that involves Cabinet Members and management supported by finance colleagues. The 2024/25 revenue budget and medium-term financial strategy was approved by Council on 20th February, 2024.

2. NARRATIVE REPORT

Reductions in Government Grants continue to have a significant impact on how we are able to fund our services. Local retention of business rates and the pending Fair Funding review could place new risks on the Council's finances. At present, the Council balances its budget through the planned use of reserves.

How We Performed Against the Budget

The Council's final net revenue budget against Council Services was £15.323m. The actual net revenue spend against these services was £14,519m.

This differs from the position reported in the Comprehensive Income and Expenditure Statement (CIES) due to the Council managing its budget during the year based on legal rules as opposed to the accounting rules which must be applied only for the financial statements. The Table below sets out how the Council's net revenue expenditure position (adjusted for capital and treasury management activity) was financed during the year and how it has impacted upon the Council's General and Earmarked Reserve balances.

2. NARRATIVE REPORT

Budget Heading	Budget	Actual	Variance Before Use of Earmarked Reserves	(Use of)/ Transfer of Earmarked Reserves	General Fund Res Impact
	£'000	£'000	£'000	£'000	£'000
Community Services	6,002	5,132	(870)	2	(868)
Corporate Services	6,494	6,521	27	(244)	(217)
Estates, Assets and Commercial Services	(713)	(715)	(2)	130	128
Planning and Enterprise Services	1,012	927	(85)	102	17
Regulatory Services	870	949	79	(97)	(18)
Welfare Services	1,658	1,705	47	13	60
Total Service Expenditure	15,323	14,519	(804)	(94)	(898)
Revenue Contributions to Capital Outlay	0	456	456	(456)	0
Capital Financing and Treasury	(733)	(913)	(180)	50	(130)
Total Expenditure	14,590	14,062	(528)	(500)	(1,028)
New Homes Bonus	(643)	(643)	0	0	0
Services Grant	(16)	(16)	0	0	0
Revenue Support Grant	(216)	(216)	0	0	0
Funding Guarantee	(213)	(213)	0	0	0
Business Rates (less Tariff plus Growth)	(3,116)	(3,075)	41	(41)	0
Business Rates Levy	1,562	2,013	451	(451)	0
Business Rates Pooling Gains	(679)	(1,450)	(771)	771	0
Section 31 Grants in Lieu of Business Rates	(4,510)	(4,967)	(457)	457	0
Prior-Year Collection Fund Deficit	299	315	16	(16)	0
Council Tax	(5,602)	(5,734)	(132)	132	0
Total External Funding	(13,134)	(13,986)	(852)	852	0
(Surplus)/ Deficit	1,456	76	(1,380)	352	(1,028)

General Fund	£'000	General Fund	£'000
Planned Use	1,456	General Fund as at 31/3/24	8,331
Variance as above	(1,028)	Use in Year as per Outturn	(428)
Use of General Fund	428	General Fund as at 31/3/25	7,903

2. NARRATIVE REPORT

Our Medium Term Finances

Looking ahead, reduced levels of business rates funding, will put pressure on Council budgets. The following table sets out how the Council's General Fund Reserve balance (excluding Earmarked Reserves) is forecast to decline over the medium term.

General Fund	24/25	25/26	26/27	27/28	28/29	29/30
Closing Balance	£'000's	£000's	£000's	£000's	£000's	£000's
Opening Balance	8,331	7,903	8,158	4,359	1,945	(415)
Forecast in year Surplus / (Deficit)	(1,456)	255	(3,799)	(2,414)	(2,360)	(132)
Improvement against budget in 2024/25	1,028					
Closing Balance	7,903	8,158	4,359	1,945	(415)	(547)

The above forecasts (25/26 onwards) are taken from the Medium-Term Financial Strategy approved in February 2025. Plans remain in place to continually reappraise the Council's medium-term finances in the context of the forthcoming local government finance review to ensure necessary actions are developed as necessary to ensure the Council's financial position remains robust.

Expenditure and Income

Our Core statements show expenditure and income (gross) as opposed to budget performance.

Expenditure	2024/25	2023/24
	£000	£000
Employee Related	13,137	11,912
Premises Related	2,282	1,637
Transport Related	259	257
Supplies and Services	7,542	7,059
Agency and Contract Services	14,521	12,953
Transfer Payments	15,196	15,393
Capital Financing Costs	891	805
Parish Precepts	2,794	2,614
Financing & Interest Payments	709	752
Total Expenditure	57,331	53,382
Income	2024/25	2023/24
	£'000	£000
Grants and Contributions	(21,147)	(18,029)
Customer and Client Receipts	(12,867)	(13,258)
Interest and Investment Income	(802)	(1,181)
Taxation and Non-Specific Grant Income	(25,011)	(22,721)
Total Income	59,827	(55,189)
Deficit/ (Surplus) on the Provision of Services	(2,496)	(1,807)

2. NARRATIVE REPORT

Cash Flow

Council Cash balances decreased by £3.728m during the financial year.

Significant items impacting upon this cash flow are detailed below:

Increases in cash balances due to:

- Interest received (net of interest paid) on held balances of £0.546m
- Increase in creditors of £1.635m
- Other net cash inflows (primarily surplus on the provision of services) of £4.292m

Decreases in cash balances due to:

- Total cash expenditure of £9.867m on the Council's Capital programme.
- Increase in debtors of £0.334m

It is anticipated that 2025/26 will see a further reduction in cash balances held due to the further advancement of the Council's Capital programme.

Significant Assets or Liabilities

The Council has no significant assets or known liabilities that are not incorporated into the MTFS approved by Council in February 2025 and therefore covered by adequate budgetary provision.

A contingent liability has been disclosed in the Notes to the Accounts in relation to the Construction Industry Scheme (CIS) and the possibility that the Council might be in breach of obligations it has to make tax payments to HMRC on behalf of contractors engaged.

A potential liability could exist should affected payments relate to companies that neither hold gross payment status, nor be up to date with their tax affairs. At this stage, there is no definite liability, nor a quantified amount. An Earmarked Reserve has been set aside to cover what is considered to be a reasonable estimate of a worst-case scenario.

Future Budget Pressures and Opportunities

In common with the sector, budgets in 2025/26 will be subject to pressures arising from pay and price inflation and concern that income streams may be impacted by general economic pressures as these impact upon residents and commercial partners alike.

The Council retains a consistent process of monitoring budgets and holds robust levels of reserves in order to mitigate against the immediate budgetary impacts of identified pressures.

2. NARRATIVE REPORT

The tried and tested 'Resource Planning and Prioritisation' process has been applied again in 2025/26 to ensure all future known pressures are incorporated into the Medium-Term Financial Strategy and any opportunities for income generation or cost savings are fully explored.

2. NARRATIVE REPORT

Our Capital Spend

Approved Capital Budget for 2024/25 was £20.991m.

	Approved Capital Programme £000	2024/25 Outturn £000
Estate Management	12,603	7,785
Digital Transformation	255	106
Welfare Renovation Grants	2,698	1,799
Waste Collection	4,312	0
Recreation, Sport and other Community Services	1,096	167
Social Housing	27	10
TOTAL Capital Spend and Budget	20,991	9,867

Financed By:

	£'000
Grants and Other Contributions	2,423
Capital Receipts	534
Credit Arrangements	5,888
Revenue Contributions	1,022
Total Financing	9,867

The above table shows the capital budget spent less than allocated in 2024/25. The main reasons for this being:

- The timing of spend on commercial asset developments have been pushed back to future years. The Commercial Asset Strategy includes monies allocated for future purchases of commercial properties if suitable with the Council's existing portfolio of properties. As no allowance for future income streams from new purchases is allowed for in the medium-term financial strategy, there are no revenue implications.
- Planned investment into leisure centres has been delayed at one leisure centre location. The leisure improvements were to be funded from capital receipts so no revenue implications.
- A new waste contract is due to start 1st April 2026. Vehicles to support this contract will now be acquired in 2025/26 financial year.

3. STATEMENT OF APPROVAL OF ACCOUNTS

3. Statement of Approval of Accounts

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4. THE STATEMENT OF RESPONSIBILITIES

4. The Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Interim S151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Responsibilities of the Interim S151 Officer

The Interim S151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts the Interim S151 has:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice on Local Authority Accounting.

The S151 Officer has also:

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

Certification of Accounts

I, Rebecca Maher hereby state that the Statement of Accounts gives a true and fair view of the financial position of South Staffordshire Council at the reporting date and of its income and expenditure for the year ended 31 March 2025.

Finance Director and S151 Officer

5. THE CORE FINANCIAL STATEMENTS

Explanation of Financial Statements

5. The Core Financial Statements

The Council has prepared its financial statements in accordance with IAS 1 Presentation of Financial Statements, IAS 7 Statement of Cash Flows and IFRS 8 Operating Segments as interpreted by the Code. The Code specifies the format and layout of the statements, disclosure requirements and terminology to be used.

The Financial Statements comprise:

- Movement in Reserves Statement for the period.
- Comprehensive Income and Expenditure Statement for the period.
- Balance Sheet as at the end of the period.
- Cash Flow Statement for the period.
- Notes to the core statements comprising a summary of significant accounting policies and other explanatory information.

A supplementary statement on the Collection Fund is presented after the notes to the core statements. The financial statements also include a Statement of Responsibilities which sets out the responsibilities of the Council and the S151 Officer in respect of the Statement of Accounts. The Council uses rounding to the nearest £1,000 in presenting amounts in its Core Financial Statements. The financial statements are presented as follows:

The Core Financial Statements

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or deficit on the provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different to the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amounts to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations which may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

5. THE CORE FINANCIAL STATEMENTS

Balance Sheet

The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves of the Council. 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 limit on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or to repay debt).

The second category of Reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under Regulations'.

Cash Flow Statement

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

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

Notes to the Financial Statements

The notes to the financial statements comprise explanatory information and include the Council's accounting policies which detail the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting its financial statements.

Supplementary Single Entity Financial Statements

Collection Fund

The Collection Fund (England) 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 of Council Tax and Non-Domestic Rates (NDR) and distribution to our local authority preceptors and the Central Government.

5. THE CORE FINANCIAL STATEMENTS

5. Movement in Reserves Statement

2024/25	General Fund* £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Un-usable Reserves £000	Total Council Reserves £000
Balance at 31 March 2024	(16,582)	(3,584)	(1,440)	(21,606)	(6,977)	(28,583)
Movement in Reserves during 2024/25						
(Surplus) or deficit on provision of services	(2,496)	0	0	(2,496)	0	(2,496)
Other Comprehensive Income and Expenditure	0	0	0	0	(2,419)	(2,419)
Total Comprehensive Income and Expenditure	(2,496)	0	0	(2,496)	(2,419)	(4,915)
Total Adjustment between accounting basis and funding basis under regulations (Note 8)	2,572	533	502	3,608	(3,608)	0
(Increase)/Decrease in Year	76	533	502	1,112	(6,026)	(4,915)
Balance at 31 March 2025 carried forward	(16,506)	(3,051)	(938)	(20,495)	(13,003)	(33,498)
2023/24 Comparative Figures	General Fund* £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Un-usable Reserves £000	Total Council Reserves £000
Balance at 31 March 2023	(15,666)	(4,112)	(1,278)	(21,055)	(5,856)	(26,911)
Movement in Reserves during 2023/24						
(Surplus) or deficit on provision of services	(1,807)	0	0	(1,807)	0	(1,807)
Other Comprehensive Income and Expenditure	0	0	0	0	135	135
Total Comprehensive Income and Expenditure	(1,807)	0	0	(1,807)	135	(1,672)
Total Adjustment between accounting basis and funding basis under regulations (Note 8)	891	528	(162)	1,256	(1,256)	0
(Increase)/Decrease in Year	(916)	528	(162)	(551)	(1,121)	(1,672)
Balance at 31 March 2024 carried forward	(16,582)	(3,584)	(1,440)	(21,606)	(6,977)	(28,583)

* The General Fund column also includes Earmarked Reserves, details of which are included in the Balance Sheet and Note 9 Earmarked Reserves

5. THE CORE FINANCIAL STATEMENTS

5. Comprehensive Income and Expenditure Statement

2023/24 Expenditure	2023/24 Income £000	2023/24 Net £000	Year ending 31st March 2025	2024/25 Expenditure £000	2024/25 Income £000	2024/25 Net £000
10,977	(5,817)	5,159	Community Services	11,377	(6,400)	4,977
6,072	(351)	5,721	Corporate Services	6,942	(1,259)	5,683
3,736	(4,739)	(1,033)	Estates, Assets & Commercial Services	2,120	(3,742)	(1,622)
9,181	(2,182)	6,998	Planning & Enterprise	12,358	(4,596)	7,762
1,386	(617)	769	Regulatory Services	1,520	(602)	917
18,665	(17,580)	1,084	Welfare Services	19,512	(17,415)	2,097
50,016	(31,287)	18,729	COST OF SERVICE	53,828	(34,014)	19,814
			Other Operating Expenditure			
		2,614	Parish Precepts			2,794
		0	Net gains/losses on disposal of non-current assets			0
		(429)	Financing and Investment Income and Expenditure		Note 10	(93)
		(22,721)	Taxation and Non-Specific Grant Income		Note 11	(25,011)
		(1,807)	(SURPLUS) / DEFICIT ON PROVISION OF SERVICES			(2,496)
		(290)	(Surplus) on revaluation of non-current assets			(1,816)
		425	Re-measurement of net defined benefit/liability			(603)
		135	OTHER COMPREHENSIVE INCOME AND EXPENDITURE			(2,419)
		(1,672)	TOTAL COMPREHENSIVE INCOME AND EXPENDITURE			(4,915)

5. THE CORE FINANCIAL STATEMENTS

5. Balance Sheet

31/03/2024		Note	31/03/2025
£000			£000
	Property Plant and Equipment	12	
44,353	Land and Buildings		54,985
1,676	Vehicles and Equipment		1,437
107	Infrastructure		262
1,402	Community Assets		1,411
51	Surplus Assets		37
1,592	Assets under construction		304
	Heritage Assets		
122	Civic Regalia		122
	Intangible Assets		
95	Software Licenses		76
79	Long-Term Debtors	13	128
49,477	TOTAL LONG-TERM ASSETS		58,762
5,297	Short Term Debtors	14	5,631
6,915	Cash and Cash Equivalents	15	3,187
12,212	TOTAL CURRENT ASSETS		8,818
(7,521)	Short Term Creditors	16	(9,156)
(521)	Provisions	17	(529)
(41)	Finance Lease Liability	13,30	(42)
(8,083)	TOTAL CURRENT LIABILITIES		(9,727)
(2)	Long-Term Creditors		(2)
(15,000)	Long term Borrowing	13	(15,000)
(9,972)	Pensions Liability	32	(9,347)
(50)	Finance Lease Liability		(7)
(25,024)	TOTAL LONG-TERM LIABILITIES		(24,356)
28,582	NET ASSETS		33,498
	Usable Reserves		
8,331	General Fund		7,903
8,251	Earmarked Reserves	9	8,603
3,584	Capital Receipts Reserve	18	3,051
1,440	Capital Grants Unapplied	18	938
21,606	TOTAL USABLE RESERVES		20,495
	Unusable Reserves		
16,241	Revaluation Reserve	19	17,960
(11,393)	Pensions Reserve	19	(10,113)
2,259	Capital Adjustment Account	19	4,446
(3)	Collection Fund Adjustment Account	19	863
(128)	Accumulated Absences Account		(153)
6,976	TOTAL UNUSABLE RESERVES		13,003
28,582	TOTAL RESERVES		33,498

5. THE CORE FINANCIAL STATEMENTS

5. Cash Flow Statement

Year Ending 31st March 2025

2023/24 £000		Note	2024/25 £000
(1,807)	Net (surplus) or deficit on the provision of services	20	(2,496)
12,692	Adjustments to net surplus or deficit on the provision of services for non-cash movements	20	(2,756)
10,884	Net cash flow from Operating Activities	20	(5,252)
5,112	Investing activities	21	8,210
(4,889)	Financing activities	22	770
223			8,980
11,107	Net (increase) or decrease in cash and cash equivalents		3,728
(18,022)	Cash and cash equivalents at the beginning of the reporting period	15	(6,915)
(6,915)	Cash and cash equivalents at the end of the reporting period	15	(3,187)

6. NOTES TO THE CORE FINANCIAL STATEMENTS

6. Notes to the Core Financial Statements

ACCOUNTING POLICIES, ACCOUNTING STANDARDS AND CRITICAL JUDGEMENTS

1. Accounting Policies

General

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and the Service Reporting Code of Practice 2024/25, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which are recognised by statute as representing proper accounting practices. The code has adopted International Financial Reporting Standards (IFRS).

The accounts are prepared on an historic cost basis except where specifically stated.

Accruals of Income and Expenditure

Activity is accounted for in the year in which it takes place, irrespective of when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or service.
- Supplies are recorded as expenditure when they are consumed.
- Interest receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down (impaired) and a charge made to revenue accounts for the income that might not be collected.
- On the basis of materiality and consistency with previous financial years, accrued overtime will be recorded in the month payment is received by the employee.

Should any unanticipated invoices be received post 17th April, 2025 which would normally be recognised in 2024/25 accounts a de minimis level of materiality of £10,000 shall be applied for inclusion in the 2024/25 financial statements.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Material Income and Expenditure

Should there be any items of income or expense that are determined to be material, their nature and amount is disclosed separately.

Examples may include:

- a) disposal of items of property, plant and equipment
- b) disposal of investments, and
- c) other reversals of provision
- d) material items of government grant support
- e) Any other windfall items.

