



Statement of Accounts

Maldon District Council 2022/23



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MALDON DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2022/23

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SECTION – 1

NARRATIVE STATEMENT



NARRATIVE STATEMENT

Introduction

I am pleased to present the Statement of Accounts for Maldon District Council for 2022/23.

Our Purpose and Role

As a District Council we exist to:

- ensure the provision of good quality and improving local services accessible to all those who need them;
- promote improvement in the quality of life for all our residents;
- use our devolved powers of regulation for the wider good; and
- champion the needs of the District at local, regional and national levels.

We play a number of roles that affect how directly we will control or influence meeting the goals for the District. In summary these roles are:

As Regulator – We hold various regulatory powers such as planning, licensing, and environmental health. Through these we can have both direct control and indirect influence over other organisations and their actions.

As Service Provider – In addition to our regulatory service provision, we also have a statutory duty to provide a number of other services that are vital to the local community including refuse and recycling collection, housing benefit provision, council tax collection, and assisting the homeless. Councils also have a role in advancing the health, economic, cultural and leisure agendas.

As Community Leader – As the democratically elected body for the District, we have a role in leading on issues important to our local communities, working with them to help shape their aspirations and explore ways in which they can be delivered; advocating on behalf of them at national, regional and county levels, and planning and safeguarding for the future of our District and its communities.

As Partner – We have a good track record of working in partnership with various organisations to deliver services and secure improvements for our local communities. Difficult financial times reinforce the need to review how we, and others, support and facilitate partnership working in the District in the future. Effective partnership working can be key to addressing some of the wider ranging issues and we will continue to work with partners to help deliver shared ambitions where appropriate.

Maldon is a rural District in the heart of Essex. The population is ageing, but also growing as there are a number of large housing developments in the area. These form key triggers for the Council's objectives around supporting the demographic and ensuring that there is the relevant infrastructure for the growing demand.

The purpose of the Statement of Accounts is to provide clear information to readers on how Maldon District Council has utilised available financial resources using CIPFA's code on Local Council Accounting, based on International Financial Reporting Standards (IFRS). This document provides details of the Comprehensive Income and Expenditure for the financial year 2022/2023. The report provides the accounting for the General Fund and Collection Fund and all other accounts for which the Council is responsible. The Council's Balance Sheet provides details of its assets and liabilities as at 31 March 2023. Other supporting statements and notes are provided to help to explain the figures in the accounts. In addition, a glossary can be found at the back of this publication to help explain some of the technical terms.

The accounts and other relevant information, such as the annual governance statement and value for money, are subject to audit by Deloitte LLP who provide their opinion on the Council's statement of accounts.



NARRATIVE STATEMENT (continued)

The Statement of Accounts

The Statement of accounts for the year ended 31 March 2023 consist of the following statements:

Statement of Responsibilities

The statement sets out the respective responsibilities of Maldon District Council (the Council) and the Section 151 Officer, who is responsible for Finance.

Independent Auditor's Report

The Independent Auditor is required to publish an opinion on whether the financial statements give a true and fair view of the financial position and the expenditure and income of the Council for the year in question. The auditor also has a responsibility to satisfy themselves that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness (value for money) in its use of resources by review and examination of the Council's corporate performance management and financial management arrangements. The Comptroller & Auditor General (National Audit Office) prepares the code of audit practice which external auditors follow when carrying out their duties.

NARRATIVE STATEMENT (continued)

The Financial Statements:

PRIMARY STATEMENTS

Comprehensive Income and Expenditure Statement

The comprehensive income and expenditure statement shows the accounting cost during the financial year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the expenditure and funding analysis and the movement in reserves statement.

Movement in Reserves Statement

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

Balance Sheet

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

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.

Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting its financial statements.

Notes to the Accounts

The Notes provide further breakdown and explanation of amounts included in the above financial statements. Further supplementary financial statements and other additional information are provided, comprising:

Collection Fund

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

NARRATIVE STATEMENT (continued)

Summary of the Financial Outturn for the Year

The overall CIES shows a surplus of £27.0m (£12.5m surplus in 2021/22) comprising of the following:

2021/22			2022/23	
£'000			£'000	
1,087	Deficit on Provision of Services		1,276	
(13,578)	Other Comprehensive Income and Expenditure Surplus		(28,302)	
(12,491)	Total Comprehensive Income Surplus		(27,026)	

The Council is required to determine its revenue (including amounts from Council Taxpayers) and capital resources according to statutory regulations rather than IFRS. Adjustments must therefore be made to the Surplus or Deficit on Provision of Services to reconcile the IFRS accounts to the actual change in the Council's resources available as reflected in the Usable Reserves.

2021/22			2022/23	
£'000			£'000	
1,087	Deficit on Provision of Services		1,276	
(482)	Adjustments between accounting basis and funding basis under regulations		(3,979)	
605	(Increase)/Reduction in Usable Reserves of the Council		(2,703)	
	<i>Comprising:</i>			
575	Reduction in Revenue Balances and Reserves		499	
30	(Increase)/Reduction in Capital Balances and Reserves		(3,202)	

Revenue Expenditure and Sources of Finance

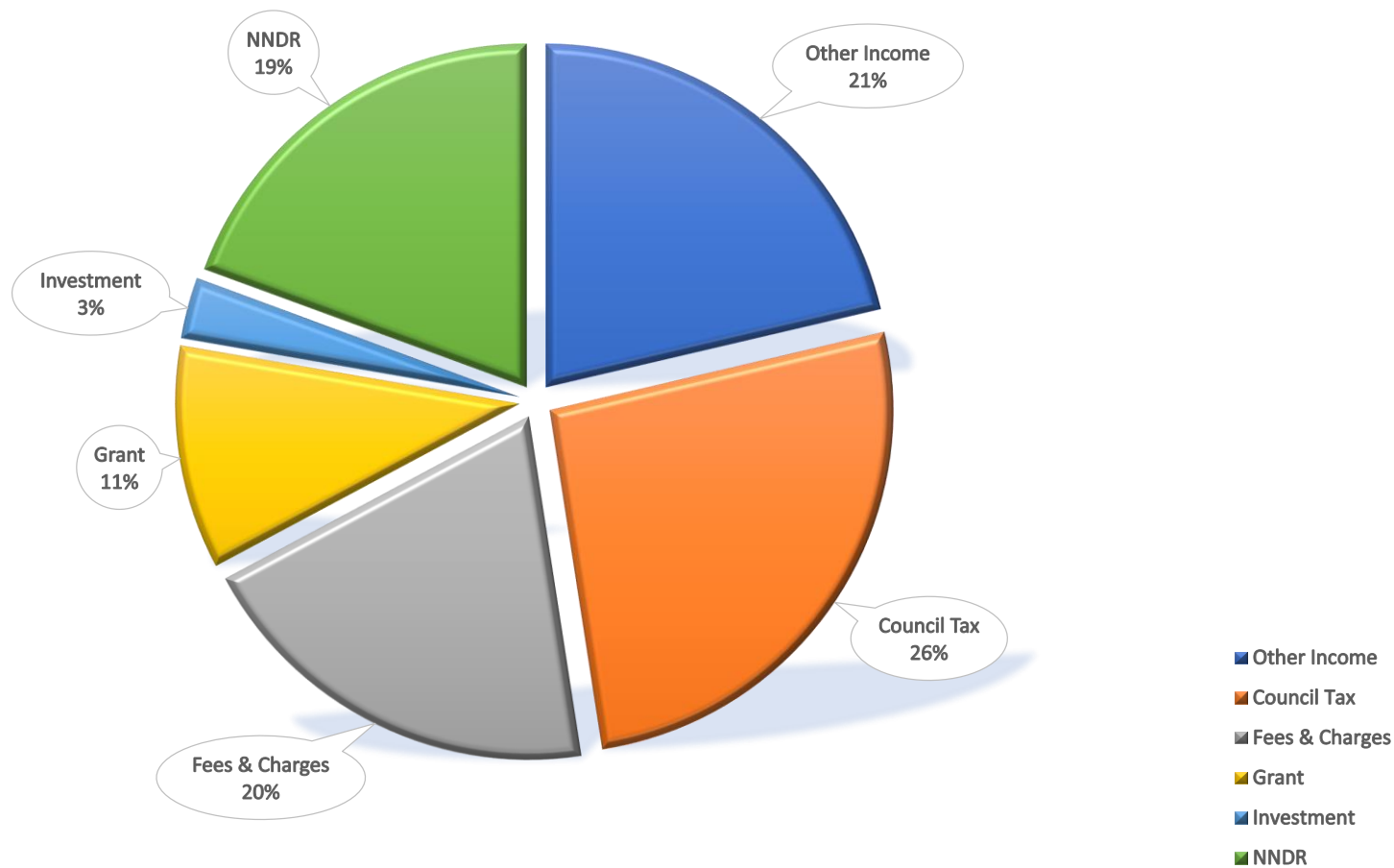
Revenue expenditure reflects the cost (on an IFRS basis) to the Council of providing services to the community. Revenue expenditure totalled £32.5m (£33.4m for 2021/22).