Tax Income (Council Tax, Non-Domestic Rates and Tariff payment)

- Council Tax income included in the Comprehensive Income and Expenditure Statement (CIES) for the year will be treated as accrued income.
- Retained Business Rate income included in the CIES for the year will be treated as accrued income. Income from business rate payers includes adjustments for previous years including those arising from appeals against the rating list.
- Payment of the Tariff included in the CIES for the year will be treated as accrued expenditure.

Cash and Cash Equivalents

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

The category includes all balances held in call accounts and money market funds but excludes all fixed term deposits, even when these are for less than three months at the date of investment. Fixed term deposits are excluded on the basis that they are not deemed to be readily convertible to cash.

Charges to Revenue for Long-Term Assets

Services are debited with the following amounts to record the cost of holding long-term assets during the year:

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

6. NOTES TO THE CORE FINANCIAL STATEMENTS

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

Contingent Assets and Liabilities

Contingent assets are sums due from individuals or organisations that may arise in the future but for which the amount due cannot be determined in advance (contingent liabilities are similarly those sums due to individuals or organisations for which the amount due cannot be determined). These are not recognised in the accounts. They are disclosed as a note to the accounts as there is a possible receipt (or payment in the case of a contingent liability), which may result in a transfer of economic benefits.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment and Intangible Assets using a straight-line method over their estimated useful lives. The useful life of properties is determined by a qualified valuer. The useful life of vehicles, equipment and intangible assets is determined by a suitably qualified officer. Land and assets under construction are not depreciated.

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

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Employee Benefits

Benefits payable during employment

Employee benefits, such as salaries and wages and paid annual leave, are recognised in the year in which they are earned (excepting overtime as per previous note).

An accrual is made for the cost of holiday entitlement earned but not taken before the year end which employees can carry forward into the following year. The balance is recognised within the CIES and under statutory guidance an offsetting balance is included within the reserves section of the Balance Sheet.

Termination benefits

Termination benefits are amounts payable as a result of the Council's decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Such costs are charged to the CIES in the period when the Council is demonstrably committed to the termination of the employment of an officer or a group of officers or when the Council makes an explicit offer to employees to take up voluntary redundancy.

Post-Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Staffordshire County Council. The Local Government scheme is accounted for as a defined benefits scheme.

Pension Fund liabilities or Pension Fund assets are measured on an actuarial basis using the projected unit method. This requires the use of various assumptions about future events.

Liabilities are discounted to their current value using a discount rate (based on the indicative rate of return on a basket of high-quality corporate bonds, Government gilts and other factors).

The assets of the Staffordshire Pension Fund 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

6. NOTES TO THE CORE FINANCIAL STATEMENTS

The change in the net pension liability is analysed into the following components

- **Service cost comprising:**
 - Current service cost – the increase in the liabilities as a result of years of service earned this year – allocated in the CIES to the service for which the employees worked.
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs.
 - Net interest on the net defined benefit liability i.e. net interest expense for the Council – 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 of the CIES (i.e net interest expense to the Council). This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- **Re-measurement comprising:**
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other CIES
 - Actuarial gains and losses – changes in the net pension 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 CIES.
 - Contributions paid to the Staffordshire Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.
 - Upfront payment of LGPS deficit costs - The option to pay contributions expressed as a monetary amount by way of an upfront continues to be exercised. Any prepayment outstanding in any three-year cycle is used to offset the pensions liability held on the balance sheet.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

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

Discretionary Benefits

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

Within the CIES account, service revenue accounts have been charged with their current service cost which represents the extent to which pension liabilities have increased as a result of employee service during the year. Any past service costs, settlements and curtailments have been charged to Other CIES. The interest cost and expected return on assets have been included in net operating expenditure.

Legislation requires that an appropriation to the pensions reserve be made to reverse out the IAS19 based pension costs in the CIES Account and replace them with the actual pensions related payments made in the year. This ensures that the Council Tax requirement is based on the employer's contributions payable to the pension fund.

Events after the Balance Sheet date

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

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

Events taking place after the date when the Statement of Accounts is authorised for issue are not reflected in the Statement of Accounts. For South Staffordshire Council this date has been determined as no later than 27th, February 2026 which is the statutory date by which the s151 Officer is due to certify the accounts.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Financial Instruments

Financial Assets

Financial Assets (e.g. investments and debtors) are classified into two types:

- Loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market:
- Available for sale assets - assets that have a quoted market price and/or do not have fixed or determined payments.

Loans and receivables are initially measured at fair value and carried at their amortised cost (the interest received is spread evenly over the life of the loan). Credits to the Financing and Investment Income and Expenditure line within the CIES for interest received are based on the Balance Sheet amount of the asset multiplied by the effective interest rate for the financial instrument. For most of the loans that the Council has made, that means the amount shown in the Balance Sheet is the outstanding principal receivable plus accrued interest. The amount of interest credited to the CIES is the amount receivable for the year per the loan agreement.

The Council has, on occasion made loans to Parish Councils at less than market rates of interest (these are known as soft loans). In such circumstances, subject to materiality, the amount of interest forgone is charged to the CIES (debited to the appropriate service line) and the outstanding principal is reduced on the Balance Sheet. This represents the present value of the interest that will be forgone over the life of the loan agreement. Statutory provisions require that the impact of the soft loans on the General Fund balance is the interest receivable in the year, so the amount of foregone interest charged is managed by a transfer from the Financial Instruments Adjustment Account to the Movement in Reserves Statement.

However, where the interest foregone is so immaterial as to be deemed inconsequential no charge to the CIES account is to be made. This has been the case to date in respect of the soft loans issued to Parish Councils.

Available for sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the CIES when it becomes receivable by the Council.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Available for Sale assets are maintained in the Balance Sheet at fair value. Values are based on the following hierarchy:

- Instruments with quoted market prices in active markets for identical assets – market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available for Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the CIES, along with any net gain or loss for the asset accumulated in the Available for Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES, along with any accumulated gains or losses previously recognised in the Available for Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Financial Liabilities

Financial liabilities (e.g. borrowings and creditors) are initially measured at fair value and carried at their amortised cost. Charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. For any borrowing that the Council undertakes this means that the amount shown in the Balance Sheet is the outstanding principal repayable plus accrued interest and the amount charged to the CIES is the amount payable per the loan agreement.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

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

Where premiums and discounts (amounts paid or received on the rescheduling of a loan) have been charged to the CIES, regulations allow the impact of premiums on the General Fund balance to be spread over the longer of the outstanding period of the replaced loan or the period of the replacement loan or any other shorter period that the Council wishes to choose. Discounts are required to be credited to revenue over a maximum period equal to the outstanding term of the replaced loan or ten years (if shorter). The reconciliation of amounts charged to the CIES to the net charge against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement of Reserves Statement.

Government Grants and Contributions

Grants and contributions relating to capital and revenue expenditure shall be accounted for on an accruals basis, and recognised immediately (providing there is reasonable assurance the authority will comply with conditions attached and that the grant will be received) in the CIES as income, except to the extent that the grant or contribution has a condition(s) (as opposed to restrictions) relating to initial recognition that the authority has not satisfied.

Grants and contributions that satisfy the recognition criteria, but which have a condition attached that remains to be satisfied are recognised initially in the relevant Grants Receipts in Advance Account.

General grants and contributions (comprising Revenue Support Grant, NNDR redistribution and un-ring-fenced government grants) are required to be disclosed as one or more items on the face of the CIES.

Where conditions have been met, specific revenue grants and contributions are matched in service revenue accounts with the service expenditure to which they relate. When the expenditure relating to specific grants has not been incurred, the Council contributes equivalent to the unspent amount of grant to an earmarked reserve. This reserve will be released in future financial years when the expenditure to which the grant relates is incurred.

Donated assets transferred to an authority for nil consideration shall be recognised immediately at fair value as an asset on the Balance Sheet. The asset shall be recognised in the CIES as income, except to the extent that the transfer has a condition(s) (as opposed to restrictions) that the authority has not satisfied. In this case the asset is credited to the Donated Assets Account and recognised in the CIES once the condition(s) has been satisfied.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Capital Grants and Contributions

Where no grant conditions exist, or conditions have been met, capital grants and contributions are credited to Taxation and Non-Specific Grant Income in the CIES. The balance of the grant or contribution that has not been used to finance expenditure is transferred to the Capital Grants Unapplied Account via the Movement in Reserves Statement. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account when they have been applied to fund capital expenditure.

Where grant conditions exist and have not initially been met, the grant is recognised in the Capital Grants Receipts in Advance Account. When grant conditions have been met the grant is then recognised in the CIES and transferred via the Movement in Reserves Statement to the Capital Adjustment Account. If the grant conditions are not and/or are unlikely to be met, then the grant will be repaid.

Grants and Contributions attributable to Revenue Expenditure Funded from Capital under Statute (REFCUS)

Where conditions have been met, these grants and contributions are credited to the relevant service line in the CIES. The balance of the grant or contribution that has not been used to finance expenditure is transferred to the REFCUS Grants Unapplied Account via the Movement in Reserves Statement. Amounts in the REFCUS Grants Unapplied Account are transferred to the Capital Adjustment Account when they have been applied to fund expenditure.

Heritage Assets

Heritage assets are defined as assets which have historical, artistic, scientific, technological, geographical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. They are initially recognised at cost if this is available. If cost is not available, values are only included in the Balance Sheet where the cost of obtaining a valuation is not disproportionate to the benefit derived. For the Council's heritage assets, insurance valuations are used. The Council has adopted a £10,000 de-minimis threshold. Where no market exists or the asset is deemed to be unique, and it is not practicable to obtain a valuation, the asset is not recognised in the Balance Sheet but disclosed in the notes to the accounts.

Heritage assets are depreciated over their useful life if this can be established. If an asset is considered to have an indefinite life, no depreciation is charged. Disposals, revaluation gains and losses and impairments of heritage assets are dealt with in accordance with the Council's policies relating to PPE. The cost of maintenance and repair of heritage assets is written off in the year incurred.

Impairment

Assets are reviewed for impairment at the end of each reporting period. Examples of impairment include a significant reduction in a specific asset's value and evidence of physical damage.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

The amount of impairment is charged to the Revaluation Reserve to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset. Thereafter the impairment is charged to the Surplus/Deficit on the Provision of Services.

This charge is reversed out through the Movement in Reserves Statement to the Capital Adjustment Account.

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

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. It is controlled by the Council as a result of past events and future economic or service benefits flow to the Council from the intangible asset. The most common type of intangible asset is computer software licences.

Intangible assets are carried at cost less accumulated depreciation and any impairment. The intangible asset is amortised over its estimated useful life to the relevant service line in the CIES. This amortisation is reversed in the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account.

An intangible asset is derecognised on disposal. Gains or losses arising from the disposal are recognised in the Surplus / Deficit on the Provision of Services.

Long-Term Contracts

Long-term contracts are accounted for by charging the relevant service line with an amount equal to the value of the works or services provided under the contract during the applicable financial year.

Investment Property

Investment Properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to provide services by the Council.

The Council does not currently hold any Investment Properties.

Leases

Further to the introduction of IFRS16, the value of any leases, including any already in existence (subject to exemptions below), will be recorded on the balance sheet as a Right of Use asset.

The value of the Right of Use Asset is calculated at inception as the lease liability (future contractual payments) adjusted for any prepayments or accruals recognised in the balance sheet before transition.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

The lease liabilities shall be recognised on the balance sheet as Creditors, either as lease liabilities (current) for payments falling due within one year and lease liabilities (non-current) for payments falling due after one year from the balance sheet date.

Lease liabilities are calculated on a Net Present Value basis, discounted at the rate implicit in the lease (if readily available) or lessee's incremental borrowing rate.

Subsequent to transition, depreciation is charged against the Right of Use Asset from commencement date of the lease, to the earlier of the end of the asset's useful life or the lease term.

Two exemptions exist for leases under which they would not be recognised on the balance sheet, namely:

- Short-term leases with less than a year contractually remaining
- Leases of low value. For this Council, a de-minimis limit of £10,000 has been applied in determining low value leases.

Where exemptions apply, no asset is recognised on the balance sheet. In-year lease payments are recognised within operational expenditure by the relevant service area.

Where lease payments are peppercorn, nominal or even nil, the asset is recognised on the balance sheet as a Right of Use Asset at fair value. The difference between fair value and lease payments (if any) due is treated as a donated asset.

Any financial benefits from donated assets are appropriated through the Capital Adjustment Account. The General Fund will show no gain.

Embedded Leases

Embedded leases are specified terms included in a contract that include the use of a particular, identified asset whereby the user has control over the use of that asset. Any such arrangements would be accounted for as a Right of Use asset, consistent with all other IFRS16 applications.

Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than its continued use it is reclassified as an asset held for sale.

Assets held for sale are:

- Available for immediate sale in its present condition
- Those where the sale is highly probable
- Actively marketed
- Expected to be sold within one year of the date of classification.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

The asset is revalued immediately before reclassification and then carried at the lower of this amount and the fair value less costs to sell. Where this results in a loss in value this loss is posted to Other Operating Expenditure in the CIES. Once an asset is classed as held for sale it is no longer depreciated.

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

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

Prior period adjustments may arise as a result of a change in accounting policy giving rise to a material change or to correct a material error. Changes in estimation techniques are accounted for prospectively (i.e. in the current and future years affected by the change) and do not give rise to a prior period adjustment.

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

Property Plant and Equipment (PPE)

Property, Plant and Equipment assets have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis (e.g. land and buildings).

Expenditure on the acquisition, creation and enhancement of PPE has been capitalised on an accruals basis provided that it yields benefit to the Council and the services it provides for more than one financial year. Expenditure on maintenance is charged to revenue as it is incurred.

PPE are initially shown on the Balance Sheet at cost, comprising the purchase price, all expenditure that is directly attributable to bringing the asset into working condition for its intended use and the initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located.

The assets are then revalued using methods of valuation on the basis recommended by CIPFA and in accordance with the guidance notes issued by the Royal Institution of Chartered Surveyors (RICS).

- Land and buildings and other operational assets are valued at current value. Where sufficient market evidence is not available current value is estimated at depreciated replacement cost, using the modern equivalent asset method.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

- Short life assets, such as vehicles, are held at depreciated historical cost as a proxy for current value on the grounds of materiality.
- Community assets and infrastructure assets are valued at historical cost net of depreciation.
- Assets under construction are held at historical cost until brought into use.
- Investment properties and surplus assets are valued at current value, determined by the measurement of the highest and best use of the asset.

Revaluations of property are planned at five yearly intervals unless there has been a material change in the value (ascertained by an annual impairment review). When undertaken, valuations have a valuation date of 31 March.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. In exceptional circumstances, where the increase is reversing a previous impairment loss charged to the Surplus/Deficit on the Provision of Services on the same asset or where the increase is reversing a previous revaluation decrease charged to the Surplus/Deficit on the Provision of Services on the same asset, the increase in valuation is credited to the CIES.

Where decreases in value are identified and there is a balance of revaluation gains in the Revaluation Reserve relating to the asset, the value of the asset is written down against that balance (up to the amount of the accumulated gains). Where there is no or insufficient balance in the Revaluation Reserve, the value of the asset is written down against the relevant service line in the CIES. Where revaluation gains or losses are credited or charged to the CIES, they are reversed in the Movement of Reserves Statement to the Capital Adjustment Account. The Revaluation Reserve contains gains recognised since 1 April 2007 only, the date of its formal implementation. Revaluation gains arising before that date are included in the Capital Adjustment Account.

De-recognition of Property, Plant and Equipment

An item of Property, Plant or Equipment is derecognised at disposal or when no future economic benefit or service potential is expected from its use. The carrying amount of the asset in the Balance Sheet is written off to Other Operating Expenditure within the CIES as part of the gain or loss on disposal. Sale proceeds from disposals are credited to the same line in the CIES also as part of the gain or loss on disposal. Any revaluation gains on the Revaluation Reserve, for assets disposed of or decommissioned, are transferred to the Capital Adjustment Account.

Income from asset disposals in excess of £10,000 is classed as capital receipts. The balance of capital receipts is credited to the Capital Receipts Reserve and used to either fund new capital expenditure or repay debt. The written off value of disposals is reversed through the Movement in Reserves Statement to the Capital Adjustment Account.

Provisions

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Provisions are charged to the CIES for liabilities that have been incurred by the Council, but where the amounts or dates on which they will arise are uncertain.

Provisions are required to be recognised when the Council has a present obligation as a result of a past event, where it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation (IAS 37).

When expenditure is incurred to which the provision relates, it is charged directly against the provision in the Balance Sheet and not against the CIES Account.

The estimated value and the timing of settlements are reviewed at the end of each financial year. Where it becomes more likely than not that a transfer of economic benefits will not be required the provision is reversed and credited back to the relevant service line in the CIES.

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

Reserves

The Council maintains a General Fund working balance and also holds reserves earmarked for specific purposes which are detailed in the Notes to the Core Financial Statements. Reserves are created by appropriating amounts in the Movement in Reserves Statement.

When expenditure to be financed from a reserve is incurred it is charged to the appropriate service line in the CIES in the year and represents a charge against the Net Cost of Services. The specific Earmarked Reserve is then appropriated back to the General Fund balance statement so that there is no net charge against Council Tax for the expenditure.

Unusable (non-distributable) reserves include the Revaluation Reserve and the Capital Adjustment Account and represent “technical non-cash” reserves which are maintained to manage the accounting processes for non-current assets. The Pension Reserve is a reserve which has been set up to manage the accounting process for retirement benefits and does not represent usable resources for the Council. These reserves do not impact upon the level of local taxation and cannot be utilised to support service delivery.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Revenue Expenditure Funded from Capital under Statute (REFCUS) is expenditure of a capital nature that does not result in the creation of a long-term asset on the Balance Sheet. These are generally grants and expenditure on property not owned by the Council. Expenditure is charged to the Surplus / Deficit on the Provision of Services as the expenditure is incurred. This is reversed out through the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account.