2021/22		Service	2022/23	
Gross Expenditure			Gross Expenditure	
£'000	%		£'000	%
4,661	14	Resources Directorate	4,418	14
26,540	79	Service Delivery Directorate	25,324	78
2,232	7	Strategy, Performance and Governance Directorate	2,768	9
33,433	100	Cost of Services	32,510	100

Revenue Expenditure and Sources of Finance (Cont.)

Funding for the revenue expenditure comes from a variety of sources :

Where funding for the council services comes from (actuals)



NARRATIVE STATEMENT (continued)

Performance Against Net Revenue Budget

The estimated net revenue expenditure for the Council for 2022/23 was £11.381m. Actual net expenditure for the year was £9.318m resulting in a £2.063m underspend, a summary of which is shown in the table below.

This Net Cost of Services underspend includes underspends in salaries (£611k) Revenues and Benefits (£128k) and Covid and other grants (£695k), Planning and LDP (£508k), Parks (£154k), Training (£70k), IT (£40k) and Contingency (£30k). Plus income overachievements such as Waste (£124k), Cemetery Fees (£61k). These were reduced overall by income under-achievements for Leisure Services (£213k and Town Car Parking (£130k)). Unrelated to services, investment income (£630k) exceeded the budget due to higher interest rates, s31 grants (£335k) and Business Rates (£1,514k) were higher than anticipated due to greater Government support and prior year adjustments respectively, which led to a lower collection fund deficit (£938k). This meant £5,477k was added to the General Fund balance more than budgeted and £1,591k less was transferred from earmarked reserves than budgeted.

	2022/23	2022/23	2022/23
	Approved Budget	Actuals Expenditure	Variance
	£'000	£'000	£'000
Resources Directorate	3,076	2,442	(634)
Service Delivery Directorate	5,758	4,872	(886)
Strategy, Performance and Governance Directorate	2,547	2,004	(543)
Net Cost of Services	11,381	9,318	(2,063)
Investment, Trading & Rental Income	(214)	(844)	(630)
Statutory Adjustments	-	-	-
General Grants & Other Income	(138)	(473)	(335)
Council Tax Receipts	(5,421)	(5,421)	-
Business Rate Income	(2,440)	(3,954)	(1,514)
New Homes Bonus	(961)	(961)	-
Collection Fund Adjustment	1,568	630	(938)
Renewables	(746)	(743)	3
Transfer (to) / from General Fund	3,029	(2,448)	(5,477)
Transfer (to) / from Earmarked Reserve	2,090	499	(1,591)
(Surplus) or Deficit on Provision of Services	939	(2,947)	(3,886)

A reconciliation of the outturn position (reported above) to the Comprehensive Income and Expenditure Statement is shown in Note 7 - the Expenditure and Funding Analysis.

NARRATIVE STATEMENT (continued)

Capital Expenditure

Capital expenditure for 2022/23 was £1,143k (£1,091k in 2021/22).

A summary of the key capital schemes for 2022/23 is shown below:

Scheme	Budget	Actual spend to	Variance
	2022/23	31-March-2023	31-March-2023
	£'000	£'000	£'000
Parks Vehicle - Rolling replacement programme	100	97	(3)
PC and Printer Replacement Programme	47	69	22
Prom Park new footpath alongside entrance road	25	19	(6)
Prom Entrance road bollard lighting	16	16	-
Prom Park Marine Lake pumping station	11	11	-
Entrance Road Resurfacing	32	-	(32)
Skate park resurfacing	45	-	(45)
Splash Park resurfacing	-	123	123
White Horse Lane resurfacing	77	-	(77)
BLC Car Park entrance	-	26	26
Butt Lane Car Park Subsidence repairs	60	-	(60)
New Hot Water Boilers - Blackwater Leisure Centre (BLC)	31	24	(7)
Oaktree Meadow and Orchard Meadow resurfacing improvement	21	21	-
BOC Pontoon Renovation	60	6	(54)
Housing - Mandatory Disabled Facilities Grants	420	551	131
Prom Park Entrance Road Resurfacing	-	40	40
New Animal warden vehicle	12	12	-
Recreation Funded by S106	-	21	21
Highways Funded by S106	-	107	107
Total	957	1,143	186

The Key Variances include Skate park resurfacing, White Horse Lane resurfacing and Butt Lane Car Park Subsidence repairs were held back in favour of necessary BLC works and Splash Park resurfacing. The PC and Printer Replacement Programme had a high spending year during 2022/23 but this followed a low spend in 2021/22 as demand for replacements ebbs and flows from year to year. The Mandatory Disabled Facilities works were higher than expected although these are funded from Government grants, and Recreation and Highway expenditure were financed by Section 106 funds.

NARRATIVE STATEMENT (continued)

Pension Fund

The Council's share of the assets and liabilities of the Pension Fund have moved from a net liability of £16.966m to a net asset of £8.179m. A further explanation can be found in note 37 to the Core Financial Statements. It is important to understand that the net pension liability is a position taken at just one point in time. Market prices can move up as well as down in the short term and it is therefore not possible to quantify what long term effect the movement in market prices will have on the Pension Fund.

The net pension liabilities have decreased after actuaries allowed for Employer Asset investment returns, contributions paid into and estimated benefits paid from the fund and after projecting future cashflows to be paid from the fund, together with Demographic and Statistical assumptions including mortality projections.

While audits of The 2021/22 financial statements remain outstanding, the value of the Pension Fund remains subject to restatement in those years until they are signed off by the Council's external auditors. This would affect the comparative values in this financial statement. This financial statement has assumed no change will take place with respect to the Pension Fund in prior years.

Provisions/Contingencies

The Council makes provisions for Bad Debts and for Business Rate Appeals that have been assessed as having a "probable" success rate. 2022/23 is the last year for 2017 Appeals to take place, so the probable success rate of appeals has dropped substantially and is reflected in a greatly reduced provision.

There were £34k worth of Business Rate Appeals written off during 2022/23, attributable to the Council.

The Council did not make any provision for contingent liabilities i.e. "possible" obligations in 2022/23.

Future Outlook Revenue

The Council has set a balanced budget for 2024/25 but there remains a revenue budget gap over the Council's Medium-Term Financial Strategy for 2026/27 financial year and beyond. In response to this, the Council is identifying measures to ensure its future sustainability. It continues to hold robust levels of reserves.

As at 31 March 2024 the Council's provisional general fund balance stood at £5,820k. This balance is a general reserve and is not earmarked for any specific expenditure.

The Council's policy is to set the minimum level of General Balances at £2.6m.

Based on current estimates the general fund balance is not forecast to drop below £2.6m in the medium term, however, there remains risk about the overall economic outlook and any possible impact on council tax and business rates collection.

NARRATIVE STATEMENT (continued)

Capital

Estimated Future Capital Spending	2023/24	2024/25	2025/26
	£'000	£'000	£'000
Project Title			
Vehicle & Plant Replacement	57	65	-
Information & Communication Technology	54	47	47
Changing places - Blackwater leisure centre	26	-	-
Sport Facilities	-	-	125
Play Equipment	-	753	100
Rivers	-	14	-
Parks and Open Spaces	51	294	-
Community Projects	33	36	-
Housing	718	539	539
	-		
Total Capital Programme	939	1,748	811
Financed by:			
Capital Receipts	67	473	172
Grant Funded	777	539	539
S106	51	736	100
Hire Purchase Agreement	44	-	-
Total Funding	939	1,748	811

The above table shows the capital spending plans of the Council in line with the Medium Term Financial Strategy approved on 15 February 2024 and the 2023/24 Provisional Outturn approved on 25 July 2024.

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

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

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

The £539k planned expenditure for Housing relates to the Disabled Facilities Grant Programme which gives money to claimants for disabled adaptations on their home. This is funded by Central Government.

NARRATIVE STATEMENT (continued)

Risks

The biggest risk to the Council is the future uncertainty around funding. There is already a significant funding gap identified in the Medium Term Financial Strategy. There remains ongoing uncertainty on the future system of local government funding and how Maldon will fare within it.

There will also be the new system for Business Rates retention that is being moved away from the 100% retention scheme originally proposed to a lower percentage and with a baseline rates reset removing the greater potential for retained growth income.

The pandemic affected Maldon District Council's finances significantly and created a funding gap of £452k going into the 2022/23 financial year, as reported in the Medium-Term Financial Strategy to Council in February 2022. Since then, the financial outturn for 2022/23 improved significantly so that £2,448 can be contributed to the General Fund balance after a £648k contribution from the Council Tax and NNDR Equalisation Reserve towards the Collection Fund deficit.