Details of the accounting policy relating to grants and external contribution funding of REFCUS expenditure is shown above on page 29.

VAT

Value Added Tax (VAT) is included within the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure or capital expenditure as appropriate.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

2. Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

It is not expected that any of the amendments to the Code listed below will have any impact upon this Council's financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS1) issued in January 2020.

Lease Liability in a Sale and Leaseback (Amendments to IFRS16) issued in September 2022.

Non-current Liabilities with Covenants (Amendments to IAS1) issued in October 2022.

International Tax Reform: Pillar Two Model Rules (Amendments to IAS12) issued in May 2013

Supplier Finance Arrangements (Amendments to IAS7 and IFRS17) issued in May 2023.

Lack of Exchangeability (Amendment to IAS21) came into effect from January 2025 but as pertaining to foreign exchange transactions (of which South Staffordshire have none) will not impact.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

3. Critical judgements in applying accounting policies

In applying the Council's accounting policies, the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. The most significant critical judgements made in the Statement of Accounts are:

Classification of Leases

The Council has undertaken an analysis to classify the leases it holds, both as a lessee and lessor, as either operating or finance leases. The new accounting policy for leases (IFRS16) has been applied to these arrangements and additional assets that met the criteria would be recognised as PPE (Right of Use Assets) in the Council's Balance Sheet.

Further to this review however, the Council has not identified any material Right of Use Assets, neither through explicit lease arrangements nor, any embedded leases within existing contracts that meet the IFRS16 criteria.

Assets Held for Sale

The Council has reviewed all property assets in accordance with the accounting policy and has determined that no properties need to be reclassified.

Investment Properties

Properties have been assessed using the identifiable criteria under the international accounting standards of whether they are being held purely for rental income or capital appreciation or whether there is an operational reason for holding the property such as regeneration or economic development.

The Council does not hold any properties which are held purely for rental income or capital appreciation.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

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 Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The items in the Council's Balance Sheet as of 31st March, 2025 for which there is a risk of adjustment in the following financial year are:

Revaluation of Property, Plant and Equipment (PPE)

The valuations of Property, Plant and Equipment (PPE) reported in the balance sheet and the related depreciation charges made to the CIES is based on an estimate of their value and asset life.

A firm of qualified valuers are engaged by the Council to carry out, for the major assets, a programme of physical valuations to ensure that their carrying values are subject to professional and independent assessment to guard against material misstatement. PPE (with the exception of infrastructure, community assets, assets under construction and small value items of vehicle, plant and equipment) are revalued on a periodic basis and tested annually for indicators of impairment.

Depreciation of Property, Plant and Equipment

Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of assets is overstated in the current year.

Arrears

At of 31st March, 2025, the Council had outstanding sundry debtors, housing rent debtors, housing benefit overpayments and council tax debtors.

A review of these outstanding balances is routinely undertaken and a provision for bad and doubtful debts is made taking into account prevailing economic conditions (an increased provision was made for example during the height of the Covid-19 pandemic).

If collection rates were to differ from the estimated level, doubtful debt provisions would need to be revisited.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Pensions Liability/ Asset

Estimation of the net liability (or asset) to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and rate of commutation (taking a pension due as a lump sum) of pensions.

A firm of actuaries are engaged to provide the Staffordshire Pension Fund (of which South Staffordshire is a member) with expert advice about the assumptions to be applied (although the decision remains with the employer)

In calculating the asset share as at the Accounting Date, the Actuary rolls forward the Employer's share of the assets calculated at the latest formal valuation date (or date the Employer joined the Fund if later), allowing for investment returns (estimated where necessary), the effect of contributions paid into (estimated where necessary), and estimated benefits paid from the Fund by the Employer and its employees.

Overall, market assumptions remain favourable, indicating that the year-end position would show an accounting surplus (net asset position) in IAS19/FRS102 balance sheets as at 31st March, 2025.

The accounting standard restricts (by way of an 'asset ceiling') the amount of surplus that can be disclosed at 31st March, 2025. The IAS19 asset ceiling is a specified estimate of the present value of the economic benefit which the employer organisation can realise, either through refunds or by gaining economic benefit through reductions in future contributions. Such an economic benefit may be available even if it is not realisable immediately at the end of the reporting period.

Under IAS19, employer organisations should recognise the maximum economic benefit that is available from refunds, reductions in future contributions or a combination of both. However, they must not recognise economic benefits from a combination of refunds and reductions in future contributions based on assumptions that are mutually exclusive.

The Council applied an asset ceiling in the final accounts for 2023/24 (which led to an asset liability being disclosed).

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data, for cash contribution setting purposes.

The most recent, triennial, formal valuation of the LGPS was concluded in March 2023.

If the assumptions upon which the valuation is based prove inaccurate over time, the pension's liability could be over or understated.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

The Actuary has provided a set of default accounting assumptions for a ‘typical LGPS employer’ which then applies to all accounting disclosures. Whilst the actuary proposes these default assumptions, those adopted are ultimately the responsibility of senior management and those charged with governance.

	Weighted Average Duration		
% per annum	Short	Medium	Long
Discount Rate	5.50	5.55	5.55
Retail Price Inflation	3.15	3.05	3.00
Consumer Price Inflation	2.75	2.70	2.70

Both IFRS102 and IAS19 state that the discount rate used to price a value on future obligations should be determined by reference to market yields on high quality corporate bonds at the reporting date. Updated government bond yields are available on a daily basis from the Bank of England.

The weighted average duration reflects the term of the benefit obligation, in effect how long the Pension Fund will be making payments to a beneficiary of the fund. The default position of the actuary is to define the short term as less than 17 years, 17 to 23 years as medium and over 23 years as long term.

The Retail Price Inflation assumption is derived from yields available on fixed interest and index-linked government bonds and should be consistent with the derivation of the discount rate adjusted for an inflation risk premium based on 31st December, 2024 market conditions.

Salary growth is set relative to the derived CPI assumption at the reporting date.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Longevity Assumptions

The default assumption of the actuary assumes no changes are required to the baseline longevity assumption adopted in the most recent triennial funding valuation. Other demographic assumptions are incorporated including for commutation, withdrawal, ill-health and early retirements. Again, the default assumes no change in these from the previous triennial valuation.

The effects on the net pension's liability or asset of changes in individual assumptions is measurable. The sensitivities regarding the potential assumptions used to measure the scheme liabilities are set out as follows:

Change in Assumptions at y/e 31 st March 2024	Approximate %ge increase to Employer	Approximate Monetary Amount	Approximate Monetary Amount Prior year for Comparison
	%	£'000	£'000
0.1% decrease in real discount rate	2	1,074	1,308
1 year increase in member life expectancy	4	2,488	2,842
0.1% discount in the salary increase rate	0	51	60
0.1% increase in the pension increase rate	2	1,053	1,273

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, the actuary estimates that a one-year increase in life expectancy would approximately increase South Staffordshire's Defined Benefit Obligation by around £2.488m. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

McCloud Judgement

There may also be an impact on employer pension liabilities as a result of the Court of Appeal judgements in cases affecting judges' pensions (McCloud, 2019). The ruling has implications for the LGPS (of which the Staffordshire Pension Fund is a member).

The final situation in terms of employer pension liabilities and financial impact remains unclear, since the government may appeal and any remediation process, including cost cap considerations, may affect the resolution and financial impact for entities. Timescales for the resolution of this matter may be lengthy, and outcomes may be challenging for entities to assess and quantify, especially at Fund or Authority level.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

To date, South Staffordshire has sought advice from our Pensions authority and actuary and has received assurance that potential implications of the pending judgement were factored into the required payments from employers to eventually make good liabilities by 2040. South Staffordshire remains fully compliant with minimum levels of repayment in accordance with actuary advice.

Business Rate Appeals

Since the introduction of the Business Rate Retention Scheme, effective from 1 April 2013, local authorities are liable for successful appeal against business rates charged to businesses in their proportionate share.

A provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2024. The estimate has been calculated using the latest Valuation Office (VOA) rating list of appeals and an analysis of successful appeals to date.

Whilst it is considered that this gives a reasonably reliable figure, it is not certain that actual experience will match our assumptions.

5. Material Items of Income and Expense

In May 2024, the Council acquired an additional property on the Four Ashes Industrial Estate for a consideration of £2.4m (the seller to remain the occupier as a tenant). The cash transaction was for £1.8m on that date, the balance being in lieu of initial rental payments from the tenant.

6. Events After the Balance Sheet Date

The Statement of Accounts are scheduled for issue by the S151 Officer on or before 30th November, 2025. Events taking place after this date are not reflected in the Financial Statements or notes. Where events taking place before this date provided information about conditions existing at 31st March, 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Going Concern

The Local Government sector has faced significant challenges over recent years. It has been well documented that a handful of authorities have issued Section 114 Notices in recent years, effectively recognising that their reserve balances cannot cover their known future obligations.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

It is assessed that South Staffordshire Council has a high degree of financial resilience to meet the challenges and remains a Going Concern for the period of twelve months from the date of approval of the accounts. The Medium-Term Financial Strategy as approved by members in February 2025 ensures that minimum General Reserve balances can be sustained whilst the Council meets its service plans for a period of at least three years. It remains an ongoing exercise to ensure savings opportunities and realistic investments are made to maintain this position.

The Financial Statements set out in the statement of accounts have been produced in accordance with statutory provisions and the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and cover the period 1 April 2024 to 31 March 2025.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

7. Expenditure and Funding Analysis

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

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Expenditure Funding Analysis 2024/25	Net Expenditure for resource management	Adjustment to arrive at the amount chargeable to the General Fund	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
Community Services	5,132	(309)	4,823	154	4,977
Corporate Services	6,521	(79)	6,442	(759)	5,683
Estates, Assets & Commercial Services	(715)	(1,097)	(1,812)	190	(1,622)
Planning & Enterprise Services	927	6,910	7,837	(75)	7,762
Regulatory Services	948	0	948	(31)	917
Welfare Services	1,710	2,241	3,951	(1,854)	2,097
Net Cost of Services	14,523	7,666	22,189	(2,375)	19,814
Other Income and Expenditure	(14,447)	(7,666)	(22,113)	(197)	(22,310)
(Surplus) or Deficit on provision of services	76	0	76	(2,572)	(2,496)
Opening General Fund Balance			16,582		
Less (Surplus) / Deficit on General Fund			76		
Closing General Fund Balance (incl Earmarked)			16,506		

Expenditure Funding Analysis 2023/24	Net Expenditure for resource management	Adjustment to arrive at the amount chargeable to the General Fund	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
Community Services	5,056	(267)	4,788	371	5,159
Corporate Services	6,413	(69)	6,344	(623)	5,721
Estates, Assets & Commercial Services	(302)	(1,792)	(2,094)	1,092	(1,003)
Planning & Enterprise Services	747	6,282	7,029	(31)	6,998
Regulatory Services	783	0	783	(14)	769
Welfare Services	1,486	290	1,778	(693)	1,085
Net Cost of Services	14,183	4,444	18,628	102	18,729
Other Income and Expenditure	(15,099)	(4,444)	(19,544)	(993)	(20,536)
(Surplus) or Deficit on provision of services	(916)	0	(916)	(891)	(1,807)
Opening General Fund Balance			15,666		
Less (Surplus) / Deficit on General Fund			(916)		
Closing General Fund Balance (incl Earmarked)			16,582		

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Note to the Expenditure and Funding Analysis

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

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2024/25 Adjustment for Capital Purposes £000	2024/25 Net change for the Pensions Adjustment £000	2024/25 Other differences £000	2024/25 Total Adjustments £000
Community Services	262	(108)	0	154
Corporate Services	81	(864)	24	(759)
Estates, Assets & Commercial Services	206	(16)	0	190
Planning & Enterprise Services	0	(75)	0	(75)
Regulatory Services	0	(31)	0	(31)
Welfare Services	(1,799)	(55)	0	(1,854)
Net Cost of Services	(1,250)	(1,149)	24	(2,375)
Other income and expenditure from the EFA	196	472	(865)	(197)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit on the Provision of Services	(1,054)	(677)	(841)	(2,572)
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2023/24 Adjustment for Capital Purposes £000	2023/24 Net change for the Pensions Adjustment £000	2023/24 Other differences £000	2023/24 Total Adjustments £000
Community Services	416	(45)	0	371
Corporate Services	69	(689)	(3)	(623)
Estates, Assets & Commercial Services	1,098	(7)	0	1,092
Planning & Enterprise Services	0	(31)	0	(31)
Regulatory Services	0	(14)	0	(14)
Welfare Services	(668)	(25)	0	(693)
Net Cost of Services	915	(810)	(3)	102
Other income and expenditure from the EFA	(3,216)	484	1,739	(993)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or deficit on the Provision of Services	(2,301)	(326)	1,736	(891)

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Adjustments for Capital Purposes

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

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

Net Change for the Pensions Adjustments

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

- For services this represents the removal of the employer pension contributions made by the Council 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 in the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Other Differences

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

- For services this represents an accrual for short-term employee benefits due to be settled wholly within 12 months of the year-end. An adjustment is made for the cost of holiday entitlements (or any form of leave) accrued by employees but not taken before the year-end which employees can carry forward into the next financial year.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

8. Adjustments between accounting basis and funding basis under regulations

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

2024/25	2024/25 General Fund ¹ £000	2024/25 Capital Receipts Reserves £000	2024/25 Capital Grants Unapplie d £000	2024/25 Total Usable Reserves £000	2024/25 Total Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Charges for depreciation and impairment of non-current assets	(872)			(872)	872
Revaluation movements on PPE	342			342	(342)
Amortisation of intangible assets	(19)			(19)	19
Capital grants and contributions applied	1,936			1,936	(1,936)
Income in relation to donated asset	23			23	(23)
Revenue expenditure funded from capital under statute	(1,921)			(1,921)	1,921
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Statutory provision for the financing of capital investment	543			543	(543)
Capital Expenditure charged against the general fund	1,022			1,022	(1,022)
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement					
Application of grants to capital financing transferred to the Capital Adjustment Account			502	502	(502)

6. NOTES TO THE CORE FINANCIAL STATEMENTS

2024/25	2024/25 General Fund ¹ £000	2024/25 Capital Receipts Reserves £000	2024/25 Capital Grants Unapplie d £000	2024/25 Total Usable Reserves £000	2024/25 Total Unusable Reserves £000
Adjustments primarily involving the Capital Receipts Reserve: Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement Use of the Capital Receipts Reserve to finance new capital expenditure	1	(1) 534		534	(534)
Adjustments primarily involving the Pensions Reserve: Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement Employer's pensions contributions and direct payments to pensioners payable in the year	(2,153) 2,830			(2,153) 2,830	2,153 (2,830)
Adjustments primarily involving the Collection Fund Adjustment Account: Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	865			865	(865)
Adjustments primarily involving the unequal Accumulated Absences Account: Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(24)			(24)	24
Total Adjustments	2,573	533	502	3,608	(3,608)

¹ General Fund Reserves also includes Earmarked Reserves

6. NOTES TO THE CORE FINANCIAL STATEMENTS

2023/24	2023/24 General Fund ¹ £000	2023/24 Capital Receipts Reserves £000	2023/24 Capital Grants Unapplied £000	2023/24 Total Usable Reserves £000	2023/24 Total Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Charges for depreciation and impairment of non-current assets	(805)			(805)	805
Revaluation movements on PPE	(1,246)			(1,246)	1,246
Amortisation of intangible assets					
Capital grants and contributions applied	1,595			1,595	(1,595)
Income in relation to donated asset	50			50	(50)
Revenue expenditure funded from capital under statute	(996)			(996)	996
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Statutory provision for the financing of capital investment	519			519	(519)
Capital Expenditure charged against the general fund	2,646			2,646	(2,646)
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	537		(537)		
Application of grants to capital financing transferred to the Capital Adjustment Account			375	375	(375)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1	(1)		0	0
Use of the Capital Receipts Reserve to finance new capital expenditure		529		529	(529)
Adjustments primarily involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(2,174)			(2,174)	2,174
	2,500			2,500	(2,500)

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Employer's pensions contributions and direct payments to pensioners payable in the year					
2023/24	2023/24 General Fund ¹ £000	2023/24 Capital Receipts Reserves £000	2023/24 Capital Grants Unapplied £000	2023/24 Total Usable Reserves £000	2023/24 Total Unusable Reserves £000
Adjustments primarily involving the Collection Fund Adjustment Account: Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(1,740)			(1,740)	1,740
Adjustments primarily involving the unequal Accumulated Absences Account: Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3			3	(3)
Total Adjustments	891	528	(162)	1,256	(1,256)

¹ General Fund Reserves also includes Earmarked Reserves

6. NOTES TO THE CORE FINANCIAL STATEMENTS

9. Transfers to/from Earmarked Reserves

Earmarked Reserves	Balance 31st March 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance 31st March 2024 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance 31st March 2025 £000
General Fund							
Collection Fund Reserve	2,471	(1,141)	1,631	2,961	(327)	1,342	3,976
Sink Fund Commercial Assets	245	(41)	109	313	(353)	143	103
Transformation Reserve	123	(123)	244	244	(74)	0	170
Highways (S106 Income)	132	0	0	132	0	0	132
Grounds Maintenance (S106 Income)	164	(20)	0	144	0	25	169
New Burdens	157	(174)	167	150	(44)		106
Electoral Registration	30	0	0	30	0	0	30
Planning Fee Increase	103	(58)	155	200	(200)	0	0
Corporate (CLT Forward Planning)	210	(190)	0	20	0	0	20
Transactional Services	0	(4)	162	158	(70)	0	88
Business Rates Pool Surplus	921	(921)	0	0	0	0	0
Covid 19 Grants	181	(48)	9	142	(61)	2	83
Climate Change	26	0	0	26	0	0	26
Digital 2	111	(111)	0	0	0	0	0
Pay & Inflation Uncertainty	474	(239)	0	235	(7)	0	228
Unit 4E Insurance Reimbursement	213	(213)	0	0	0	0	0
Uk Shared Prosperity Fund	184	(184)	0	0		11	11
Customer Experience Transformation	112	0	36	148	(79)	0	69
Ward Based Priorities	0	0	156	156	(73)	0	83
Capital Projects	0	0	300	300	(126)	0	174
Contingency	0	0					
Temporary Accommodation	0	0	1,000	1,000	(58)	0	942
DLUHC Digital Planning	0	0	115	115	(30)	30	115
CIS Contingent Reserve	0	0	350	350	0	0	350
Closed Churchyards	0	0	238	238	(14)	25	249
Housing and Homelessness	182	(7)	165	340	0	101	441
Joint Use Repairs	106	(52)	42	96	0	11	107
Waste and Recycling Staffing	0	0	92	92	(36)	0	56
Local Government Reorganisation	0	0	0	0	0	50	50
Other Earmarked Reserves	850	(520)	331	661	(185)	349	825
Total	6,995	(4,096)	5,302	8,251	(1,737)	2,089	8,603

6. NOTES TO THE CORE FINANCIAL STATEMENTS

The **Collection Fund Reserve** is a reserve to mitigate the Council's Strategic Risk relating to changes in the way Local Government is financed and the Fairer Funding Review and volatility in Business Rates.

Sink Fund (Commercial Assets) refers to a sink fund within the industrial estate to fund future maintenance.

Transformation Reserve is an Earmarked Reserve to fund ongoing investment in approved schemes with a view to yielding future savings.

Section 106 grant income receipts from developers are obligations to spend money arising from planning decisions made. Until such monies are spent, the receipts are held in Earmarked reserves. Currently, South Staffordshire hold two significant amounts for these purposes, relating to Highways and Grounds Maintenance (Public Space Open Reserve) respectively.

The **New Burdens** reserve is to ensure funds are available to maximise collection of Council Tax following the introduction of the Council Tax support scheme.

Electoral Registration is an Earmarked Reserve set aside to cover additional staffing requirements ahead of anticipated elections in 2025/26.

Corporate CLT Forward Planning is an Earmarked Reserve which has been set aside to fund expenditure on Corporate Transformation projects in 2025/26.

Transactional Services is an Earmarked Reserve set aside to fund additional staffing within the Transactional Services team until such time as new systems are implemented and functional.

Covid 19 Grants includes reserves set aside from grants received for for Track and Trace payments and Shielding and any further, residual expenditure.

Climate Change is a reserve explicitly set up in February 2022 to provide a source for investments the Council wishes to undertake in order to improve sustainability and move towards Carbon neutrality.

Pay & Inflation Uncertainty refers to an Earmarked Reserve which was created to mitigate, as far as possible, the potential financial implications of a sustained rate of inflation over and above that budgeted for in 2023/24 and beyond. Any additional staffing and contract costs incurred above budgetary assumptions for inflation will initially be funded from this reserve.

UK Shared Prosperity Fund comprises unspent allocations received which will be held in Earmarked Reserve until such time that disbursements approved in accordance with the scheme and priorities.

Customer Experience Transformation is an Earmarked Reserve created to fund enhancing the Customer Experience Programme (CXIP)

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Ward Based Priorities describes funding the costs of environment and landscape improvements arising from specific member led priorities.

Capital Projects Contingency is an Earmarked Reserve to fund any potential cost pressures in relation to Capital projects at, for example, Wombourne and Unit 4e refurbishment at Four Ashes.

Temporary Accommodation has been created to recognise the potential for any significant cost pressures arising from statutory requirements to provide temporary accommodation.

DLUHC Digital Planning is an Earmarked Reserve to cover investment in digitalising the planning service.

CIS Contingent Reserve is a specific Earmarked Reserve to cover the contingent liability should the Council be found liable for any omissions in returning tax due on construction invoices for any firms that did not hold gross payment status and are also behind on their own tax affairs.

Closed Churchyards is a sink fund which will enable maintenance of any closed churchyards given that the Council has now taken over responsibility from the Parish area for any necessary works to be undertaken.

Housing and Homelessness is a ring-fenced grant to contribute to ongoing commitments for staffing & partnership working relating to homelessness

Joint Use Repairs is a Sink fund to cover any emergency one-off pressures that fall within the Council's responsibilities for Leisure Centres. Prevents any recourse to base budgets

Waste and Recycling Staffing is a specific Reserve to reflect additional one-off costs likely to be incurred in the renegotiation and implementation of the major Waste disposal contract in 2025/26.

Local Government Reorganisation reflects approval that has been given to set aside £50,000 in anticipation of costs that will be incurred in preparation for Local Government Re-organisation.

There are a number of additional separate, smaller Earmarked Reserves making up the balance. These are a variety of specific grant receipts to be used for a specified future purpose and other previous budgetary savings set aside to be spent on specified, future one-off projects.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

10. Financing and Investment Income and Expenditure

This line contains corporate items of income and expenditure arising from the Council's involvement in financial instruments and similar transactions involving interest payments and receipts.

Financing and Investment Income and Expenditure	2024/25 £000	2023/24 £000
Interest Payable and Similar Charges	237	268
Net interest on the defined benefit liability (asset)	472	484
Interest Receivable and Similar Income	(802)	(1,181)
Total	(93)	(429)

11. Taxation and Non-Specific Grant Income

This note provides a breakdown of the grants included under the heading of Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Account.

Taxation and Non-Specific Grant Income	2024/25 £000	2023/24 £000
Council Tax Income	(8,457)	(8,036)
Non Domestic Rates	(10,064)	(8,450)
Non Ring fenced Government Grants	(6,057)	(5,278)
Capital Grants & Contributions	(433)	(957)
Total	(25,011)	(22,721)

6. NOTES TO THE CORE FINANCIAL STATEMENTS

12. Property, Plant and Equipment

Movement in Property, Plant and Equipment during the 2024/25 financial year and during the 2023/24 financial year were as follows:

2024/25	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	TOTAL £000
Cost or Valuation							
As at 1 April 2024	44,353	4,423	107	1,617	51	1,592	52,144
Additions	7,326	161	155			304	7,946
Donations				23			23
Revaluation increases / (decreases) recognised in Revaluation Reserve	1,644						1,644
Revaluation increases / (decreases) recognised in Surplus / Deficit on the Provision of Services	69				(14)		55
De-recognition - other		(85)					(85)
Other movements in depreciation and impairment	1,592					(1,592)	0
As at 31 March 2025	54,985	4,499	262	1,640	37	304	61,727
Accumulated Depreciation and Impairment							
As at 1 April 2024	0	2,747	0	215	0	0	2,962
Depreciation Charge	459	399		14			872
Depreciation written out to Revaluation Reserve	(172)						(172)
Depreciation written out to the Surplus / deficit on the Provision of Services	(287)						(287)
De-recognition - disposals							0
De-recognition - other		(84)					(84)
As at 31 March 2025	0	3,062	0	229	0	0	3,291
NET BOOK VALUE							
As at 1 April 2024	44,353	1,676	107	1,402	51	1,592	49,182
As at 31 March 2025	54,985	1,437	262	1,411	37	304	58,436

6. NOTES TO THE CORE FINANCIAL STATEMENTS

2023/24	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	TOTAL £000
Cost or Valuation							
As at 1 April 2023	42,445	4,430	107	1,567	51	0	48,600
Additions	3,283	198				1,592	5,074
Donations				50			50
Revaluation increases / (decreases) recognised in Revaluation Reserve	123						123
Revaluation increases / (decreases) recognised in Surplus / Deficit on the Provision of Services	(1,497)						(1,497)
De-recognition - other		(205)					(205)
As at 31 March 2024	44,353	4,423	107	1,617	51	1,592	52,144
Accumulated Depreciation and Impairment							
As at 1 April 2023	0	2,582	0	198	0	0	2,780
Depreciation Charge	418	370		17			805
Depreciation written out to Revaluation Reserve	(167)						(167)
Depreciation written out to the Surplus / deficit on the Provision of Services	(251)						(251)
De-recognition - disposals							0
De-recognition - other		(205)					(205)
As at 31 March 2024	0	2,747	0	215	0	0	2,962
NET BOOK VALUE							
As at 1 April 2023	42,445	1,848	107	1,369	51	0	45,820
As at 31 March 2024	44,353	1,676	107	1,402	51	1,592	49,182

Property, vehicles, plant and equipment are depreciated using the straight-line method over their useful economic lives. Accumulated depreciation of PPE, currently on Balance Sheet as at 31 March 2025 is £3,291,000. Land and Buildings were subject to a valuation as at 31 March 2025.

Additions (£7m) mainly comprised of the development costs associated with the Commercial Asset Strategy project and the purchase of an additional commercial unit.

Property, Plant and Equipment Valuation

The long-term assets shown in the Balance Sheet have been measured on the basis recommended by CIPFA and, where applicable, in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors. Valuations for land and property are carried out by an external organisation, Wilks, Head and Eve, Chartered Surveyors and Town Planners. As at 31st March 2025, all the Council's assets (over £10,000) were measured on the following basis:

6. NOTES TO THE CORE FINANCIAL STATEMENTS

- **Land and Buildings** - Land and Buildings were measured at:
 - Current value based on Existing Use Value (EUV) (where a market existed)
 - Depreciated Replacement Cost (DRC using the 'instant build approach if EUV cannot be determined')
- **Vehicles, Plant and Equipment.** Vehicles, Plant and Equipment have been measured at the lower of net current replacement cost and net realisable value, which may be the existing use value, the depreciated replacement cost or the open market value, as appropriate.
- **Infrastructure.** Infrastructure is measured on a depreciated historic cost basis.
- **Community assets and open spaces.** Community parks, open spaces, cemeteries, car parks and public conveniences are measured on a depreciated historic cost basis.
- **Assets under construction.** Measured at depreciated historical cost basis
- **Non-Operational assets (Surplus Assets).** Fair value based on a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The expected remaining useful life of the majority of Council properties was assessed at 60 years in accordance with the last full valuation as at 31 March 2025. General vehicles and equipment have useful lives of 5 years. The remaining assets have varied useful lives depending on their nature.

The Council ensures that all Property, Plant and Equipment, measured at current value, are revalued at least every 5 years. Land and Buildings were subject to a revaluation as at 31st March 2025.

Surplus Assets are measured at fair value at each reporting date. The fair value of the surplus parcels of land, are based on Level 2 inputs of the fair value hierarchy where observable inputs exist. The valuation has been arrived at via the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the locality.

Carrying values below are shown net of accumulated depreciation.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

As at 31 March 2025	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	TOTAL £000
Carried at historical value.		1,437	1,437
Valued at current value	54,985		54,985
Total Cost or Valuation	54,985	1,437	56,422

International Accounting Standard 16 (IAS 16) – Property, Plant and Equipment (PPE) contains the accounting requirements that each part of an item of PPE with a cost that is significant in relation to the total cost of the item shall be depreciated separately (referred to as componentisation).

Componentisation shall be applied for depreciation purposes on enhancement, acquisition expenditure and revaluations.

Components are recognised and are depreciated over different lives where they have significant value when compared to the value of the host assets. We have considered assets (or group of similar assets) for componentisation where the carrying value is at least £500,000 and where the component:

- Costs at least 15% of the overall asset
- Has a value of at least £100,000.
- Has a useful life +/- five years different from the host (main part of asset)
- Has an annual depreciation charge +/- £5,000 different than the Host.

The valuation exercise undertaken as at 31st March 2025, identified that the Council offices (Codsall Community Hub) had one significant component. Element Court also has one significant component.

Property, Plant and Equipment – Impairment Losses

In 2024/25 the Council did not recognise any impairment losses against the Surplus or Deficit on the Provision of Services.

Property, Plant and Equipment – Other Movements in Cost or Valuation

In 2024/25, following a valuation undertaken by Wilks, Head and Eve to review carrying values of properties as at 31st March 2025, the Council recognised the below movements in Cost or Valuation.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Property, Plant and Equipment – Other Movements in Cost or Valuation	Commercial £000	Other Land and Buildings £000	TOTAL £000
Downward revaluation movements recognised in the Surplus or Deficit on the Provision of Services	(865)	(14)	(879)
Reversal of downward revaluation movements previously recognised in the Surplus or Deficit on the Provision of Services	405	816	1,221
Reversal of downward revaluation movements on revalued assets in Other Comprehensive Income and Expenditure and taken to the Revaluation Reserve	(630)	(52)	(682)
Revaluation gains recognised within Other Comprehensive Income and Expenditure	2,188	310	2,498

Property, Plant and Equipment – Other Effects of Changes in Estimates

In 2024/25, the Council has made no material changes to its accounting estimates for PPE.

Property, Plant and Equipment – Commitments under Capital Contracts

There are no significant uncompleted contracts (over £100,000) which will incur future capital expenditure as at 31st March 2025.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

13. Financial Instruments

The borrowings and investments disclosed in the Balance Sheet include the following categories of financial instruments:

Financial Assets

Financial Assets	Non-Current				Current				
£000s	Investments		Debtors		Investments		Debtors		Total
	23/24	24/25	23/24	24/25	23/24	24/25	23/24	24/25	24/25
Amortised Cost	0	0	79	128	6,915	3,187	3,504	3,276	6,591
Total	0	0	79	128	6,915	3,187	3,504	3,276	6,591

Financial Liabilities

Financial Liabilities	Non-current				Current				
£000s	Borrowings		Creditors		Borrowings		Creditors		Total
	23/24	24/25	23/24	24/25	23/24	24/25	23/24	24/25	24/25
Amortised Cost	15,000	15,000	0	0	91	49	3,801	3,700	18,749
Total	15,000	15,000	0	0	91	49	3,801	3,700	18,749

Financial liabilities carried at contract amount valued at £3,700,000 are valued at cost. These relate to trading contracts between the council and its suppliers and represent the value of the transaction that has taken place.

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

£000	2024/25		2023/24	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
Net gains/losses on:				
• Financial assets measured at amortised cost	802	0	1,180	0
Total net gains/losses	802	0	1,180	0
Fee expense:				
• Financial assets or financial liabilities that are not at fair value through profit or loss	237	0	268	0
Total fee expense	237	0	268	0

6. NOTES TO THE CORE FINANCIAL STATEMENTS

The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value but for which Fair Value disclosures are required

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

- For loans from the PWLB (Public Works Loan Board) and other (material) loans payable, premature repayment rates from the PWLB would be applied to provide the fair value under PWLB debt redemption procedures. The Council currently has £15m in PWLB borrowing to be paid back over 40-50 years.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the principal outstanding or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The table below includes investments held at fair value. Fair value items are split into 3 levels:

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

6. NOTES TO THE CORE FINANCIAL STATEMENTS

The fair values calculated are as follows:

	2024/25		2023/24	
Fair Values	Carrying amount £000	Fair Value £000	Carrying amount £000	Fair Value £000
Trade creditors	3,700	3,700	3,801	3,801
Long Term Borrowing ¹	15,000	5,126	15,000	5,929
Short-Term Finance Lease Liability	42	42	41	41
Long-term Finance Lease Liability	7	7	50	50
Total Financial Liabilities	18,749	8,875	18,893	9,822
Money Market Loans ²	2,850	2,850	6,915	6,915
Short Term Investments ²	337	337	1,515	1,515
Short Term Debtors	3,576	3,576	3,504	3,504
Total Financial Assets	6,763	6,763	11,934	11,934

¹ The fair value of Long-term borrowing with the PWLB is valued using the new rates available as at 31 March 25.

In addition to this, it is also possible to do a fair value calculation at a premature repayment again valued at 31 March 25. Using this valuation method the fair value of the Long-term borrowing is £6.240m

² The Money Market Loans and Short Term Investments are classified as level 1 in the fair value hierarchy.

Nature and extent of risks arising from financial instruments and how South Staffordshire Council manages those risks.

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Refinancing Risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and is structured to implement suitable controls to minimise these risks.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall, these procedures require the Council to manage the risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice.
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution.
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The Council's overall borrowing.
 - Its maximum and minimum exposures to fixed and variable rates.
 - Its maximum and minimum exposures to the maturity structure of its debt.
 - Its maximum annual exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as are quarterly updates.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 20 February 2024 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2024/25 was set at £45m. This is the maximum limit of external borrowings or other long-term liabilities.
- The maximum amounts of fixed and variable interest rate exposure were set at £45m and £15m.

These policies are implemented by a central treasury team. The Council maintains written policies for overall risk management, as well as written policies (Treasury Management Practices (TMPs) covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. These TMP's are a requirement of the Code of Practice and are reviewed periodically.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are made internally. The Council will maintain a list of the categories of counterparty with which it will place its funds for investment.