In terms of funding during 2022/23, NNDR and Council Tax collection was impacted by the cost of living crisis as emergency relief was granted to Business Rates Payers and Council Tax Payers, as instructed by Central Government. This resulted in an underachievement to the Collection Fund Business Rates Income. This was partially offset by additional section 31 grants and pushed back into surplus by a large release from the Appeals Provision, having come to the end of the 2017 Appeals deadline on 31 March 2023. NNDR and Council Tax collection rates are still slightly below that of immediately before the Covid-19 pandemic.

MDC is reviewing its current and future Reserves, and Revenue and Capital Budgets in order to address the remaining funding gap and steer the Council back towards sustainability.

The new government has not pre-announced any future financial settlement for 2024/25 and beyond, although they have indicated there may be a longer term settlement announcement. The Council remains in a good position to address this uncertainty in the short term via its sound financial management and planning, alongside prudent levels of reserves needed for these times of uncertainty. However, the medium term remains challenging, so the Council will continue to closely monitor all new policy and funding announcements and building these into its future MTFS projections as appropriate.

Cost of Living Impact

A cost of living crisis emerged during 2022/23 due to oil and gas and supply chain shortages created by the effects of Brexit, the Covid-19 pandemic and the Russian invasion of Ukraine. This caused soaring inflation peaking at 12.3% RPI led by fuel and energy costs, materials and salaries. This put pressure on Council service budgets and also on business and household budgets across the district. Central Government responded with Council Tax rebates of £150 for all Council Tax payers in bands A to D. Ukraine Refugees qualified for £200 cash per person, and Maldon residents who joined the Homes for Ukraine scheme were entitled to £350 per month for hosting Ukraine refugees, which the Council was required to administer. Despite this, collection rates performed well.

Local Taxation	Budgeted Collection Rate 2022/23	Actual Collection Rate 2022/23	Actual Collection Rate 2021/22
Council Tax	97.3%	98.0%	97.6%
NNDR	93.3%	98.5%	97.6%

Council Tax and Business Rates collection rates both exceeded their budgets, although the cumulative cost of living on business and household budgets may only hit crisis in the next financial year. Collection rates were similar during 2023/24.

NARRATIVE STATEMENT (continued)

Financial

The General Fund balances at 31 March 2024 was reported as £5,820k in the Provisional Outturn position. General Balances are not earmarked for any future expenditure. Therefore, this balance is available to cover any additional COVID-19 related expenditure or losses in income that occur, although the minimum level for this reserve is set at £2.6m. The reserve is not forecast to drop below £2.6m in the short term.

However, there remains uncertainty around the recovery of the economy. Reductions in Council Tax, Business Rates income and debt collection could occur in future years and put future pressure on the general fund balance. Although inflation rates have fallen to near-target rates, interest rates remain relatively high and the Cost of Living is still a challenge for residents and businesses so could also further hamper income collection rates.

The Council managed its cashflows through prudent investments during the times of high inflation with the Bank of England Base Rate peaking at 5.25%. The Council retains the option to use the government's Debt Management Office should the risk associated with placing money with counterparties become too high. As a result of high interest rates, investment income has greatly exceeded its 2022/23 budget of £214k, achieving £622k (part of £844k in investment, trading & rental income). Interest rates continued to remain high throughout 2023/24 and beyond.

Opportunities

The Council is always looking at opportunities for joint working with other bodies, such as joint procurement of services or joint provision of a service.

Maldon District Council has started to explore commercial opportunities, with due regard to the relevant statutory guidance, in order to assist in meeting the budget gap in future years.

Performance Information

A new Corporate Plan covering the period 2023/2027 was updated and adopted by the Council in February 2023. The Plan sets the vision and corporate goals and provides strategic direction for the planning and delivery of the Council's work. For each priority, the Plan details the objectives the Council is striving to achieve.

Each year the Corporate Leadership Team (CLT), together with managers, identifies the key corporate activities through their Service Plans that will be taken forward to contribute to the achievement of the priorities and objectives. Targets for a number of key performance indicators are monitored corporately to manage performance and track the impact of the actions/provide evidence of achievements. Quarterly performance reports are submitted to the Performance, Governance and Audit Committee who monitor performance and progress.

The key corporate activities are detailed in the Service Plans for each Directorate. This plan is the cornerstone of the performance planning process and contains the aims and priorities for each Directorate. These are not submitted to Committee but facilitate effective performance and risk management within the Directorates, including the setting of individual objectives and completion of performance reviews, updates on the key corporate activities and the performance indicators are recorded by the responsible officers. These updates form the basis of the quarterly performance reports to CLT and the Performance, Governance and Audit Committee. Individual staff objectives flow from the key corporate and service activities and the performance reports submitted to the Committees are accessible via the website.

NARRATIVE STATEMENT (continued)

Key Performance Indicator	2021/22		2022/23		2023/24
	Target	Actual	Target	Actual	Target
Percentage of Council Tax collected*	96.60%	97.60%	97.30%	98.00%	97.30%
Percentage of Non-domestic Rates collected	93.30%	97.60%	93.30%	98.50%	95.50%
Time taken to process Housing Benefit/Council Tax Support - new claims (days)**	16.0 Days	17.0 Days	16.0 Days	16.5 Days	16.5 Days
Time taken to process Housing Benefit/Council Tax Support – change of circumstances (days)***	7.5 Days	10.0 Days	8.5 Days	6.5 Days	8.5 Days
Percentage of major planning applications processed within 13 weeks	80.00%	90.00%	80.00%	80.00%	80.00%
Percentage of minor planning applications processed within 8 weeks	75.00%	85.00%	75.00%	75.00%	75.00%
Percentage of other planning applications processed within 8 weeks	85.00%	90.00%	85.00%	85.00%	85.00%
Total Kilogrammes of household waste arising per household (annual)	850kgs	897kgs	900kgs	809kgs	900kgs
Percentage of household waste sent for reuse, recycling and composting	58.00%	57.60%	58.00%	56.20%	58.00%
Total Kilogrammes of residual household waste per household	350kgs	380kgs	350kgs	353kgs	350kgs
Average number of working days lost due to sickness per FTE	8.0 Days	8.7 Days	8.0 Days	10.5 Days	8.0 Days

Other measures that are not wholly within the Council's control are also "tracked" during the year.

These are linked to the corporate goals and objectives. Monitoring the performance of these provides evidence of progress towards achieving our goals and outcomes.

Further Information

Further information about the audited accounts is available from the Section 151 Officer, Maldon District Council, Princes Road, Maldon, Essex. CM9 5DL

Transparency information concerning the Council's spend with suppliers is detailed on the website (www.maldon.gov.uk).

www.maldon.gov.uk



Ben Cookson
 Director of Resources and Section 151 Officer
 Maldon District Council

Date 10/12/2024



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SECTION – 2

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS



STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required to:

- (i) 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 Section 151 Officer;
- (ii) manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- (iii) approve the Statement of Accounts.

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy's (CIPFA) / LASAAC Code of Practice on Local Council Accounting in the United Kingdom (the Code). In preparing this Statement of Accounts the Section 151 Officer has:


- (i) selected suitable accounting policies and then applied them consistently;
- (ii) made judgements and estimates that were reasonable and prudent;
- (iii) complied with the local Council Code.

Certification of the Interim Chief Financial Officer

The Section 151 Officer has also:

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

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



Ben Cookson

Interim Chief Finance Officer and Section 151 Officer
Maldon District Council

10/12/2024

Date

I certify that these accounts were considered and approved by the Committee at its meeting held on 5th December 2024

On behalf of Maldon District Council



Councillor Wendy Stamp

Chairman of the Performance, Governance and Audit Committee
Maldon District Council

10/12/2024

Date



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SECTION – 3

PRIMARY STATEMENTS

Core Financial Statements	Page Number
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COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2021/22				2022/23			Note
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
4,661	(1,479)	3,182	Resources	4,418	(630)	3,788	
26,540	(19,488)	7,052	Service Delivery	25,324	(18,445)	6,879	
2,232	(154)	2,078	Strategy, Performance and Governance	2,768	(411)	2,357	
33,433	(21,121)	12,312	Cost of Services	32,510	(19,486)	13,024	
1,571	(148)	1,423	Other Operating Expenditure	1,604	(121)	1,483	7e
536	(1,237)	(701)	Financing and Investment Income and Expenditure	1,071	(905)	166	7f
-	(11,947)	(11,947)	Taxation and Non-Specific Grant Income	-	(13,397)	(13,397)	7g
35,540	(34,453)	1,087	(Surplus)/deficit on provision of services	35,185	(33,909)	1,276	
		(1,035)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(987)	23
		(12,543)	Remeasurement of the net defined benefit liability / (asset)			(27,315)	37
		(13,578)	Other Comprehensive income			(28,302)	
		(12,491)	Total Comprehensive income			(27,026)	