The criteria for providing a pool of high-quality investment counterparties (both Specified and Non-specified investments) can be found within the Annual Treasury Management Strategy on the Council Website.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on experience of default and non-collectability over the last eight financial years, adjusted to reflect current market conditions:

Credit Risk Analysis	Amount at 31 March 2025	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2022	Estimated maximum exposure to default and uncollectability
	£000s	%	%	£000s
	A	B	C	(A X C)
Deposits with banks and financial institutions Customers	3,186	0.00%	0.00%	0
	3,276	7.23%	7.95%	260
	6,463			260

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The £3,276,000 (relating to Customers in the above table) is made up of £742,000 Sundry Debtors, £717,000 Housing Benefit Overpayments, £2,725,000 for trade debtors less £908,000 Bad Debt Provision. The authority does not generally allow credit for customers, such that £402,000 of the £742,000 balance is past its due date for payment. The past due amount can be analysed by age as follows:

Ageing Analysis	£000
Current Debt (not yet due)	340
0 - 30 Days	56
31-60 Days	16
61-90 Days	2
90 Days +	328
Total	742

Collateral – During the reporting period the Council held no collateral as security.

Liquidity Risk

6. NOTES TO THE CORE FINANCIAL STATEMENTS

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Market Risks

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in fixed and variable interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowings at fixed rates – the fair value of the borrowings will fall (no impact on revenue balances).
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of assets will fall (no impact on revenue balances).

The Council has a number of strategies for managing interest rate risk.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would have been:

Interest Rate Risk	£000
Increase in interest payable on variable rate borrowings	142
Increase in interest receivable on variable rate investments	(147)
Impact on Surplus or Deficit on the Provision of Services	(5)
Decrease in fair value of fixed rate investment assets	0
Impact on other Comprehensive Income & Expenditure	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	9,874

6. NOTES TO THE CORE FINANCIAL STATEMENTS

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the note – Fair value of Assets and Liabilities carried at Amortised Cost.

Price Risk

The Council does not invest in equity shares. All of the investments made by Council officers are either in fixed-term fixed-rate cash deposits, the value of which does not fluctuate according to market conditions or in special bank deposit accounts or AAA rated money market funds.

The risk of exposure to market fluctuations is minimised in that sufficient funds are retained for investment by Council officers to cover any predicted immediate requirements for liquidity.

Foreign exchange risk

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

14. Debtors

The debtors total provided in the Balance Sheet as at 31st March consists of the following major balances:

Debtors	2024/25 £000	2023/24 £000
Trade Receivables	1,081	1,132
Prepayments	530	583
Collection Fund (including provision for bad debts)	748	450
Other Receivable Amounts	3,272	3,132
Total Debtors	5,631	5,297

Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	2024/25 £000	2023/24 £000
Council Tax		
Less than one year	192	183
More than one year	244	216
Non-domestic rates		
Less than one year	225	291
More than one year	82	82
Total	743	772

6. NOTES TO THE CORE FINANCIAL STATEMENTS

15. Cash and Cash Equivalents

The balance of cash & cash equivalents is made up of the following elements.

Cash and Cash Equivalents	2024/25 £000	2023/24 £000
Cash held by the Authority	1	2
Bank Current Accounts	336	(487)
Call Accounts	1,000	7,000
Money Market Fund Accounts	1,850	400
Total Cash & Cash Equivalents	3,187	6,915

16. Creditors

The creditors total provided in the Balance Sheet as at 31st March consists of the following major balances:

Creditors	2024/25 £000	2023/24 £000
Trade Payables	18	28
Accruals	2,190	2,937
Collection Fund	3,096	2,205
Other Payables	2,218	1,350
Government Grants	1,634	1,001
Total Creditors	9,156	7,521

17. Provisions

Provisions are charged to the Comprehensive Income and Expenditure Statement at the point when it becomes probable that a transfer of economic benefit will be required. Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement. When expenditure is incurred to which the provision relates it is charged directly against the provision in the Balance Sheet.

Provisions	2024/25 Total £000	2023/24 Total £000
Balance at 1st April 2024	521	888
Additional Provisions made in year	(297)	130
Amounts used in year	305	(497)
Balance at 31st March 2025	529	521

The table below demonstrates how the provision is profiled between current and long-term liabilities on the Balance Sheet.

Provisions – Current & Long-Term Liabilities	2024/25 £000	2023/24 £000
Provision - Current Liability	529	521
Provision – Long-Term Liability	0	0
Balance at 31st March 2025	529	521

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Provisions

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2013.

In accordance with legislation South Staffordshire Council, as a billing authority which acts as an agent on behalf of the major preceptors and central government, is required to make provisions for their share of business rates appeals to refund ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This will include amounts relating to business rates charged in 2024-25 and earlier financial years.

These totalled £446,187

18. Usable reserves

Movements in the Council's usable reserves are set out below and detailed on page 14 in the Movement in Reserves Statement.

Capital Receipts Reserve

The balance on the usable capital receipts reserve can be used to finance capital expenditure whether or not an Authority is debt free. The balance on this account is therefore available to the Council. Details of the transactions for 2024/25 are given below:

Usable Capital Receipts	2024/25 £000	2023/24 £000
Balance Brought Forward at 1st April	3,584	4,112
Net Proceeds on Sale of Long-term Assets	0	0
Applied to Finance New Expenditure	(533)	(528)
Balance Carried Forward 31st March	3,051	3,584

Capital Grants Unapplied

Capital contributions received are credited to this account and released when the scheme to which they relate is financed.

Capital Grants Unapplied	2024/25 £000	2023/24 £000
Balance brought forward 1st April	1,440	1,278
Government grants received in the year	0	537
Government grants applied	(502)	(375)
Balance carried forward 31st March	938	1,440

6. NOTES TO THE CORE FINANCIAL STATEMENTS

19. Unusable reserves

Revaluation Reserve

The Revaluation Reserve records the accumulated gains on the long-term assets (at an individual level) held by the Council arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value). Whilst these gains arising from revaluations increase the net worth of the Council, they would only result in an increase in spending power if the relevant assets were sold and capital receipts generated. The balance is also reduced when assets with accumulated gains are used in the provision of services and the gains are consumed through depreciation and if the assets are revalued downwards or impaired and the gains are lost.

Revaluation Reserve	2024/25 £000	2023/24 £000
Balance Brought Forward at 1st April	16,241	16,058
Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(682)	(1,487)
Upward revaluation of assets	2,498	1,775
Difference between fair value depreciation and historical cost depreciation	(97)	(105)
Disposal of fixed assets	0	0
Balance Carried Forward 31st March	17,960	16,241

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 Council 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 Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council 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.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Pensions Reserve	2024/25 £000	2023/24 £000
Balance Brought Forward 1st April	(11,393)	(11,294)
Re-measurement of the net defined benefit liability	603	(425)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,153)	(2,174)
Employer's pensions contributions and direct payments to pensioners payable in the year	2,830	2,500
Balance Carried Forward 31st March	(10,113)	(11,393)

Capital Adjustment Account

This Account accumulates (on the debit side) the write-down of the historical cost of long-term assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (Revenue Expenditure funded from Capital under Statute).

The balance on the Account thus represents timing differences between the amount of the historical cost of long-term assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

The account also contains revaluation gains accumulated on PPE before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

Capital Adjustment Account	2024/25 £000	2023/24 £000
Balance Brought Forward at 1st April	2,259	(513)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation and impairment of non-current assets	(872)	(805)
Revaluation movements on PPE	342	(1,246)
Amortisation of intangible assets	(19)	0
Income in relation to donated assets	23	50
Revenue Expenditure funded from Capital under Statute	(1,921)	(996)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0
	(188)	(3,510)
Adjusting amount written out of the Revaluation Reserve	97	105
Capital financing applied in year		
Use of the Capital Receipts Reserve to finance new capital expenditure	534	529
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to Capital Financing	1,936	1,595
Application of grants to capital financing from the Capital Grants Unapplied Account	502	375
Statutory provision for the financing of capital investment charged against the General Fund	543	519
Capital expenditure charged against General Fund	1,022	2,646
Balance Carried Forward 31st March	4,446	2,259

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Collection Fund Adjustment Account

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

Collection Fund Adjustment Account	2024/25 £000	2023/24 £000
Balance Brought Forward 1st April	3	1,736
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements.	70	(107)
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements.	(936)	(1,632)
Balance Carried Forward 31st March	(863)	(3)

20. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

Cash Flow Statement – Operating Activities	2024/25 £000	2023/24 £000
Interest Received	(802)	(1,180)
Interest Paid	246	268

Reconciliation of Net Cash Flows from Operating Activities to the Surplus/Deficit on the Provision of Services

The Surplus/Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement includes some transactions which do not result in cash flows, and others which are not classified as operating activities within the Cash Flow Statement (i.e. classified as investing or financing cash flows). The following table identifies these transactions and reconciles the Surplus/Deficit on the Provision of Services with the net cash flows from operating activities within the Cash Flow Statement

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Reconciliation of Net Cash Flows from Operating Activities to the Surplus/Deficit on the Provision of Service	2024/25 £000	2023/24 £000
Surplus or Deficit on the Provision of Service	(2,496)	(1,807)
Adjustments to the Surplus/Deficit on the Provision of Service for Non Cash Movements		
Depreciation, Impairment & Downward Valuations	(530)	(2,051)
Amortisation	(19)	-
(Increase)/Decrease in Impairment for Bad Debts	134	(72)
(Increase)/Decrease in Creditors	(1,848)	7,050
Increase/(Decrease) in Debtors	199	671
Movement in pension liability	22	1,747
(Increase)/decrease in provisions	(8)	367
Other non-cash items charged to the net surplus or deficit on the provision of services	(706)	4,979
	(2,756)	12,692
Adjustments for items included in the Surplus/Deficit on the Provision of Services that are Investing or Financing Activities	-	-
	-	-
Net Cash Flows from Operating Activities	(5,252)	10,884

21. Cash Flow Statement – Investing Activities

Cash Flow Statement – Investing Activities	2024/25 £000	2023/24 £000
Purchase of PPE, investment property and intangible assets	8,160	5,122
Other payments for investing activities	50	-
Proceeds from short-term & long-term investments	-	(10)
Net cash flows from investing activities	8,210	5,112

22. Cash Flow Statement – Financing Activities

Cash Flow Statement – Financing Activities	2024/25 £000	2023/24 £000
Other receipts from financing activities	729	(4,929)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	41	40
Net cash flows from financing activities	770	(4,889)

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Reconciliation of Liabilities Arising from Financing Activities

The changes in liabilities arising from financing activities can be classified as follows:

	Long-term borrowings	Lease liabilities	Total
As at 1 April 2024	(15,002)	(91)	(15,093)
Cash flows			
- Repayment	-	41	41
- Proceeds	-	-	-
Non-cash:			
- Acquisition	-	-	-
- Fair value	1	-	1
As at 31 March 2025	(15,002)	(50)	(15,052)

23. Expenditure and Income Analysed by Nature

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

Expenditure	2024/25	2023/24
	£000	£000
Employee Related	13,137	11,912
Premises Related	2,282	1,637
Transport Related	259	257
Supplies and Services	7,542	7,059
Agency and Contract Services	14,521	12,953
Transfer Payments	15,196	15,393
Capital Financing Costs	891	805
Parish Precepts	2,794	2,614
Financing & Interest Payments	709	752
Total Expenditure	57,331	53,382
Income	2024/25	2023/24
	£000	£000
Grants and Contributions	(21,147)	(18,029)
Customer and Client Receipts	(12,867)	(13,258)
Net gains/losses on disposal of non-current assets	0	0
Interest and Investment Income	(802)	(1,181)
Taxation and Non-Specific Grant Income	(25,011)	(22,721)
Total Income	(59,827)	(55,189)
Surplus or Deficit on the Provision of Services	(2,496)	(1,807)

6. NOTES TO THE CORE FINANCIAL STATEMENTS

24. Members' Allowances

The Council paid the following amounts to Members of the Council during the year:

Member Allowances	2024/25 £000	2023/24 £000
Allowances	348	347
Expenses	0	0
Total Paid	348	347

25. Officers' Remuneration

The Accounts and Audit (England) Regulations 2015 require Local Government bodies to produce a note specifying the number of employees whose total remuneration was £50,000 per year or more in that financial year, in bands of £5,000. Regulation 7 of the Accounts and Audit (England) Regulations 2015 [SI 2015 No.234] includes a legal requirement to increase transparency and accountability in Local Government for reporting remuneration of senior employees.

The Regulations require disclosure of the following:

- The number of **employees** whose total remuneration was £50,000 per year or more in that financial year, in bands of £5,000 (This replaces the Accounts and Audit (England) Regulations 2003 requirement).

Officers Remuneration	2024/25 No. of Employees	2023/24 No. of Employees
£155,000 - £159,999	1	0
£150,000 - £154,999	0	0
£145,000 - £149,999	0	0
£140,000 - £144,999	0	1
£135,000 - £139,999	0	0
£130,000 - £134,999	0	0
£125,000 - £129,999	0	0
£120,000 - £124,999	3	0
£115,000 - £119,999	0	2
£110,000 - £114,999	1	1
£105,000 - £109,999	0	0
£100,000 - £104,999	0	0
£95,000 - £99,999	0	0
£90,000 - £94,999	7	0
£85,000 - £89,999	0	6
£80,000 - £84,999	1	0
£75,000 - £79,999	0	1
£70,000 - £74,999	2	0
£65,000 - £69,999	7	3
£60,000 - £64,999	4	5
£55,000 - £59,999	10	12
£50,000 - £54,999	26	6
Total Employees	62	37

6. NOTES TO THE CORE FINANCIAL STATEMENTS

b) The remuneration of **senior employees** earning over £50,000, is detailed below.

Remuneration for Senior Employees 2024/25

Job Title	Salary (Including Fees and Allowances) £	Benefits in Kind £	Total (Excl. Pension Contributions) £	Employer's Pension Contributions £	Total (Incl. Pension Contributions) £
Chief Executive	129,621	916	130,537	28,257	158,794
Finance Director (S151 Officer)	92,763	963	93,726	20,222	113,948
Corporate Director of Place & Communities	99,437	963	100,400	21,677	122,077
Corporate Director Chief Operating Officer	101,487	1,242	102,729	22,124	124,853
Director Governance	99,437	819	100,256	21,677	121,933
Assistant Director Business Transformation & Digital Technology	74,032	963	74,995	16,139	91,134
Assistant Director Welfare Services	74,032	963	74,995	16,139	91,134
Assistant Director Community Services	74,032	963	74,995	16,139	91,134
Assistant Director Enterprise & Growth	74,032	955	74,987	16,139	91,126
Assistant Director Commercial Assets & Estates	74,032	874	74,906	16,139	91,045
Assistant Director Organisation and People Development	74,032	1,239	75,271	16,139	91,410
Assistant Director Partnerships	74,032	959	74,991	16,139	91,130
	1,040,969	11,819	1,052,788	226,930	1,279,718

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Remuneration for Senior Employees 2023/24

Job Title	Salary (Including Fees and Allowances) £	Benefits in Kind £	Total (Excl. Pension Contributions) £	Employer's Pension Contributions £	Total (Incl Pension Contributions) £
Chief Executive	126,460	963	127,423	27,568	154,991
Corporate Director Finance & Resource	24,774	0	24,774	5,176	29,950
Finance Director (S151 Officer)	47,764	508	48,272	10,413	58,685
Corporate Director of Place & Communities	93,677	963	94,640	20,422	115,062
Corporate Director Chief Operating Officer	94,772	1,148	95,920	20,660	116,580
Director Governance	91,688	1,239	92,927	19,988	112,915
Assistant Director Business Transformation & Digital Technology	71,404	1,239	72,643	15,566	88,209
Assistant Director Welfare Services	71,404	963	72,367	15,566	87,933
Assistant Director Community Services	71,404	963	72,367	15,566	87,933
Assistant Director Enterprise & Growth	71,404	963	72,367	15,566	87,933
Assistant Director Commercial Assets & Estates	47,555	637	48,192	10,367	58,559
Assistant Director Organisation and People Development	71,404	1,239	72,643	15,566	88,209
Assistant Director Partnerships	71,404	963	72,367	15,566	87,933
	955,114	11,788	966,902	207,990	1,174,892

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

(a) Exit package cost band (including special payments)	(b) No. of compulsory redundancies		(c) No. of other departures agreed		(d) Total number of exit packages by cost band [(b)+(c)]		(e) Total cost of exit packages in each band	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
							£000	£000
£0-£20,000	2	0	1	0	3	0	3	0
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
Total	2	0	1	0	3	0	3	0

6. NOTES TO THE CORE FINANCIAL STATEMENTS

26. External Audit costs

The authority has incurred the following costs in relation to the audit of the statement of accounts:

Audit Fees	2024/25 £000	2023/24 £000
External Audit Services – Accounts & Governance Works	154	161
Certification of Grant claims and returns	42	28
Audit costs relating to previous financial years	57	4
Total	253	193

6. NOTES TO THE CORE FINANCIAL STATEMENTS

27. Grant Income

The Council credited the following grants to the Comprehensive Income and Expenditure Statement in 2024/25.

Grant Income	2024/25 £000	2023/24 £000
Credited to Taxation and Non-Specific Grant Income		
Formula Grant	216	203
Lower Tier Services Grant	643	659
Services Grant	229	95
New Homes Bonus	0	0
Business Rates Relief (S31)	4,969	4,321
Uk Shared Prosperity Fund	145	0
DULHC Local Housing Fund	266	252
Getting Building Fund (GBF)	0	655
Donated Asset	22	50
Total	6,490	6,235
Credited to Services		
Housing Benefit Subsidy	14,786	15,148
Localities (Replaced Community Safety Grant)	69	64
NNDR Admin Grant	110	113
New Burdens Fund	28	38
Elections – District	0	42
Elections – County Council	53	0
Elections – Parliamentary Kingswinford and South Staffordshire	230	0
Elections – Parliamentary Stone, Great Wyrley and Penkridge	248	0
Elections – PCC	246	0
DWP Funding	47	209
Preventing Homelessness	236	173
Preventing Homelessness – Ukraine Funding	0	59
Preventing Homelessness – Asylum Seekers	78	157
HA&F Grant	0	32
Disabled Facilities Grant	1,398	1,225
DEFRA Biodiversity	27	27
DEFRA Air Quality	0	23
Uk Shared Prosperity Fund	3,088	496
Local Government Cyber Security Resilience Grant	0	75
Modern Planning Software	0	100
Green Belt Fund	70	0
Sport England	112	0
Health & Wellbeing	237	0
HIF Grant	21	0
Other Grant & Contributions (Under 20k)	63	48
Total	21,147	18,029

The Council has received grants, contributions and donations that have yet to be recognised as income in accordance with Accounting Policies. This will apply to grants with conditions attached to them that have not been met as at the accounting date. IN the unlikely event that conditions are not satisfied, the monies or property would have to be returned to the body issuing the grant or donation. The balance of Receipts in Advance is included on the Balance Sheet within Short Term Creditors.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

28. Related Party Disclosures

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosures of these transactions allow readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. Related parties of a Local Authority include Central Government, other Local Authorities and Precepting Bodies, Pension Funds, Housing Associations, Members and Chief Officers:

- **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 the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the authority has with other parties (eg council tax bills, housing benefits). Details of other grants for specific projects or services are shown in note 11 and the Cash Flow Statement.
- **Staffordshire County Council, Staffordshire Police Authority and Stoke-on Trent and Staffordshire Fire Authority** issue precepts on the Council and these are shown in the Collection Fund. The County Council is the administering Authority for the Pension Fund and details of the employer's contributions paid by this Council are shown in note 32 Defined Benefit Pension Scheme.
- **Precepting Bodies.** Details of transactions with Precepting Bodies are detailed in the note 3 to the Collection Fund.
- **Members** of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in Note 24. The Council maintains a general register of members' interests. Members are required under the Members' Code of Conduct to register financial and other interests, and a register is maintained by the Council's Monitoring Officer. The Code of Conduct also requires members to register personal and prejudicial interests in decisions taken by the Council. The Council formally nominates members to sit on outside bodies. Where grants, income and expenditure were made to these outside bodies they were awarded with proper consideration of declarations of interest and the relevant Members did not take part in any discussion or decision relating to the grant award. The total net value of payments made to outside or received from bodies in the last year with which members and officers were involved was £316,000.
- **Chief Officers** of the Council have control over the day-to-day management of the Council. The total of Chief Officer's remuneration paid in 2024/25 is shown in Note 25. Chief Officers are required to disclose personal interests with regard to contracts. All Chief Officers have been asked to declare any related party transactions. From the replies provided there are no such transactions to be declared.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Amount of Grant, expenditure and (income) 2023/24 £000	No. of Councillors declaring an involvement	Organisation	Amount of Grant, expenditure and (income) 2024/25 £000	No. of Councillors declaring an involvement
(1)	2	Bilbrook Parish Council	22	2
(16)	2	Codsall Parish Council	(11)	2
(1)	2	Essington Parish Council	41	2
-	1	Himley Parish Council	(3)	1
(2)	4	Penkridge Parish Council	11	4
(3)	2	Penkridge Sports & Recreation Centre	(3)	2
(17)	3	Perton Parish Council	44	3
(2)	1	Shareshill Parish Council	(3)	1
216	1	Veolia Environmental	218	1
(21)	6	Wombourne Parish Council	-	6
153	24	Total	316	24

In addition to the transactions detailed in the table about the Council also provides a payroll service to Cheslyn Hay Parish Council.

29. Capital Expenditure and Capital Financing

The total amount of capital expenditure (including the value of assets acquired under finance leases) incurred in 2024/25, and the methods of financing are detailed below.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used, the expenditure results in an increase in the Capital Financing Requirement (CFR). This is a measure of capital expenditure incurred historically by the Council that has yet to be financed.

Capital Financing Requirement	2024/25 £000	2023/24 £000
Opening Capital Financing Requirement	30,899	30,398
Capital Expenditure		
Property, Plant and Equipment	7,946	5,073
Intangible Assets	0	95
Revenue Expenditure Funded from Capital under Statute	1,921	996
Sources of finance		
Capital Receipts	(534)	(528)
Government grants and other contributions	(2,423)	(1,970)
Direct Revenue Financing	(1,022)	(2,646)
Minimum Revenue Provision	(543)	(519)
Grant settlement of expenditure incurred in 2023/24	(15)	0
Closing Capital Financing Requirement	36,229	30,899
Explanation of movements in year		
Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance)	5,345	501
Assets acquired under finance leases	0	0
Grant settlement of expenditure incurred in 2023/24	(15)	0
Increase / (decrease) in Capital Financing Requirement	5,330	501

6. NOTES TO THE CORE FINANCIAL STATEMENTS

30. Leases

Council as Lessee

The Council's lease contracts comprise leases of seven vehicles used for litter collection, grounds and tree maintenance. They are individually immaterial and therefore not disclosed separately as Right of Use Assets on the Balance Sheet in accordance with IFRS16.

Right of use assets

This table shows the change in the value of right-of-use assets held under leases by the Council:

	Vehicles, plant & equipment £000
Balance at 1 April 2024	89
Depreciation	(41)
Balance at 31 March 2025	48

Transactions under leases

The Council incurred the following expenses and cash flows in relation to leases.

	2024/25 £000	2023/24 £000
Comprehensive income and expenditure statement		
Interest expense on lease liabilities	2	3
Expense relating to short-term leases	41	40
Expense relating to exempt leases of low value items	6	12
Cash flow statement		
Minimum lease payments	41	40

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments).

	2024/25 £000	2023/24 £000
Less than one year	43	43
One to five years	8	51
Total undiscounted liabilities	51	94

Council as Lessor

The Council leases out property under operating leases for economic development purposes by providing business premises for rental.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Transactions under leases

	2024/25 £000	2023/24 £000
Operating leases		
Total lease income	2,884	2,504

Maturity analysis of lease receivables

The lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts).

	Operating leases	
	2024/25 £000	2023/24 £000
Less than one year	2,135	2,300
One to two years	1,170	1,674
Two to three years	302	643
Three to four years	217	348
Four to five years	72	105
More than five years	-	124
Total undiscounted receivables	3,896	5,194

31. Termination Benefits

The Council terminated three contracts of employment during 2024/25, incurring liabilities of £3k (£nil in 2023/24).

32. Defined Benefit Pension Scheme

Participation in Pension Schemes

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

The Council participates in the Local Government Pension Scheme administered by Staffordshire County Council. It is a funded defined benefit final salary scheme, meaning that both the Council and employees pay contributions into a fund. The level of contributions is calculated to balance the pension liabilities with investment assets. Changes to the scheme that affect the pension liabilities will result in a change to the level of contributions, as will fluctuations in the performance of the fund.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

The Council also participates in arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Transactions Relating to Post-Employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable 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 and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

Further information can be found in Staffordshire County Council's Superannuation Fund's Annual Report, which is available upon request from the County Pensions Service, 2, Staffordshire Place, Tipping Street (telephone 01785 278222).

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Transactions Relating to Post-employment Benefits recognised in the Comprehensive Income and Expenditure Statement

	2024/25 £000	2023/24 £000
Cost of Services		
current service cost	1,672	1,690
past service costs (including curtailments)	(9)	0
Financing and Investment Income and Expenditure		
Interest income on scheme assets	(3,503)	(3,025)
Interest cost on defined benefit obligation	3,430	3,346
Interest on the effect of the asset ceiling	545	163
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	2,153	2,174
Re-measurements of the Net Defined Liability Comprising:		
Return on plan assets excluding amounts included in net interest	(1,188)	4,984
Actuarial gains / (losses) arising from changes in demographic assumptions	125	411
Actuarial gains / (losses) arising from changes in financial assumptions	10,898	4,064
Changes in the effect of the asset ceiling	(9,907)	(7,644)
Other experience	675	(2,240)
Total remeasurements recognised in other comprehensive income and expenditure	603	(425)
Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	2,755	1,749
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the provision of services for post-employment benefits in accordance with the code	2,153	2,174
Employers' Contributions Payable to the scheme		
Actual amount charged against the General Fund Balance for pensions in the year:		
employers' contributions payable to scheme	(2,830)	(2,500)
	(2,830)	(2,500)

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Pensions Assets and Liabilities Recognised in the Balance Sheet

South Staffordshire's assets within the Pension Fund are greater than funded obligations (an accounting surplus). The Accounting Standard restricts the amount of surplus that can be disclosed (i.e. the asset ceiling), recognising the inability of the Council to obtain full economic benefit of the calculated surplus by way of either a refund or reduced future Pension Fund contributions.

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

Scheme Liabilities	2024/25 £000	2023/24 £000
Fair value of employer assets	74,547	72,327
Present Value of Funded Obligations	(61,358)	(70,109)
Effect of the Asset Ceiling on net asset/liability	(21,696)	(11,244)
Present value of unfunded liabilities	(840)	(946)
Net liability arising from defined benefit obligation	(9,347)	(9,972)

In the absence of the Asset ceiling, the Pension Fund asset would have been £12.349m in surplus.

Reconciliation of the movements in fair value of scheme assets	2024/25 £000	2023/24 £000
Opening fair value of scheme assets	72,327	63,081
Interest income	3,503	3,025
Re-measurement gain		
Return on plan assets excluding amounts included in net interest	(1,188)	4,984
Contributions from employers	2,077	3,825
Contributions from employees into the scheme	590	528
Other	0	0
Benefits paid	(2,762)	(3,116)
Closing fair value of scheme assets	74,547	72,327

Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)	2024/25 £000	2023/24 £000
Opening fair value of scheme liabilities	82,299	74,375
Current service cost	1,672	1,690
Past service costs (including curtailments)	9	0
Interest cost	3,975	3,509
Contributions from scheme participants	590	528
Re-measurement gain		
Actuarial gains/losses arising from changes in demographic assumptions	(125)	(411)
Actuarial gains/losses arising from changes in financial assumptions	(10,898)	(4,064)
Other	(675)	2,240
Asset Ceiling Adjustment	9,907	7,644
Benefits paid	(2,860)	(3,212)
Closing fair value of scheme liabilities	83,894	82,299

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Pension Scheme Assets comprised:

	Period ended 31 March 2025				Period ended 31 March 2024			
Asset category	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£000	£000	£000	%	£000	£000	£000	%
Equity Securities:								
Consumer	1,073.8	0	1,073.8	1	1,958.6	0	1,958.6	3
Manufacturing	0	0	0	0	975.9	0	975.9	1
Energy and Utilities	0	0	0	0	445.4	0	445.4	1
Financial Institutions	1,033.6	0	1,033.6	1	2,657.5	0	2,657.5	4
Health & Care	622.0	0	622.0	1	2,002.7	0	2,002.7	3
Information Technology	633.4	0	633.4	1	3,198.7	0	3,198.7	4
Debt Securities:								
Corporate Bonds (investment grade)	5,624.4	0	5,624.4	8	5,384.0	0	5,384.0	7
Private Equity:								
All	0	3,893.6	3,893.6	5	0	3,806.5	3,806.5	5
Real Estate:								
UK Property	0	6,229.9	6,229.9	8	0	5,338.9	5,338.9	7
Investment Funds and Unit Trusts:								
Equities	36,695.1	0	36,695.1	49	32,774.6	0	32,774.6	46
Bonds	5,689.7	0	5,689.7	8	5,676.0	0	5,676.0	8
Infrastructure		4,441.8	4,441.8	6	0	3,143.2	3,143.2	4
Other	3,726.6	3,185.9	6,912.5	9	0	3,789.0	3,789.0	5
Cash and Cash Equivalents:								
All	1,697.2	0	1,697.2	2	1,176.0	0	1,176.0	2
Totals	56,796	17,751	74,547	100	56,249	16,078	72,327	100

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years. Assumptions have been made about mortality rates, rates of inflation, the rate of increase in salaries etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Estimates are based on information derived from the last full valuation of the scheme as at 31st March 2025, projected forwards to 31st March 2026.

The next full valuation is due for April 2026.

The significant assumptions used by the actuary are set out below:

Mortality Rates	2024/25		2023/24	
	Males	Females	Males	Females
Longevity at 65 for:				
Current Pensioners	21.3 years	24.2 years	21.4 years	24.2 years
Future Pensioners	21.8 years	25.6 years	21.9 years	25.7 years

Financial assumptions	2024/25 %p.a.	2023/24 %p.a.
Pension Increase Rate	2.75%	2.75%
Salary Increase Rate	3.25%	3.25%
Discount Rate	5.80%	4.85%

Investment Returns	
Actual returns from 1 April 2024 to 31 March 2025	3.2%
Total Returns from 1 April 2024 to 31 March 2025	3.2%

The estimation of the defined benefit obligations is based the actuarial assumptions set out in the table above.

The sensitivity analysis below, shows how possible changes to the assumptions occurring at the end of the reporting period could impact on the net asset/liability on the balance sheet, while all the other assumptions remain constant.

The assumptions in longevity, for example assumes that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below have not changed from those used since 2013/14.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

Change in Assumptions at 31 March 2025	Approximate % Increase to Defined Benefit Obligation	Approximate Monetary Amount £000
0.1% decrease in real discount rate	2%	1,074
1 year increase in member life expectancy	4%	2,488
0.1% increase in the salary increase rate	0%	51
0.1% increase in the pension increase rate	2%	1,053

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 21 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed 31st March 2026.

The scheme takes account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the act, the Local Government Pension Scheme in England and Wales may not provide benefits in relation to services after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability (when adjusted for the asset ceiling) of £9.347 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary; and
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The Council anticipates paying contributions of £1,981,000 to the scheme in 2025/26.

6. NOTES TO THE CORE FINANCIAL STATEMENTS

33. Contingent Assets and Liabilities

A contingent liability needs to be declared where the Council is aware of a matter that may have a financial impact, but the exact amount of possible liability involved cannot be accurately determined or liability is contested.

Contingent assets are sums due from individuals or organisations that may arise in the future but for which the amount due cannot be determined in advance. These are not recognised in the accounts. They are disclosed as a note to the accounts as there is a possible receipt, which may result in a transfer of economic benefits.

Contingent Assets

There are no contingent assets to disclose in 2024/25.

Contingent Liabilities

The Council is in discussions with its tax advisors in relation to the possibility that the Council could be liable for any past failure to properly deduct Construction Industry tax payments due on invoices where:

- i) The contractor does not hold gross payment status and
- ii) The contractor is not up to date on its tax affairs and/or is no longer trading.

At this stage it is not possible to determine if a liability will arise, nor if it does, the extent of the cost. However, an Earmarked Reserve has been set aside to cover a reasonable early estimate of potential costs.

7: SUPPLEMENTARY FINANCIAL STATEMENTS

7. Collection Fund

2023/24		2024/25		
£000		Council Tax £000	NNDR £000	Total £000
	INCOME			
(80,782)	Council Taxpayers	(85,546)		(85,546)
(29,023)	*Income from Business Ratepayers (Note 1)		(34,657)	(34,657)
(109,805)	TOTAL INCOME	(85,546)	(34,657)	(120,203)
	EXPENDITURE			
	Precepts			
58,273	Staffordshire County Council	61,653		61,653
	Office of Police & Crime Commissioner			
10,321	Staffordshire	10,919		10,919
3,336	Staffordshire & Stoke-on-Trent Fire & Rescue	3,463		3,463
5,361	South Staffordshire	5,602		5,602
2,614	Parishes	2,794		2,794
	Business Rates			
	Payments to National Pool			
10,169	Payments to Government		12,503	12,503
2,267	Payment to Staffordshire County		2,654	2,654
252	Payment to Fire & Rescue		271	271
16,548	Payment to South Staffordshire		17,462	17,462
116	Cost of Collection		110	110
	Bad and Doubtful Debts			
668	Provisions	488	(51)	437
(270)	*Write Offs	0	0	0
(917)	Provision for appeals		20	20
6,535	Transfer of Collection Fund Surplus / (Deficit)	1,329	(788)	541
115,275	TOTAL EXPENDITURE	86,248	32,180	118,428
5,470	Deficit/(Surplus) for the year	702	(2,476)	(1,774)
	Collection Fund Balance			
(6,923)	Balance brought forward at 1 April	(1,950)	497	(1,453)
5,470	Deficit/(Surplus) for the year	702	(2,476)	(1,774)
(1,453)	Balance carried forward at 31 March	(1,248)	(1,979)	(3,227)
	Allocated to:			
5	South Staffordshire	(124)	(792)	(916)
(1,378)	Staffordshire County Council	(912)	(178)	(1,090)
	Office of Police & Crime Commissioner			
(252)	Staffordshire	(161)		(161)
(76)	Staffordshire & Stoke-on-Trent Fire & Rescue	(51)	(20)	(71)
(1,701)		(1,248)	(990)	(2,238)
248	Central Government		(989)	(989)
(1,453)		(1,248)	(1,979)	(3,227)

* Write Offs 2024-25 have been deducted from Income from Business Ratepayers.

8. NOTES TO SUPPLEMENTARY FINANCIAL STATEMENTS

8. Notes to the Collection Fund

1. Non-Domestic Rates (Income from Business Rate payers)

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

Local authorities retain a proportion of the total collectable rates. South Staffordshire Council's local share is 40%. The remaining 60% is split between Central Government (50%), Staffordshire County Council (9%) and Stoke-on-Trent and Staffordshire Fire and Rescue Authority (1%).