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Note
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31-March-2022	(5,794)	(7,482)	(1,863)	(482)	(15,621)	(18,091)	(33,712)	
Movement in reserves during 2022/23								
Deficit on the provision of services	1,276	-	-	-	1,276	-	1,276	
Other Comprehensive Income	-	-	-	-	-	(28,302)	(28,302)	
Total Comprehensive (Income) and Expenditure	1,276	-	-	-	1,276	(28,302)	(27,026)	
Adjustments between accounting basis and funding basis under regulations	(4,223)	-	343	(99)	(3,979)	3,979	-	8
Net (Increase) or Decrease before Transfers to Earmarked Reserves	(2,947)	-	343	(99)	(2,703)	(24,323)	(27,026)	
Transfers to / from Earmarked Reserves	499	(499)	-	-	-	-	-	
(Increase) or Decrease in 2022/23	(2,448)	(499)	343	(99)	(2,703)	(24,323)	(27,026)	
Balance at 31-March-2023	(8,242)	(7,981)	(1,520)	(581)	(18,324)	(42,414)	(60,738)	

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Note
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31-March-2021	(5,745)	(8,414)	(2,008)	(59)	(16,226)	(4,995)	(21,221)	
Movement in reserves during 2021/22								
Deficit on the provision of services	1,087	-	-	-	1,087	-	1,087	
Other Comprehensive Income	-	-	-	-	-	(13,578)	(13,578)	
Total Comprehensive (Income) and Expenditure	1,087	-	-	-	1,087	(13,578)	(12,491)	
Adjustments between accounting basis and funding basis under regulations	(204)	-	145	(423)	(482)	482	-	8
Net (Increase) or Decrease before Transfers to Earmarked Reserves	883	-	145	(423)	605	(13,096)	(12,491)	
Transfers to / from Earmarked Reserves	(932)	932	-	-	-	-	-	
(Increase) or Decrease in 2021/22	(49)	932	145	(423)	605	(13,096)	(12,491)	
Balance at 31-March-2022	(5,794)	(7,482)	(1,863)	(482)	(15,621)	(18,091)	(33,712)	

BALANCE SHEET

The **Balance Sheet** shows the value of the assets and liabilities held by the council. The council's net assets (assets less liabilities) are matched by the reserves it holds. These reserves are shown in two categories – usable and unusable. Usable reserves may be used to provide services subject to statutory limitations and the need to maintain prudent levels of reserves for financial stability. Unusable reserves cannot be used to fund council services.

Certification by the Chief Financial Officer

I certify that the statement of accounts gives a true and fair view of the financial position of the authority at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.



Ben Cookson

Director of Resources and Section 151 Officer

10th December 2024

31-March-2022		31-March-2023	
£'000		£'000	Note
28,096	Land & Buildings	28,516	10a
1,566	Vehicles Plant & Equipment	1,356	10a
2,148	Infrastructure	2,260	10b
645	Community Assets	624	10a
3,897	Investment Property	3,957	12
95	Heritage Assets	95	11
471	Intangible Assets	294	13
5,223	Long Term Investments	4,531	14
37	Long Term Debtors	24	18
-	Asset related to Pension Scheme	8,179	37
42,178	Total Long-term Assets	49,836	
8,000	Short-term Investments	8,030	39
3	Inventories	5	15
2,592	Short Term Debtors	2,151	16
22,536	Cash and Cash Equivalents	15,595	19
33,131	Current Assets	25,781	
(21,000)	Short-Term Creditors	(11,896)	20
(226)	Short Term Leases	(226)	
(2,054)	Provisions	(816)	21
(23,280)	Current Liabilities	(12,938)	
(100)	Provisions	(100)	21
(16,966)	Pension Liabilities	-	37
(226)	Long Term Creditors	-	14
(1,025)	Grants Receipts in Advance - Capital	(1,841)	40
(18,317)	Long-term Liabilities	(1,941)	
33,712	Net Assets	60,738	
(15,621)	Total Usable Reserves	(18,324)	
(18,091)	Total Unusable Reserves	(42,414)	23
(33,712)	Total Reserves	(60,738)	

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 flows have been made from resources which are intended to contribute to the Council's future service delivery.

Financing activities summarises cash flows from where we have offered or received loans or finance leases during the year.

2021/22		2022/23	
£'000		£'000	Note
1,087	Net deficit on the provision of services	1,276	
(11,852)	Adjust to deficit on the provision of services for non-cash movements	8,559	24
720	Adjustments for items included in net deficit in the provision of services that are investing & financing activities	899	
(11,132)	Net cash outflow/(inflow) from operating activities	9,458	
(10,045)	Net cash outflow/(inflow) from operating activities	10,734	
7,756	Investing Activities	(1,807)	25
(4,274)	Financing Activities	(1,986)	26
(6,563)	Net (increase) or decrease in cash and cash equivalents	6,941	
15,973	Cash and cash equivalents at the beginning of the reporting period	22,536	
22,536	Cash and cash equivalents at the end of the reporting period	15,595	

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Notes to the Core Accounting Statements

Note 1: Accounting Policies

a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31st March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices.

These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 and the Service Reporting Code of Practice 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

Going Concern

The Accounts are prepared on a going concern basis, i.e., on the assumption that the Council will continue to operate for the foreseeable future. Current cash levels and forecasts remain sound, and the Medium-Term Financial Strategy shows Council reserves to be sufficient for the foreseeable future.

Notes to the Core Accounting Statements (continued)

Note 1: Accounting Policies (continued)

b) Accruals of Income and Expenditure

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

- Revenue from sale of goods is recognised when the authority transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- Revenue from the provision of services is recognised when the authority can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- An exception to this policy is housing benefit transactions which are accounted for on a cash basis, that is, when the payment is made.
- Interest receivable on investments is accounted for respectively as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- In the case of periodic receipts and payments, where it does not materially affect the accounts and a full year's income and expenditure is recorded, an accrual does not need to be raised.

The Code of Practice on Local Council accounting has been revised to take into account International Financial Reporting Standards (IFRS), IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with Customers coming into effect.

IFRS 9 includes a single classification approach for financial assets driven by cash flow characteristics and how an instrument is managed, and a “forward looking” “expected loss” model for impairment rather than the previous “incurred loss” model.

IFRS 15 introduced a five-step process for recognising revenue based on the transfer of control rather than the previous risk and reward basis.

Both of these changes have been considered as part of the preparation of the Council's accounts for 2022/23 and neither are considered to have a material impact on the financial statements.

Where the Council is due to receive income from contractual arrangements with its customers, it is required to consider the following 5 steps before disclosing income:

- Identify the contract with a service recipient.
- Identify all the individual performance obligations within the contract.
- Determine the transaction price.
- Allocate the price to the performance obligations.
- Recognise revenue as the performance obligations are fulfilled.
- If these are deemed to be applicable to any existing arrangements, income will not be recognised in the financial statements until the relevant performance obligations have been met.

c) Cash and Cash Equivalents

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

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

Notes to the Core Accounting Statements (continued)

Note 1: Accounting Policies (continued)

d) Prior Period Adjustments

Changes in Accounting Policies and Estimates and Errors Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of the transactions, other events and conditions on the council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

e) Collection Fund Income and Expenditure Account

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Business Rates.

• Council Tax and Non-Domestic Rates

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

- Collection Fund surpluses/deficits declared by the Billing Authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. For Maldon District Council, the Council Tax precepting bodies are Essex County Council and Police and Crime Commissioner. For Maldon District Council, the NDR precepting bodies are Central Government (50% share) Maldon District Council (40% share) and Essex County Council (10% share).
- Maldon District Council participates in a Business Rates pool with Essex County Council and West Essex District Council to minimise the levy payment due and thereby maximise the retention of locally generated business rates.

Accounting for Council Tax and NDR

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

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

Council Tax Reduction Scheme

Prior to 2013/14 certain eligible taxpayers had some, or all, of their charge met by Council Tax Benefits. The amount of the benefit was credited to the Collection Fund and appeared as a charge in the billing authority's Central Services to the Public line in the Comprehensive Income and Expenditure Statement. From 2013/14 Council Tax Benefits has been replaced by a Council Tax Reduction Scheme which is applied directly to the Council Tax base.



Notes to the Core Accounting Statements (continued)

Note 1: Accounting Policies (continued)

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

The Council had no Exceptional Items in 2022/23 or 2021/22.

Changes in accounting policy no longer need to be material to result in a Prior Period Adjustment.

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. This has been done when applying the changes to Financial Instruments (IFRS 9) and Revenue Recognition (IFRS 15). Accounting policies that relate to statutory accounting requirements are accounted for in the same manner as other accounting policies.

No material errors have been made in prior year accounts that need to be amended in the 2022/23 accounts (2021/22 accounts are still subject to audit).

f) Employee Benefits

• Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g., time off in lieu, flex-leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the service account, but then reversed out through the Movement in Reserves Statement so that holiday benefits accrual has no impact on Council Tax and holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

• Termination Benefits

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

Note 1: Accounting Policies (continued)

• **Post-Employment Benefits**

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

The Local Government scheme is accounted for as a defined benefit scheme.