The total Business Rates Rateable value in the South Staffordshire area as at 31 March 2025 was £87.216 million (£84.983 million as at 31 March 2024). The National Rate set by the government was 49.9p for qualifying small businesses and 54.6 for all other businesses (49.9p and 51.2 respectively in 2023/24).

In April 2019 South Staffordshire Council became part of a business rates pool which is managed by Cannock District Council. The financial benefit of belonging to the pool is that tariff authorities like South Staffordshire do not have to pay a levy on business rates growth to central government. Instead, the levy is retained by the pool partly to support local infrastructure projects and partly for redistribution to member authorities.

2. Council Tax Base

The Council's tax base is the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted into an equivalent number of Band D properties. A collection rate of 99% has been assumed in the calculation of the tax base.

The council tax base for 2024/25 is 39,914.04 (39,608.54 in 2023/24).

In 2013/14, the local government finance regime was revised, and Council Tax Benefit is no longer received by the Council. This has been replaced by a Council Tax Reduction Scheme which is administered in each Authority.

8. NOTES TO SUPPLEMENTARY FINANCIAL STATEMENTS

The tax base for 2024/25 was calculated as follows:

Figures are estimates used for setting tax for 2024/25	No. of dwellings in 2024/25 (adj. for discounts)	Ratio	No. of Band D equivalent properties
Band A* (qualifying for disabled relief)	13.25	5/9	7.36
Band A	4,366.92	6/9	2,911.28
Band B	8,253.90	7/9	6,419.72
Band C	10,080.98	8/9	8,960.87
Band D	6,762.41	9/9	6,762.41
Band E	5,092.12	11/9	6,223.70
Band F	3,332.78	13/9	4,814.01
Band G	2,308.42	15/9	3,847.36
Band H	185.25	18/9	370.50
Total	40,396.04		40,317.21
Other Adjustments			(403.17)
Total Band D equivalents			39,914.04

8. NOTES TO SUPPLEMENTARY FINANCIAL STATEMENTS

3. Precepts

The following authorities have made a significant precept or demand on the Collection Fund of the Council:

Precepting Authority	2024/25 £000	2023/24 £000
Staffordshire County Council	61,653	58,273
Office of the Police and Crime Commissioner	10,919	10,321
South Staffordshire District Council	5,602	5,361
Stoke on Trent and Staffordshire Fire Authority	3,463	3,337
Parish Councils	2,794	2,614
	84,431	79,906

Details of the individual Parish precepts are set out below:

Parish	2024/25 £000	2023/24 £000
Acton Trussell, Bednall and Teddesley Hay	31,500	30,000
Bilbrook	105,000	97,500
Blymhill & Weston-Under-Lizard	6,500	6,500
Bobbington	5,650	5,385
Brewood	191,698	175,232
Cheslyn Hay	238,240	223,143
Codsall	199,573	194,494
Dunston with Coppenhall	4,850	4,620
Enville	7,780	7,370
Essington	146,041	146,041
Featherstone	111,740	102,046
Great Wyrley	216,488	206,179
Hatherton	29,767	28,900
Hilton	6,483	6,240
Himley	12,000	11,500
Huntington	100,000	96,000
Kinver	166,998	162,134
Lapley, Stretton and Wheaton Aston	130,508	121,926
Lower Penn	17,260	17,170
Pattingham & Patshull	46,209	46,209
Penkridge	310,000	270,000
Perton	248,001	225,000
Saredon	21,877	21,240
Shareshill	25,308	24,103
Swindon	18,200	18,200
Trysull and Seisdon	37,650	35,070
Wombourne	358,390	331,843
Total	2,793,710	2,614,045

8. NOTES TO SUPPLEMENTARY FINANCIAL STATEMENTS

4. Provisions for Doubtful Debts and for Valuation Appeals

Provision for Council Tax Doubtful Debts

The Collection Fund account provides for doubtful debts on arrears on the basis of prior year experience and current year collection rates.

Provision for Council Tax Doubtful Debts	2024/25 £000	2023/24 £000
Balance at 1 April	1,415	1,164
Net Increase/(Decrease) in Provision	173	251
Balance at 31 March	1,588	1,415

South Staffordshire Council's proportion of this provision is shown below.

Provision for Council Tax Doubtful Debts – South Staffordshire	2024/25 £000	2023/24 £000
Balance at 1 April	141	116
Net Increase/(Decrease) in Provision	15	25
Balance at 31 March	156	141

Provision for Business Rates Doubtful Debts

The Collection Fund account also provides for doubtful debts on business rate arrears.

Provision for Business Rates Doubtful Debts	2024/25 £000	2023/24 £000
Balance at 1 April	504	356
Net Increase/(Decrease) in Provision	(80)	148
Balance at 31 March	424	504

South Staffordshire Council's proportion of this provision is shown below.

Provision for Business Rates Doubtful Debts – South Staffordshire	2024/25 £000	2023/24 £000
Balance at 1 April	201	142
Net Increase/(Decrease) in Provision	(31)	59
Balance at 31 March	170	201

Non Domestic Rates – Provision for Appeals

The Collection Fund account also provides a provision for appeals against rateable values set by the Valuation Office Agency (VOA) not settled as at 31st March 2025. The provision has been increased in 2024/25 to reflect experience in year. This experience is used to inform likely levels of future refunds.

Non Domestic Rates – Provision for Appeals	2024/25		2023/24	
	£000	£000	£000	£000
Balance at 1 April		1,303		2,220
- Amount charged to provision	(744)		(1,242)	
- Change in provision (charged to Collection fund)	764		325	
Net Increase/(Decrease) in Provision		20		(917)
Balance at 31 March		1,323		1,303

8. NOTES TO SUPPLEMENTARY FINANCIAL STATEMENTS

South Staffordshire Council's proportion of this provision is shown below.

Non Domestic Rates – Provision for Appeals – South Staffordshire	2024/25 £000	2023/24 £000
Balance at 1 April	521	888
Net Increase/(Decrease) in Provision	8	(367)
Balance at 31 March	529	521

9. ANNUAL GOVERNANCE STATEMENT

9. Annual Governance Statement 2024/25

1. Introduction

South Staffordshire Council is committed to improving governance on a continuing basis through a process of evaluation and review in accordance with the Council's governance framework.

Each year the Council is required to produce an Annual Governance Statement (AGS) by the Accounts and Audit (England) Regulations 2015 to be published alongside the Statement of Accounts. The AGS is in accordance with the Guidance issued by Chartered Institute of Public Finance and Accountancy (CIPFA) – Delivering Good Governance in Local Government – issued in 2016. There were no changes to the legal framework or CIPFA guidance for this year.

The key purposes of the governance framework are to ensure that:

- business is conducted in accordance with the law and proper standards,
- public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility,
- proper arrangements for the governance of its affairs, and that
- there are effective arrangements for the management of risk.

The AGS sets out how the corporate governance arrangements have been working and the effectiveness of the systems of internal control during the year. This AGS will be formally considered at the meeting of the Council's Audit and Risk Committee on 19 June 2025.

2. The Principles of Governance

South Staffordshire Council's governance framework derives from seven core principles identified in Delivering Good Governance in Local Government.

The publication defines governance as:

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

It goes on to state that:

To deliver good governance in the public sector both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.

Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

9. ANNUAL GOVERNANCE STATEMENT

The guidance sets out 7 key principles



9. ANNUAL GOVERNANCE STATEMENT

Core Principles from the CIPFA Framework

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes -
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management

Assurances required

- Delivery of and communication of the Council Plan
- Quality services are delivered efficiently and effectively
- Clearly defined roles and functions
- Management of risk
- Effectiveness of internal controls
- Compliance with laws, regulation, internal policies and procedures
- Value for money and efficient management and resources
- High standards of conduct and behaviours
- Public accountability
- Published information is accurate and reliable
- Implementation of previous governance issues

Sources of assurance

- The Constitution and internal delegations
- Council, Cabinet and Committees
- Audit and Risk Committee
- Scrutiny including Overview and Scrutiny and Asset Scrutiny Panel
- Standards and Resources Committee
- Internal and External Audit
- Corporate and Extended Leadership Team
- Council Plan and Service Plans
- Medium Term Financial Strategy
- Capital Strategy
- Strategic Risk Register
- Codes of Conduct
- Integrated Performance Management Framework
- HR policies and procedures
- Whistleblowing and anti-fraud policies
- Evolution Programme
- Residents survey
- Staff and member training
- Complaints system
- Financial Procedure Rules
- Contract Procedure Rules
- CMIS (the council's committee management information system)

Review of Effectiveness

- External Audit Report – unqualified opinion
- Annual Internal Audit Report – substantial assurance
- Annual Statement of Accounts
- Local Government Ombudsman Report – two upheld complaints against the council in 2024/25
- Scrutiny reports – including reports from the Asset Scrutiny Panel
- Residents' survey
- Annual Governance Statement
- Staff Surveys
- LGA Peer Review Report
- Audit and Risk Committee Annual Report

9. ANNUAL GOVERNANCE STATEMENT

Set out below are the measures in place to measure how we are performing against these key principles and any issues identified from the measures in place.

Principle A) - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The standards of conduct and personal behaviour expected of members and officers are defined and communicated through Codes of Conduct, protocols and the Council's constitution. Arrangements are in place to ensure that officers and members are made aware of what is expected of them and details on how to make a complaint are set out clearly on the Council's website.

Importantly the Council's Standards and Resources Committee meets regularly and receives regular updates on conduct complaints. The Standards and Resources Committee promotes and maintains high standards of conduct by members proactively and deals with any allegations that a Member is in breach of the Council's Code of Conduct. The Council adopted a revised Code of Conduct in May 2022 and training for all members was provided post May 2023 elections. Further training will be held in Summer 2025.

A key part of the remit of this Committee is overseeing responsibility for the recently reviewed policy on Comments, Compliments and Complaints, and our Customer Promise, this includes receiving reports on the complaints and comments made by residents and others and the lessons learned as a result. The Committee receives all copies of reports from the Ombudsman and also receives updates to every meeting on any substantial cases. Members have the opportunity to input into mitigation measures required following a complaint and to track compliance with any Ombudsman recommendations.

The Standards and Resources Committee Chairman reports to Council on matters arising from the Committee.

The Council has an Anti-Money Laundering policy in place, as well as a Whistleblowing policy; both of these policies were reviewed in 2024 and approved at the November 2024 meeting of the Audit and Risk Committee; the policies are next due for review in 2027 and will be reported through to the committee. The Council revised its Counter Fraud and Corruption Policy in October 2023, this is next due for renewal in 2026.

The Section 151 Officer confirms that the Council's financial management arrangements conform with the governance requirements of the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Financial Officer in Local Government (2010). The Section 151 Officer has undertaken a review of financial management compliance with standards in 2024/25.

9. ANNUAL GOVERNANCE STATEMENT

Principle B) Ensuring openness and comprehensive stakeholder engagement

The Council continues to engage with the community and partners individually and collectively to demonstrate that it delivers services and outcomes that meet the needs and expectations of the public. Community engagement features strongly in the new Council Plan and the well-established Locality+ operating model of the Council is integral to how the Council seeks to operate and deliver services. An operational partnership group now meets on a regular basis and a joint delivery plan is in place. A Community Safety Group also meets on a regular basis.

All Council meetings are open to the public except where personal or confidential matters are discussed; all main meetings are recorded and the recordings made available on the Council's YouTube channel with a link to this on the Council's website. All public agendas and minutes are placed on the Council's website, along with the Council's policies and strategies. The website was refreshed in 2022 with greater accessibility tools and improved search function, ensuring improved access for residents. However, the website is subject to continuous review and refresh to ensure it provides the functionality required. The Council continues to use Social Media to get the message out and also by sharing a weekly note with Parish Councils (which they in turn share with their communities) as to what is happening at the Council this week. This is in addition to the Council's newspaper, the South Staffordshire Review, published digitally twice yearly and sent to residents via the Gov.Delivery platform.

A new Council Plan was produced for the 2024-2028 period. The new plan was approved by Council in March 2024. The Council's vision is a place of vibrant communities, deliver by four over-arching priorities:

- financial stability
- economic growth
- sustainable environment
- empowering our communities.

The themes of strong finances, strong council and strong communities from the 2020-2024 Council Plan are continued in the new plan.

Alongside the development of the new Council Plan, a comprehensive review of the performance framework was undertaken in early 2024. There is a move away from the old system of performance targets and to a more community focused approach, concentrating on the outcomes for our communities and performance indicators that have real meaning and impact. These have continued to be developed and adjusted over the last year and this will continue throughout the Council Plan period. Engagement with our communities to develop and refine these indicators will be undertaken.

A new engagement platform has been launched in March 2025 and will enhance the way the Council engages with its communities.

9. ANNUAL GOVERNANCE STATEMENT

Principle C) Defining outcomes in terms of sustainable economic, social and environmental benefits

In addition to the approach taken on Council Plan outcomes detailed above the Council has in place a number of other ways in which it defines the outcomes for its communities. The impact of the cost of living continues to be monitored by the Council and as with last year's AGS, the Council has seen an increased call on welfare and support services. The Council has accommodated this increased demand and adjusted service provision accordingly. This flexible and service-led approach has been recognised with the Creating Brighter Futures team winning Silver Community and Customer Focus Award at the iESE Public Sector Awards in Spring 2025 for their empowering people through support and education approach. The team were also awarded the Excellence in Innovation (service delivery) by the Institute of Revenues, Rating and Valuation for the work done by the UKSPF funded Creating Brighter Futures programme in supporting those furthest from the labour market. This was in recognition of the work done with local employers and training providers to upskill our residents to meet the local skills requirement. We were also Highly Commended in the Partnership Working (service delivery) for the development of relationships with the Jobcentre Plus and other local organisations to deliver the programme across the district.

The Councils Business Support service continues to have a demonstrable impact on the businesses in the district to ensure wider economic and other benefits for our communities. There is now a well-established South Staffordshire Business Partnership and Ambassador programme which hosts events across the district with growing numbers. The Enterprise Team were awarded Gold at the 2025 iESE Public Sector Awards for driving business growth through collaboration. The Council has a track record of positive sustainable economic growth and are now building on the impressive delivery of the i54 project with the focus on the broader A449 corridor which is an economic delivery driver spanning Wolverhampton and South Staffordshire with the potential for new high-tech jobs on unlocked investment land providing improved opportunities and skills for the local community.

Alongside the response to the challenges and changes faced, financial stability continues to be a priority for the Council. A balanced budget for a three year period continues to be maintained. It is however a challenging time and the Council is aware that significant issues and challenges lie ahead; the Resource Planning and Prioritisation (RPP) process provides a continuous process that ensures this remains at the forefront. The adoption of the RPP process has fed into the formal budget and council tax setting process with members being involved throughout, with engagement starting in Summer 2024 through to adoption of the budget in February 2025. This process, and engagement of members, will continue in 2025/26.

9. ANNUAL GOVERNANCE STATEMENT

The Council incorporates all elements of performance management into one integrated approach. This is reported to Cabinet on a quarterly basis and to Overview and Scrutiny Committee on half-yearly basis, with an annual report to Council. This provides effective member oversight on all key issues including budget, performance and risk. In 2023/24 the Council reviewed the IPM and sought to make it truly integrated. Work on this continued into 2024/25, alongside the development and fine-tuning of the performance measures as mentioned above. In 2024, new national performance measures were introduced by the Government, with the introduction of the Office for Local Government (OFLOG) and a suite of performance indicators. These were incorporated into the Council's performance reporting alongside the local measures. In 2024 the Council was required to produce a Productivity Plan and submit this to central government. This requirement has been removed following the change in government and the subsequent dissolution of OFLOG.

The senior leadership of the council holds Challenge Boards across key areas to ensure oversight and ownership; for example a Waste Challenge Board was established to review the proposals to address the changes to new waste legislation and provide oversight of the procurement of a new waste collection contract.

Principle D) - Determining the interventions necessary to optimise the achievement of the intended outcomes -

The approach to performance management is detailed above. A key part of this is the role of Scrutiny by members through the 3 Scrutiny Committees namely Overview and Scrutiny Committee, Wellbeing Select Committee and the Asset Scrutiny Panel. Informal scrutiny and member engagement takes place via the Member Working Groups with a more flexible approach than the formal scrutiny committees – ensuring these important member groups have the opportunity to be involved in and shape key issues for the Council and residents. One Working Group is looking at AI and digital and the measured approach adopted by the Council, championing 'Digital by Choice' has resulted in a Bronze iESE award at the 2025 Public Sector Awards for the Digital Services team.

The Council has a learning culture, seeking to take examples of best practice and build on these within the existing positive environment. The Council takes opportunities to learn from others including engaging with Peer Reviews at other authorities and taking part in the IESE Council of the Year events.

Principle E) - Developing the entity's capacity, including the capability of its leadership and the individuals within it

The Council has looked to develop a workforce that looks to do things differently in order to meet both the financial challenges we face and to further strengthen our communities; the approach is one of continuous challenge and change. A key element is the Council's Resource Planning and Prioritisation process (RPP). Whilst structured on an annual basis to tie-in with budget setting, the RPP process is a continual one with regular meeting between CLT and the Assistant Directors to track and challenge progress and issues throughout the year.

9. ANNUAL GOVERNANCE STATEMENT

The Assistant Directors continue the previously introduced work around service planning and mapping, working together to ensure resources are aligned and impacts across service areas is assessed and risks mitigated.

The Evolution Programme has been introduced to continue to provide operational clarity of direction over the Council Plan period. The Programme builds on the culture and environment of the council and sets out four key operational strands.