The pension fund liability or asset is calculated every three years by the funds actuary, with annual updates in the intervening years. Methods and assumptions consistent with IAS19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 37. The estimate of the asset or liability is therefore subject to significant variances based on changes to the assumptions used. When the balance is an asset it becomes subject to an asset ceiling. IAS 19 allows for an asset ceiling which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. It is considered unlikely that the Council will be in a position to reach the asset ceiling; where this does happen, direct reference

The liabilities of the Essex County Council pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings of current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a high-quality corporate bond. The discount rates are based on the annualised yield on the iBoxx over 15-year AA rated corporate bond index.

The assets of the Essex County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value and include quoted securities at current bid price and property at market value.

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

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non- Distributed Costs.
- Net interest on the net defined benefit liability (asset) i.e., net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- The return on assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Essex pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Notes to the Core Accounting Statements (continued)

Note 1: Accounting Policies (continued)

- **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.

- g) **Events after the Reporting Period**

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; and
- 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 of authorisation for issue are not reflected in the Statement of Accounts.

- h) **Financial Instruments**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

- **Financial Assets**

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

The Council has financial assets comprising of long-term and short-term investments, long-term debtors, short-term debtors (excluding statutory debts such as Council Tax, Non-Domestic Rates, precepts, etc.) and cash & cash equivalents. These are assets that have fixed or determinable payments but are not quoted in an active market. They are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Notes to the Core Accounting Statements (continued)

Note 1: Accounting Policies (continued)

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, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. 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.

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

- **Available-for-Sale Assets**

The Council has available for sale financial assets in the form of a UK Gilt and short-term Certificates of Deposit. Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations
- The inputs to the measurement techniques are categorised in accordance with the following three levels:
- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 inputs – unobservable inputs for the asset

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 Comprehensive Income and Expenditure Statement, 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 Comprehensive Income and Expenditure Statement. 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 derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, 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).

Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.



Notes to the Core Accounting Statements (continued)

Note 1: Accounting Policies (continued)

i) Government Grants and Contributions

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

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

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

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

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

Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

j) Intangible Assets

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

k) Interests in Companies and Other Entities

The Council has no material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts.

l) Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

m) Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Notes to the Core Accounting Statements (continued)

Note 1: Accounting Policies (continued)

m) Investment Property (continued)

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

n) Jointly Controlled Operations and Jointly Controlled Assets

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly

o) Leases

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

p) The Council as Lessee

• Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant, or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

• Operating Leases

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

Note 1: Accounting Policies (continued)

q) The Council as Lessor

• Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

• Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

r) IFRS 16

From 1st April 2024, the Code requires that leases are accounted for in line with IFRS 16. The code permits early adoption any time from 1 April 2022. Maldon did not adopt IFRS16 until 1 April 2023. Under IFRS 16, a lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration (whether or not it has the legal status of a lease). A contract is or contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time.

A contract conveys the control of the right to use of an identified asset if throughout the contract period the customer has the right:

- * to obtain substantially all of the economic benefits from the use of the identified asset, and
- * to direct or control the use of the identified asset.

IFRS 16 Leases introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The main criticism of the current lease accounting requirements in IAS 17 is that it does not require lessees to recognise assets and liabilities arising from operating leases. IFRS 16 addresses those criticisms by requiring lessees to recognise most leases on their balance sheets and providing enhanced disclosures. The IASB (International Accounting Standards Board) believes this will result in a more faithful representation of lessees' assets and liabilities and greater transparency of lessees' financial obligations and leasing activities.

Notes to the Core Accounting Statements (continued)

Note 1: Accounting Policies (continued)

r) IFRS 16 (continued)

The standard requires the authority to hold more details on leases for inclusion on the balance sheet. This means many of our leases currently accounted for as Operating leases will be converted to Finance leases. In order to determine the correct categorisation, we will be reviewing all current lease agreements including all contracts where we have the right-of-use of the identified assets but not currently classed as finance leases. This would include property, vehicles, plant & equipment, photocopiers, computers etc.

Accounting for leases is a complex area with detailed disclosure requirements. It is important that the information you provide is as comprehensive as possible to ensure that all relevant data is captured and recorded in the Council's leasing register.

s) Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing 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 amortisations are replaced by the contribution in the General Fund Balance Minimum Revenue Payment (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

t) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When applying the definition of fair value, non-financial assets and, non-current assets held for sale shall be measured at highest and best use.

u) Property, Plant & Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

• Recognition

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

• Measurement

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located if the cost is above the £5,000 de minimis threshold.

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

- the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Notes to the Core Accounting Statements (continued)

Note 1: Accounting Policies (continued)

u) Property, Plant & Equipment (continued)

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

- infrastructure, community assets and assets under construction – (depreciated) historical cost.
- other land and buildings and operational assets where there is an active market – Current value determined as the amount that would be paid for the asset in its existing use (EUV).
- operational assets where there is an active market Operational assets where there is no market-based evidence of current value because of the specialist nature of the asset and/or the asset is rarely sold (i.e., EUV cannot be determined), depreciated replacement cost (DRC) using the 'instant build' approach as an estimate of current value.
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- Fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. At Maldon District Council this applies to our sports centres.

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

Assets included in the Balance Sheet at current value are revalued regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits taken to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

At Maldon District Council, all property valuations are carried out by the Valuation Office Agency. The bases of valuations are undertaken in accordance with the Statement of Asset Valuation Practice and Guidance Notes, published by the Royal Institute of Chartered Surveyors (RICS).

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

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

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

• Impairment

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

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

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

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

Notes to the Core Accounting Statements (continued)

Note 1: Accounting Policies (continued)

u) Property, Plant & Equipment (continued)

• Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant, furniture, and equipment – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer and/or Responsible Officer for that asset; and
- infrastructure – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer, and/or Responsible Officer and/or valuer for that asset.

Newly acquired assets and capital enhancements are depreciated from the year after acquisition unless the variation in change is considered material. In this respect only, the Council does not fully comply with the requirements of IAS16 Property, Plant & Equipment but this is not a material consideration for the Council.

Useful life of an asset is shown below for the relevant categories

- | | |
|--------------------------------|--------------------|
| • Infrastructure | 10, 20 or 40 years |
| • Buildings | 10 to 60 years |
| • Vehicles | 5, 6 or 7 years |
| • Computer Equipment / systems | 3, 5 or 10 years |
| • Other | 3, 5 or 7 years |

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. All assets with a gross value over £50,000 are considered for componentisation. If on consideration a component is assessed to be greater than 20% of the total cost of the asset, it is componentised, and the separate components depreciated using appropriate useful lives. Components that are individually less than 20% of the total cost of the asset are not treated as separate components for accounting purposes. They are valued and depreciated as part of the building structure.

The Council has a de minimis limit of £10,000 for capital expenditure purposes which results in the capitalisation of expenditure above that limit as an asset in the balance sheet. Items below this limit charged to revenue.

The following five components have been identified:

- Land
- Structure of Building;
- Roof;
- Electrical & Mechanical (inc. Plant & Equipment); and Other / specialist.
- Other / specialist.

Each component is considered to depreciate on a straight line basis. The useful life of a component will vary according to the type of property in which it is located and the amount of use to which it is put. The useful life of a component will be determined by the valuer when a component part is identified.

Where a component is replaced or restored, the carrying amount of the old component shall be derecognised to avoid double counting and the new component reflected at the cost or new carrying value.

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.

Notes to the Core Accounting Statements (continued)

Note 1: Accounting Policies (continued)

v) Infrastructure Assets

Infrastructure assets include Footways and cycle tracks, structures (e.g., bridges), street furniture and land which together form a single integrated network.

w) Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

x) Measurement

Infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

y) Depreciation

Depreciation is provided on the parts of the infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year.

Useful lives of the infrastructure assets are determined by using industry standards where applicable as follows:

	Useful Life
Coastal Defences (Sea Wall)	Environment Agency Responsibility (Indefinite Lifetime)
Footways and Cycle Tracks	25 Years
Street Furniture	Bus shelters 25 years and other assets 40 years
Water Supply and Drainage (Public Spaces)	50 Years

z) Disposals and derecognition

When an infrastructure asset is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of noncurrent assets is fully provided for under separate arrangements for capital financing.

Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

- **Disposals and Non-Current Assets Held for Sale**

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

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

Note 1: Accounting Policies (continued)

z) Disposals and derecognition (continued)

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale and are kept under their original category.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings and 50% for land, net of statutory deductions and allowances) are payable to the Government, under the Right to Buy scheme. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

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

aa) Heritage Assets

• Heritage Assets – Measurement and Valuation

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant, and equipment. However, some of the measurement rules are relaxed in relation to heritage assets. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated on an annual basis.

There is an annual programme of valuations and items are valued by an external valuer. The assets within the art collection are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by the external valuers and with reference to appropriate insurance values and commercial markets using the most relevant and recent information from sales at auctions.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, for example, where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. The trustees of the Council's Museum will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant, and equipment.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

ab) Fair Value Measurement

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

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

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Core Accounting Statements (continued)

Note 1: Accounting Policies (continued)

ab) Fair Value Measurement (continued)

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

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

ac) Minimum Revenue Provision

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation on non-current assets. However, it is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the Minimum Revenue Provision in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

ad) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Contingent Liabilities

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

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

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement, and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

Note 1: Accounting Policies (continued)

Provisions, Contingent Liabilities and Contingent Assets (continued)

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income. The amount of VAT irrecoverable is negligible.

Notes to the Core Accounting Statements (continued)

Note 2: Accounting Standards Issued, Not Adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

1. IFRS 16 was not adopted on 1 April 2022. Local Authorities may wait until as late as 1 April 2024 to adopt this standard, however Maldon District Council is reporting under IFRS 16 from 1 April 2023 (2023 / 24) onwards.

Note 3: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

A critical judgement made in the Statement of Accounts is in relation to the high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

At the end of 2022/23 the Government had not pre-announced any financial settlement for future years, nor given any indication of future resource levels for local government via a Spending Review. This coupled with an intended overhaul of the business rate retention scheme for funding and a review of funding allocations via the fair funding and the resources and needs review means the levels of support from Government, in terms of funding, are very uncertain. The Council is in a good position to address this uncertainty via its sound financial management and planning, alongside prudent levels of reserves needed in times of uncertainty. The Council will be monitoring all announcements by Government with respect to its proposals and ensuring that the Council reply to all consultations to ensure the interests of the Council and our residents are strongly represented.

At the time of publication of the 2022/23 accounts there was continued uncertainty in other areas, including the impact on the Council of the UK's departure from the European Union, the ongoing recovery from the Coronavirus pandemic, the effects of the war in Ukraine and the emerging cost of living crisis, driven by high inflation, supply-chain problems, food shortages, fuel and energy costs. The impact on the Council's income from Park attractions as well as the collection rates of Council Tax and NNDR has and constantly is being actively monitored.

The Government helped to mitigate these challenges in-year by offering Council Tax rebates of £150 to each home graded Band D or lower to relieve the impact of energy costs on households. This was administered by Maldon District Council's Revenue and Benefit's team. They also administered cash payments to Ukraine refugees throughout April and May 2022, but responsibility for this passed to Essex County Council in June 2022.

Note 4: Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Impairment of Property, Plant & Equipment & Intangible Assets	<p>The Council assesses the impairment of property, plant and equipment and intangible assets (excluding goodwill) whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards</p> <p>Factors that are considered important and which could trigger an impairment review include the following</p> <ul style="list-style-type: none"> • obsolescence or physical damage, • significant changes in technology and regulatory environments • significant underperformance relative to expected historical or projected future operating results, • significant changes in the use of its assets or the strategy of the overall business, • significant negative industry or economic trends, and • Significant decline in the market capitalisation relative to net book value for a sustained period. 	The identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating units requires significant judgement which is determined by a qualified valuer.
Pensions	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Barnett Waddingham, is engaged to provide expert advice regarding the assumptions applied in calculating the Council's net pension liability.	The effect on the net pension liability of changes in individual assumptions can be measured. For instance: A 0.1% increase in the discount rate assumption at 31 March 2023 would result in an increase in the Gross pension obligation, increasing this to £59.727 million. - a 1 year addition to the life expectancy assumption at 31 March 2023 would result in an increase in the Gross pension obligation, increasing this to £63.077 million.
Provision for Business Rates Appeals	At 31 March 2023, the Council has included in its accounts a provision for appeals on NDR rates of £0.636 million. However, appeals vary significantly in size and success rate, and therefore this may either be greatly insufficient or greatly overstated.	If the predicted success rate was to alter by just 10%, an additional £0.064 million would be required.

Notes to the Core Accounting Statements (continued)

Note 5: Material Items of Income and Expense

No other material items of income or expense have occurred that are not already disclosed on the face of the CIES. However, the effects of the Cost of Living crisis were felt by the Council in 2022/23. These are noted where relevant, and implications included in the Statement of Accounts.

Note 6: Events After the Balance Sheet Date

Details of the impact and effect of the cost of living crisis are provided within the Narrative by the Section 151 officer and in note 3 to the financial statements.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II limited) ruled that certain historical amendment for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgement was upheld by the Court of Appeal on 25 July 2024. The applicability of this case to public sector pension schemes, including the LGPS, is currently uncertain and it is not possible to quantify the potential impact (if any) on the associated transactions and balances in the Council's accounts. For this reason, no allowance for the potential impact of the Virgin Media case has been recognised in the Statement of Accounts. The Council, assisted by its actuary, will continue to monitor development in this area.

There have been no other events occurring after the reporting date that would have a material impact on these financial statements.

Note 7a: Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the Financial Statements, however, it is positioned here as it provides a link from the figures reported in the Narrative by the Section 151 Officer to those in the Comprehensive Income and Expenditure Statement.

The objective of the Expenditure and Funding Analysis is to demonstrate to Council taxpayers how the funding available to the Council (i.e., government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in note 7c.

2021/22				2022/23		
Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
2,594	588	3,182	Resources	2,443	1,345	3,788
4,300	2,752	7,052	Service Delivery	4,871	2,008	6,879
1,771	307	2,078	Strategy, Performance and Governance	2,004	353	2,357
8,665	3,647	12,312	Net Cost of Services	9,318	3,706	13,024
(7,782)	(3,443)	(11,225)	Other Income and Expenditure	(12,265)	517	(11,748)
883	204	1,087	(Surplus) or Deficit on Provision of Services	(2,947)	4,223	1,276
(14,159)			Opening Combined General Fund Balance	(13,276)		
883			Plus / less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	(2,947)		
(13,276)			Closing Combined General Fund Balance	(16,223)		

Note 7b: Note to the Expenditure and Funding Analysis

2021/22					2022/23			
Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments		Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
251	333	4	588		Resources Directorate	338	1,017	(10)
1,853	901	(2)	2,752	Service Delivery Directorate	1,668	376	(36)	2,008
1	314	(8)	307	Strategy, Performance & Governance Directorate	1	354	(2)	353
2,105	1,548	(6)	3,647	Net Cost of Services	2,007	1,747	(48)	3,706
(1,743)	536	(2,236)	(3,443)	Other Income & Expenditure from the Funding Analysis	(1,186)	422	1,281	517
362	2,084	(2,242)	204	Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statements surplus or deficit	821	2,169	1,233	4,223

1. Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

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

2. 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 state and the replacement with the current service costs and past service costs.
- For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

3. Other Difference

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

- The charge under Taxation and non-specific grant income and expenditure represents that 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.
- For financing and investment income and expenditure – the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.
- For taxation and non-specific grant income and expenditure – the other non-statutory adjustments column recognises adjustments to service segments, e.g. for un-ringfenced government grants.

Note 7c: Expenditure & Income Analysed by Nature

2021/22		2022/23
£'000		£'000
	Expenditure	
10,541	Employee benefits expenses	12,481
21,383	Other services expenses	18,354
170	Direct cost recharges	310
1,339	Depreciation, amortisation and impairment	1,364
536	Interest payments	422
-	Revaluation loss	649
1,571	Precepts and levies	1,604
35,540	Total expenditure	35,184
	Income	
(7,145)	Fees, charges and other service income	(8,087)
(460)	Interest and investment income	(844)
(10,593)	Income from council tax, non-domestic rates, district rate income	(11,721)
(777)	Revaluation Gain on long term Investment and Investment assets	(60)
(148)	Gain on the disposal of assets	(121)
(15,330)	Government grants and contributions	(13,075)
(34,453)	Total income	(33,908)
1,087	Deficit on the Provision of Services	1,276

Note 7d: Revenue from Contracts with Service Recipients

IFRS 15 is a standard drafted for the commercial entities, where the recognition of revenue is normally of paramount importance for the financial performance in the financial statements. Therefore the Council shall consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the various requirements and shall consider the concept of materiality set out in paragraph 2.7.1.1 of the Code for the users of local Council financial statements. A Council shall aggregate or disaggregate disclosures so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have substantially different characteristics.

The objective of the disclosure requirements is for an Council to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with service recipients.

Paragraph 2.7.4.7 of the Code requires an indication of how the figures relate to segmental reporting. The Council considers the disclosure of Note 7A on expenditure and income analysed by nature provides sufficient information for readers regarding the nature of such revenues.