Place Partnership Council Plan – articulating the four priorities Partner Plan - delivery Health in all Policies Business Ambassadors	Data and intelligence Power BI AI and automation Service Data Profiles Annual review of Local Indicators
Ways of working Digital by choice Staff wellbeing Cyber Security Retain our ambition Employer of Choice	Community Lens Customer Promise Consultation Platform Service Design Localities Outreach Customer Experience

The Council remains committed to developing its staff and has a comprehensive Workforce Strategy which seeks to align workforce plans with our RPP model, providing strategic direction for workforce planning. Following on from ELT, senior leadership coaching has been held with Team Managers and Assistant Team Managers, proving both popular and effective both in terms of skills development but also enhancing working relationships across teams. Training and development opportunities have been reviewed and focussed development programmes are being introduced to align with the changing local government landscape. Alongside this, there is a Wellbeing Strategy addressing and expanding the support offered to staff. Hybrid working is in place and this is both attractive to potential employees and also popular with existing staff.

In a staff survey undertaken in 2024 97% of staff surveyed would recommend the council as a place to work. This was an increase from the 96% from the 2023 survey.

The Council remains committed to a One Team One Council approach to development, performance management and recruitment of staff and that the key five values of trust: transparency, positive relationships, listening to people and pride are embedded into the organisation.

9. ANNUAL GOVERNANCE STATEMENT

In 2024/25 the Council:

- Commenced the next round of the Aspire programme - for developing future talent and for being your best self
- Continued the 'Ways of working' supported by training programme
- Continued to consider the recruitment of apprentices where possible

The Council seeks to be an Employer of Choice and has a number of offers in this area including, flexible working patterns, hybrid working, career development support, employee benefits scheme, generous leave entitlement and wellbeing resource hub.

Alongside staff development the Council prioritises member engagement and development focusing on three key areas:

- Information - sharing information with members in a timely and effective way
- Engagement - Members have a clear focus of local priorities through the ongoing development of locality working and a number of mechanisms are in place to ensure engagement with officers
- Training - Members are kept up to date on key topical areas through regular training opportunities

Members receive regular communications from the Chief Executive and CLT on key matters. There is a bespoke weekly news round-up distributed by email to all members, capturing key events and news items of interest to members. The CEO meets with Group Leaders on a quarterly basis and the Leader of Council weekly and is joined by CLT colleagues.

Ward walks, giving members the opportunity to raise local issues and strategic matters with members of CLT were undertaken again in Autumn 2024. The previously introduced increased capacity to undertake public realm improvement works with the introduction of a new grounds maintenance team specifically to tackle the local issues raised by ward members was very successful, with some excellent examples of the benefits of three tier working. The ward walks are continuing in 2025 with a clear focus on local issues and benefits.

Member training was reviewed by a Cabinet Member in 2024/25 and members were surveyed as part of this process. A tailored training programme, based on the needs of members, has been adopted and is being rolled out during 2025.

9. ANNUAL GOVERNANCE STATEMENT

Principle F) - Managing risks and performance through robust internal control and strong public financial management and Principle G) – Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Council considers and counters risk across a broad range of areas supported by an approved risk management approach. As part of good governance risk management is built into the Integrated Performance Management Framework alongside budget management and performance. The Council's Director of Finance commissioned C.Co (a part of CIPFA) to undertake a review of the council's Risk Management Strategy and processes. Following this, both the strategy and processes across the council have been updated with a more dynamic approach now taken including the assessment of risks and importantly mitigations being regularly reviewed by the Leadership Team and Members. Reports are considered by the Council's Corporate Leadership Team and recommended to Cabinet for its approval. This revised approach will further enhance the Council's robust internal controls.

Reports on risk are also taken regularly to the Council's Audit & Risk Committee.

The Audit & Risk Committee met regularly during the year to consider regular reports from internal audit on systems reviews, quarterly risk management reports from the responsible s.151 officer and the Annual External Audit report.

The Internal Audit section has delegated responsibility for monitoring the effectiveness of systems of internal control, beyond the merely financial, and plays an important role in the Council's risk management processes. The audit plan is based upon formal risk assessment methodologies and is approved by the Audit and Risk Committee each year. Audit reports, including assessments of the adequacy of controls and recommendations for improvements, are sent to the responsible officers and the Audit and Risk Committee. Recommendations must be either accepted, with an appropriate action plan, or rejected with reasons given. Regular reviews follow up on the implementation of agreed recommendations.

The Audit & Risk Committee receives regular reports on the work of Internal Audit. Where specific problems are found the manager will be called to attend the Audit & Risk Committee to explain the situation and present their plans for improvement. This will be followed up in a subsequent report by Internal Audit. Audit and Risk Committee have requested further reporting back of issues where they have considered this necessary, evidencing the effectiveness of arrangements in this area.

As set out above regular reports are brought to Cabinet on compliance with the budget during the year, as part of the integrated Performance Management Framework. This is in addition to the approach taken on setting the budget, where all members have been involved at an early stage in the budget setting process. As part of the RPP process Cabinet and all members are engaged at an early stage with briefings on key issues, risks and opportunities undertaken from July; this is then followed by a more detailed session in late Autumn setting out options and budget implications. This then feeds into the formal budget setting process which takes place in February.

9. ANNUAL GOVERNANCE STATEMENT

In 2021 the Council entered into a shared service arrangement with Staffordshire County Council for its internal audit function. This gives greater resilience and provides a wide pool of expertise and experience benefiting the council going forward. This has proved successful with no issues around service delivery or assurance being raised.

2024 was the first year of Azets performing the external audit function for the Council. The external audit was undertaken in a timely manner, with Azets complimenting the approach and professionalism of the staff. There was a slight delay due to the separate pensions audit but no issues or concerns were raised by Azets.

4. Review of Effectiveness

South Staffordshire 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 the Corporate Leadership Team and the Extended Leadership Team within the authority who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the system of governance includes the following elements:-

- **Governance and Monitoring of the Constitution** - The Council's Monitoring Officer is responsible for governance and reviewing the Constitution on a regular basis in order to ensure that it continues to operate effectively – this has taken place on a number of occasions including the annual review which went to Annual Council on 13 May 2025. A number of changes were made at the annual review including revisions and clarifications on senior personnel matters for transparency and accountability.

No significant issues have been identified.

- **Scrutiny and Challenge** – Self-regulation is key to the Local Government performance management framework in England - ultimately the Council is responsible for its own performance. This takes place internally through the Corporate and Extended Leadership Team and through members. It is clear that there is regular and careful scrutiny of the Council's performance against its targets. A key part of this is through the formal scrutiny process but also through the Member Working Groups. Overview & Scrutiny has provided a method for members to look at key areas including performance against the priorities. This has helped inform the approach taken by Cabinet, officers and wider partners.

No significant issues have been identified.

9. ANNUAL GOVERNANCE STATEMENT

- **Audit Functions**

External Audit - A critical part of this framework is the role of external audit providing advice and challenge where appropriate including supporting the training programme for members. It is pleasing to note that an unqualified opinion on the accounts was again provided last year. The Council has also received a positive report on its arrangements to secure value for money.

Financial Arrangements - The Section 151 Officer confirms that the Council's financial management arrangements conform with the governance requirements of the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Financial Officer in Local Government (2010).

Internal Audit – In 2024/25 the internal audit service carried out 18 reviews and of these:

- 12 were rated Substantial Assurance;
- 4 were rated Adequate Assurance;
- 0 were rated Limited Assurance;
- 2 were not rated as they were advisory.

The overall conclusion of the Chief Internal Auditor was that there was substantial assurance.

Of the six High Level Audit recommendations outstanding from 2023/24 one remain in progress as at June 2025 and details have been reported to the Audit & Risk Committee on 19 June 2025. There is one high level recommendation in progress for 2024/25.

As stated above there is a robust process in place to ensure that high level recommendations are implemented and this will continue.

- **Conduct - Standards** – The Standards and Resources Committee retains oversight of Code of Conduct issues.

The Monitoring Officer has no significant issues to raise.

5. Conclusion

The Review of Effectiveness has found the arrangements for the Governance Framework to be fit for purpose.

The following action points have been identified:

- Implementation of High-Level recommendations made in 2024/25

These will be addressed in 2025/26 and reports will be brought to the Audit & Risk Committee on progress during the year.

10. INDEPENDENT AUDITOR'S REPORT

10. Independent Auditor's report to the Members of South Staffordshire Council

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11. GLOSSARY OF TERMS

11. Glossary of Terms

We have followed CIPFA's Code of Practice on Local Authority Accounting in Great Britain in putting together our statement of accounts for 2024/25. We have adopted the terms detailed below.

ACCOUNTING PERIOD

This is the length of time represented by the Statement of Accounts. It is normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCRUAL

This is one of the main accounting concepts and ensures that income and expenditure are shown in the accounting period that they are earned or incurred, not as money is received or paid.

AMORTISATION

This is a charge made to the revenue account each year that reflects the reduction in the value of intangible long-term assets used to deliver services.

ASSET

An asset is something that an organisation owns that has a monetary value. Assets are either 'current' or 'long-term'.

- A current asset is one that will be used or cease to have material value by the end of the next financial year.
- A long- term asset provides an organisation with benefits for a period of more than one year.

AUDIT OF ACCOUNTS

An audit is an examination by an independent expert of an organisation's financial affairs to check that the relevant legal obligations and codes of practice have been followed.

BALANCE SHEET

The Balance Sheet is a financial statement that summarises an organisation's assets, liabilities and other balances at the end of each accounting period.

BUDGET

A budget is a financial statement that expresses an organisation's service delivery plans and capital programmes in monetary terms.

CAPITAL ADJUSTMENT ACCOUNT

11. GLOSSARY OF TERMS

This reflects the difference between the cost of long-term assets consumed and the capital financing set aside to pay for them.

CAPITAL CHARGES

This is a charge made to an organisation's revenue accounts to reflect the cost of utilising long-term assets in the provision of services.

CAPITAL EXPENDITURE

This is expenditure for the acquisition of a long-term asset that will be used to provide services beyond the current accounting period or expenditure that adds value to an existing long-term asset.

CAPITAL FINANCING

This term describes the various sources of money used to pay for capital expenditure. Those that are applicable to South Staffordshire Council are usable capital receipts, capital grants, capital contributions and earmarked reserves.

CAPITAL FINANCING REQUIREMENT

This is a summary of the effect of the financing and affordability decisions taken by the Council. It measures the Council's underlying need to borrow as a result of capital investment.

CAPITAL PROGRAMME

This is a financial summary of the capital schemes that the Council intends to carry out over a specified time period.

CAPITAL RECEIPT

A capital receipt is the income that results from the sale of land or property. The Government decides the proportion of each capital receipt that can be used to finance new capital expenditure. Capital receipts cannot be used to fund revenue services.

CASH AND CASH EQUIVALENT

Cash is represented by cash in hand and on demand deposits. Cash equivalents are short-term, highly liquid investments readily convertible to known amounts of cash.

CASHFLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period.

CIPFA

These letters stand for the Chartered Institute of Public Finance and Accountancy.

11. GLOSSARY OF TERMS

COLLECTION FUND

A separate fund recording the expenditure and income relating to council tax and non-domestic rates.

COMMUNITY ASSETS

This is the land and property South Staffordshire Council intends to own forever. They generally have no determinable useful life and there are often restrictions regarding their sale. Examples of South Staffordshire's community assets are Baggeridge Country Park and associated open spaces.

COMPONENTISATION

This is where an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost shall be depreciated separately. Componentisation is applied for depreciation purposes on enhancement, acquisition expenditure and revaluations.

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

This shows the cost in the year of the Council providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. The taxation position is shown in the Movement in Reserves Statement.

CONSISTENCY

This is one of the fundamental accounting concepts. It requires accountants to treat similar items of income and expenditure the same way - both within an accounting period and from one accounting period to the next.

CREDITOR

This is the amount of money the Council owes to others for goods and services that were supplied in the accounting period but not paid for at the financial year end.

DEBTOR

This is the amount of money that is owed to the Council for goods and services that were provided during the accounting period, but the income was not received at the financial year end.

DEPRECIATION

This is a charge made to the revenue account each year that reflects the reduction in the value of land, property or equipment used to deliver services.

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this

11. GLOSSARY OF TERMS

expenditure is allocated for decision making purposes between the council's service teams. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

FINANCE LEASE

This is a lease where it is judged that substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee (the Council).

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another. The term 'financial instrument' covers both financial assets and liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables (debtors) and trade payables (creditors) and the most complex ones such as derivatives and embedded derivatives.

GOVERNMENT GRANTS

These are grants made by the Government towards either revenue or capital expenditure to help with the cost of providing services and capital projects. Some Government grants have restrictions on how they may be used whilst others are for general purpose.

HERITAGE ASSETS

A heritage asset is an asset that is either tangible or intangible and is held principally for its contribution to knowledge or culture.

HOUSING (ACT) ADVANCES

These are loans that the Council has previously made to individuals to help fund the cost of constructing, acquiring or improving homes. Loans to individuals are termed mortgages.

HOUSING BENEFITS

This is the national system for providing financial assistance to individuals towards certain housing costs. South Staffordshire Council administers the scheme for South Staffordshire residents. The Government subsidises the cost of this service.

IFRS

International Financial Reporting Standards advise the accounting treatment and disclose requirements of transactions so that a Council's accounts 'present fairly' the financial position of the Council. The Code of Practice on Local Authority Accounting in the United Kingdom has adopted these standards for financial statements produced from 2010/11.

IMPAIRMENT

11. GLOSSARY OF TERMS

This is a reduction in the value of a long-term asset as shown in the Balance Sheet to reflect its true value.

INCOME

This is the money that the Council receives or expects to receive from any source including fees, charges, sales, grants and interest.

INTANGIBLE ASSET

This is a non-monetary asset that is without physical substance, for example software.

INVENTORIES (FORMALLY 'STOCKS')

These are items of stores that the Council has purchased to use on a continuing basis but remain unused at the financial year end.

INVESTMENT PROPERTY

A property used solely to earn rentals and/or for capital appreciation.

LIABILITY

This is a sum of money that the Council owes to third parties at the Balance Sheet date. There are several types of liability.

- A **current** liability is a sum of money that will or may be payable during the next accounting period. Examples include creditors or cash overdrawn.
- A **long-term** liability is a sum of money that is not payable until after the next accounting period or is paid off over a number of accounting periods.

MATERIALITY

This is one of the main accounting concepts. It ensures that the statement of accounts includes all the transactions that, if omitted, would lead to a significant distortion of the financial position at the end of the accounting period.

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council.

NON-DOMESTIC RATE

This is a national scheme for collecting contributions from businesses towards the cost of local government services. Each business property has a rateable value. The Government determines how much a business has to pay per £ of rateable value each year.

NON-OPERATIONAL ASSETS

11. GLOSSARY OF TERMS

These are long-term assets owned by the Council that it does not directly occupy or use in the delivery of services. Examples are investment properties or assets that are surplus to requirement. South Staffordshire Council does not classify any of its assets as non-operational.

OPERATING LEASE

This is a lease where the ownership of a long-term asset and the risks and rewards incidental to ownership of said asset remain with the lessor (third party).

OPERATIONAL ASSETS

These are the long-term assets owned by the Council that it occupies or uses to deliver services.

PRECEPT

This is the levy made by Precepting Authorities on Billing Authorities, requiring the latter to collect income from council taxpayers on their behalf.

PROVISION

This is a sum of money that has been put aside in the accounts for liabilities or losses that are due but where the amount due or the timing of the payment is not known with any certainty.

PRUDENCE

This is one of the main accounting concepts. It ensures an organisation only includes income in its accounts if it is sure it will receive the money.

RATEABLE VALUE

The annual assumed rental value of a property that is used for non-domestic rates purposes.

RELATED PARTIES

Two or more parties are deemed related parties when at any time during the accounting period:

- One party has direct or indirect control of the other party.
- The parties are subject to common control from the same source.
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing its own interests.

11. GLOSSARY OF TERMS

- The parties, in entering into a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests.

South Staffordshire Council's related parties include:

- Central Government.
- Other Local Authorities, Police Authorities and other bodies that precept or levy demands on the council tax.
- Its Members.
- Its Chief Officers.

For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family or household.
- partnerships, companies, trusts or other entities that the individual, or a member of their close family or household, has a controlling interest in.

RELATED PARTY TRANSACTIONS

A related party transaction is the transfer of assets, liabilities or services between the Council and its related party irrespective of whether a charge is made.

Examples of related party transactions include the:

- Purchase, sale, lease, rental or hire of assets between related parties.
- Provision of a guarantee to a third party in relation to a liability or obligation of a related party.
- Provision of services to a related party.
- Transactions with individuals who are related parties of the Council, except those that are also made to other members of the community such as council tax, rents and payments of benefits.

The materiality of related party transactions is judged both in terms of its significance to the Council and to the related party.

RESERVES

Reserves are the Council's savings. A reserve results from the accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the Council's discretion.

RESIDUAL VALUE

This is the net realisable value of a long-term asset at the end of its useful life.

REVENUE EXPENDITURE

The day to day expenses associated with the provision of services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

11. GLOSSARY OF TERMS

This is expenditure that counts as capital expenditure, but it doesn't create an asset that belongs to the Council. The expenditure is charged as an expense to the revenue account. An example of Revenue Expenditure Funded from Capital under Statute is a capital grant made by South Staffordshire to another organisation or person.

REVENUE SUPPORT GRANT

A general grant paid by the Government to local authorities as a contribution towards the cost of their services.

TEMPORARY BORROWING

This is a sum of money borrowed for a period of less than one year.

TERMINATION BENEFITS

Amounts payable as a result of the Council's decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

11. GLOSSARY OF TERMS

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