Note 7e: Other Operating Expenditure

2021/22		2022/23
£'000		£'000
1,571	Parish & Town Precepts	1,604
(148)	Net gains/losses on disposal of PPE	(121)
1,423	Total	1,483

Note 7f: Financing and Investment Income & Expenditure

2021/22		2022/23
£'000		£'000
(198)	Interest on investments	(623)
(55)	Surplus on trading undertakings	-
536	Net interest on the net defined benefit liability	422
(403)	Revaluation of Long Term Investment	649
(207)	Rental Income from Investment Assets	(222)
(374)	Revaluation Gain on Investment Assets	(60)
(701)	Total	166

Note 7g: Taxation & Non-Specific Grant Income

2021/22		2022/23
£'000		£'000
(6,848)	Council Tax Income	(7,274)
(990)	Government Grants (not attributable to specific services)	(1,449)
(3,745)	Non-Domestic Rates	(4,447)
(364)	Capital Grants and Contributions	(227)
(11,947)	Total	(13,397)

Note 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 arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The general fund is the statutory fund into which all the receipts of an Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the general fund balance, which is not necessarily in accordance with proper accounting practice. The general fund balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The capital receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The capital grants unapplied account (reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure.

The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Note 8: Adjustments between Accounting Basis and Funding (continued)

2022/23	Usable Reserves			Unusable Reserves	Corresponding Unusable Reserves
	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied		
	£'000	£'000	£'000		
Adjustment to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Amortisation of intangible fixed assets	(177)	-	-	177	Capital adjustment Account
Depreciation of fixed assets	(1,187)	-	-	1,187	Capital adjustment Account
Loss on Revaluation	36	-	-	(36)	
Revaluation gain on non-current assets	-	-	-	-	Capital adjustment Account
Reversal of Capital Grants & Contributions Credited straight to services	679	-	-	(679)	Capital adjustment Account
Revenue expenditure funded from capital under statute	(679)	-	-	679	Capital adjustment Account
Capital expenditure charged in year to the General Fund	-	-	-	-	
Revaluation of investment assets	60	-	-	(60)	Capital adjustment Account
Transfer of Capital Contribution to Capital Grants Unapplied Account	99	-	(99)	-	Capital Grants Unapplied Account
Insertion of Items Not Debited or Credited to the Comprehensive Income & Expenditure Statement					
Statutory provision for financing	226	-	-	(226)	Capital adjustment Account
Adjustments relating to the Capital Receipts Reserve					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	121	(121)	-	-	
Capital receipts applied	-	464	-	(464)	Capital adjustment Account
Pension Adjustment					
Adjustments relating to the Pension Reserve	(2,170)	-	-	2,170	Pensions Reserve
Net charges made for retirement benefits in accordance with IAS19	-	-	-	-	
Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners	-	-	-	-	
Adjustments Relating to the Collection Fund Adjustment Account					
Transfers to (from) Collection Fund Adjustment Accounts	(630)	-	-	630	Collection Fund Adj Account
Adjustments Relating to the Available for Sale Reserve					
Transfers to (from) Financial Instruments Revaluation Reserve	(648)	-	-	648	Financial Instru. Reval Reserve
Adjustments Relating to the Accumulated Absences Account					
Employee benefits accrued (prior year adjustment)	-	-	-	-	
Employee benefits accrued (current year adjustment)	47	-	-	(47)	Accumulated Absences Account
Total Adjustments Between Accounting Basis & Funding Basis Under Regulations	(4,223)	343	(99)	3,979	

Note 8: Adjustments between Accounting Basis and Funding (continued)

2021/22	Usable Reserves			Unusable Reserves	Corresponding Unusable Reserves
	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied		
	£'000	£'000	£'000		
Adjustment to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Amortisation of intangible fixed assets	(174)	-	-	174	Capital adjustment Account
Depreciation of fixed assets	(1,165)	-	-	1,165	Capital adjustment Account
Loss on Revaluation	-	-	-	-	Capital adjustment Account
Revaluation gain on non-current assets	21	-	-	(21)	Capital adjustment Account
Reversal of capital grants & contributions credited straight to services	562	-	-	(562)	Capital adjustment Account
Revenue expenditure funded from capital under statute	(788)	-	-	788	Capital adjustment Account
Transfer of Capital contributions to CGUA	423	-	(423)	-	
Revaluation of investment assets	374	-	-	(374)	Capital adjustment Account
Net gain / loss on sale of fixed assets	-	-	-	-	
Insertion of Items Not Debited or Credited to the Comprehensive Income & Expenditure Statement					
Statutory provision for financing	226	-	-	(226)	Capital adjustment Account
Investment Assets Fair Value Gain					
Capital expenditure charged in year to the General Fund	-	-	-	-	
Adjustments relating to the Capital Receipts Reserve					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	148	(148)	-	-	
Capital receipts applied	-	303	-	(303)	Capital adjustment Account
Utilisation of Capital Grants Unapplied					
Adjustments relating to capital receipts	-	-	-	-	
Capital receipts applied	-	-	-	-	Capital adjustment Account
Deferred Capital Receipts Received					
Adjustments relating to the Pension Reserve	(2,084)	-	-	2,084	Pensions Reserve
Net charges made for retirement benefits in accordance with IAS19	-	-	-	-	
Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners	10	(10)	-	-	Capital Receipts Received
Adjustments Relating to the Collection Fund Adjustment Account					
Transfers to (from) Collection Fund Adjustment Accounts	1,833	-	-	(1,833)	Collection Fund Adj Account
Adjustments Relating to the Available for Sale Reserve					
Transfers to (from) Financial Instruments Revaluation Reserve	403	-	-	(403)	Financial Instru. Reval Reserve
Adjustments Relating to the Accumulated Absences Account					
Employee benefits accrued (prior year adjustment)	7	-	-	(7)	Accumulated Absences Account
Employee benefits accrued (current year adjustment)	-	-	-	-	
Total Adjustments Between Accounting Basis & Funding Basis Under Regulations	(204)	145	(423)	482	

Note 9a: Transfers to/from Earmarked Reserves

The following table details the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from the earmarked reserve to meet General Fund expenditure in 2023

Balances as at 31-March-2023	Balance	Transfers Out	Transfers (In)	Balance	Transfers Out	Transfers (In)	Total
	01-April-2021	2021/22	2021/22	31-March-2022	2022/23	2022/23	31-March-2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Business Continuity	(10)	-	-	(10)	-	-	(10)
Community grants	(1)	-	-	(1)	-	-	(1)
Community Housing Fund Grant	(116)	-	-	(116)	-	-	(116)
Community Infrastructure levy & LDP review	(130)	-	(451)	(581)	316	(565)	(830)
Community Safety	(78)	-	-	(78)	-	-	(78)
Community Sports Network/Health & Wellbeing	(41)	-	-	(41)	-	-	(41)
Council Tax and Business Rates equalisation	(4,837)	2,396	(1,240)	(3,681)	1,705	(1,057)	(3,033)
Economic Development	(60)	-	(3)	(63)	16	-	(47)
Electoral Registration	(30)	-	(72)	(102)	-	-	(102)
FDO external funding from Plume	(1)	-	-	(1)	-	-	(1)
Feasibility Study reserve	(80)	2	-	(78)	4	-	(74)
Heritage projects	(8)	-	-	(8)	-	-	(8)
Homeless reduction Act Grant	(57)	-	-	(57)	-	-	(57)
Insurance liability	(52)	-	-	(52)	1	-	(51)
Neighbourhood Plan Applications	(29)	-	-	(29)	-	-	(29)
New Homes Bonus reserve	(1,184)	793	-	(391)	391	-	-
Income & Expenditure Budget Equalisation	-	-	-	-	-	(49)	(49)
Repairs & renewals fund	(177)	-	-	(177)	5	(50)	(222)
Revenue commitments	(417)	406	(350)	(361)	350	(1,173)	(1,184)
Sports Development	(11)	-	(26)	(37)	7	-	(30)
Corporate Delivery Reserve	(127)	-	(4)	(131)	38	(35)	(128)
Transformation	(952)	-	-	(952)	117	-	(835)
Waste Contract Implementation	(15)	-	-	(15)	-	-	(15)
Pensions Reserve	-	-	(520)	(520)	-	(520)	(1,040)
S106 with no Clawback Clause	-	-	-	-	-	-	-
Total Specific Reserves	(8,413)	3,597	(2,666)	(7,482)	2,950	(3,449)	(7,981)
General Fund balance	(5,745)	-	(49)	(5,794)	-	(2,448)	(8,242)
Total Revenue Reserves	(14,158)	3,597	(2,715)	(13,276)	2,950	(5,897)	(16,223)

Notes to the Core Accounting Statements (continued)

Note 9b: Transfers to/from Earmarked Reserves

Business Continuity – to provide funding for emergency requirements such as salt, sand bags or other business continuity requirements.

Community Grants – the time limits on these grants exceed the financial year in which the budget provision was made, necessitating a reserve to cover the outstanding liabilities.

Community Housing Fund Grant – reserve to support community led housing delivery. Objective is to help deliver affordable housing aimed at first time buyers in response to the problem second homes can cause in reducing supply.

Community Infrastructure Levy & LDP Review – following the adoption of the Local Development Plan, this reserve will now fund the work to enable implementation of the CIL, and also to meet the regulations to ensure that the LDP is reviewed regularly.

Community Safety – reserve set aside to fund community safety activities.

Community Sports Network / Health & Wellbeing – a grant was received from the government in 2011/12 to support sports networks; this is being utilised year by year as necessary.

Council Tax & Business Rates Equalisation – this reserve is to counter the timing differences seen in business rates funding.

Economic Development – reserve set aside to support economic development activities in the District.

Electoral Registration – reserve set aside to support electoral works.

Feasibility Study Reserve – Monies to be utilised in the one off costs incurred during a commercial projects feasibility assessment. The scale of the project will quantify what level of feasibility and/or viability assessments are required to enable robust council decision making and risk management

Heritage Projects: Environmental Imps – the Council gives grants in support of environmental initiatives and historic buildings. The time limits on these grants exceed the financial year in which budget provision is made, necessitating a reserve to cover outstanding liabilities.

Homeless Reduction Act Grant – reserve set up to use three years of grant funding for Homelessness Reduction Officer.

Insurance Liability – the Council maintains external insurance policies to cover major risks. In many cases the policies have excess clauses that require the Council to meet the first part of each claim. The Council has established this reserve to cover its liabilities under policy excesses and finance any claims for small risks not insured externally.

Neighbourhood Plan Applications – funding to be utilised in supporting the preparation of neighbourhood plans.

New Homes Bonus Reserve – The New Homes Bonus Scheme (NHBS) was introduced in 2011/12 to encourage local authorities to facilitate housing growth. For every additional property built or brought back into use, the government match funds the additional council tax, with an additional amount for affordable homes, for the following six years. The grant is not ring-fenced and is split 80% to the lower tier and 20% to the upper tier. In 2021/22 £793k was drawn down from the reserve to support general fund expenditure leaving a balance of £391k, which was fully utilised in 2022/23 as per the MTFS.

Notes to the Core Accounting Statements (continued)

Note 9b: Transfers to/from Earmarked Reserves (continued)

Pensions Reserve – to provide a reserve to enable the Council to forward fund the pension deficit.

Repairs & Renewals Fund – to provide funds to support additional revenue / capital costs arising from the need to maintain the Council's asset base.

Revenue Commitments – this reserve exists to smooth out the timing differences between monies being earmarked to expenditure from the Annual Revenue Budget and the expenditure actually occurring.

Sports Development - reserve set aside to fund sports development activities.

FDO External Funding from the Plume – specific external funding towards the post of Football Development Officer.

Strategic Priorities Reserve – The Council had some surplus funds after the Bradwell Power Station project was put on hold earlier this year. Corporate Leadership Team decided to put these funds in a reserve to fund projects towards delivering its strategic priorities.

Transformation – to provide funds to meet the one-off investment costs of efficiency savings or service reductions to be realised in future years. Also to enable the upfront costs of potential income generating projects.

Waste Contract Implementation – contributions towards the procurement and mobilisation of the new Waste Contract.

S106 with no Clawback Clause - To be applied against projects previously identified as being funded by S106 and its monitoring. To support S106 projects and their monitoring.

Note 10: Property, Plant and Equipment**Note 10A: Property, Plant and Equipment**

Movements to 31-March-2023	Land and Buildings	Vehicles, plant and equipment	Community assets	Surplus assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at 01-April-2022	28,519	7,350	649	-	-	36,518
Additions	-	212	-	-	-	212
Disposals	-	-	-	-	-	-
Reclassifications	25	-	(25)	-	-	-
Revaluation increases recognised in the revaluation reserve	837	-	-	-	-	837
Revaluation decreases recognised in the revaluation reserve	(335)	-	-	-	-	(335)
Revaluation increases recognised in the surplus/deficit on the provision of services	34	-	-	-	-	34
Revaluation decreases recognised in the surplus/deficit on the provision of services	(37)	-	-	-	-	(37)
At 31-March-2023	29,043	7,562	624	-	-	37,229
Accumulated Depreciation and Impairment at 01-April-2022	(423)	(5,784)	(4)	-	-	(6,211)
Depreciation for year	(625)	(422)	-	-	-	(1,047)
Reclassifications	(4)	-	4	-	-	-
Restatement of Depreciation upon Revaluation Upward to Revaluation Reserve	444	-	-	-	-	444
Restatement of Depreciation upon Revaluation Downward to Revaluation Reserve	41	-	-	-	-	41
Restatement of Depreciation upon Revaluation Upward to I&E	40	-	-	-	-	40
At 31-March-2023	(527)	(6,206)	-	-	-	(6,733)
Net Book Value						
At 31-March-2023	28,516	1,356	624	-	-	30,496
At 31-March-2022	28,096	1,566	645	-	-	30,307

Note 10a: Property, Plant and Equipment (continued)

Movements to 31-March-2022	Land and Buildings	Vehicles, plant and equipment	Surplus assets	Community assets	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at 01-April-2021	28,598	7,156	-	649	-	36,403
Additions	26	194	-	-	-	220
Disposals	-	-	-	-	-	-
Reclassifications from Infrastructure	(636)	-	-	-	-	(636)
Revaluation increases recognised in the revaluation reserve	680	-	-	-	-	680
Revaluation decreases recognised in the revaluation reserve	(144)	-	-	-	-	(144)
Revaluation increases recognised in the surplus/deficit on the provision of services	30	-	-	-	-	30
Revaluation decreases recognised in the surplus/deficit on the provision of services	(35)	-	-	-	-	(35)
At 31-March-2022	28,519	7,350	-	649	-	36,518
Accumulated Depreciation and Impairment at 01-April-2021	(355)	(5,367)	-	(2)	-	(5,724)
Reclassification of Depreciation from Infrastructure	-	-	-	-	-	-
Depreciation for year	(593)	(417)	-	(2)	-	(1,012)
Depreciation on disposals	-	-	-	-	-	-
Restatement of Depreciation upon Revaluation Upward to Revaluation Reserve	485	-	-	-	-	485
Restatement of Depreciation upon Revaluation Downward to Revaluation Reserve	14	-	-	-	-	14
Restatement of Depreciation upon Revaluation Upward to I&E	26	-	-	-	-	26
Restatement of Depreciation upon Revaluation Downward to I&E	-	-	-	-	-	-
At 31-March-2022	(423)	(5,784)	-	(4)	-	(6,211)
Net Book Value						
At 31-March-2022	28,096	1,566	-	645	-	30,307
At 31-March-2021	28,243	1,789	-	647	-	30,679

Depreciation

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

- other land and buildings – 10 to 60 years
- vehicles, plant, furniture & equipment – 5, 6 or 7 years
- infrastructure – 10, 20 or 40 years.

Notes to the Core Accounting Statements (continued)

Note 10: Property, Plant and Equipment (continued)

Note 10b: Infrastructure Assets

2021/22	Description	2022/23
£'000		£'000
2,255	Net book value (modified historical cost) at 1 April	2,148
46	Additions	252
(153)	Depreciation	(140)
2,148	Net book value at 31 March	2,260

Infrastructure assets are measured on a depreciated historical cost basis. However, the accounting rules that applied before 1 April 1994 mean that the carrying amount only reliably includes expenditure of acquisition and enhancement incurred after this date. Expenditure incurred before this date is only included to the extent that it had not been financed before the end of the 1993/94 financial year.

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. All replaced infrastructure components are determined to have fully depreciated and have a net amount of nil.

Note 10c: Capital Commitments

At 31 March 2023 the Council has the following outstanding contracts for the construction or enhancement of Property, Plant and Equipment.

2021/22	Description	2022/23
£'000		£'000
25	Blackwater LC Air handling unit	-
25	Total	-

Note 10: Property, Plant and Equipment (continued)

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years with the remainder indexed where possible. Valuation office undertook valuations on behalf of the Council in 2022/23 for operational property and investment property. The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on cost prices.

Note 10 D Property, Plant and Equipment Revaluations

Balances as at 31-March-2023	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Total
	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	1,356	2,260	624	4,240
Valued at current value as at:					
31-Mar-23	17,523	-	-	-	17,523
31-Mar-22	2,600	-	-	-	2,600
31-Mar-21	3,784	-	-	-	3,784
31-Mar-20	2,018	-	-	-	2,018
31-Mar-19	2,591	-	-	-	2,591
Total cost or valuation	28,516	1,356	2,260	624	32,756

Non-operational property, plant and equipment (surplus assets)

The Council does not have material surplus assets.

Note 11: Heritage Assets

Heritage assets are assets that are held by the Council principally for their contribution to knowledge or culture. The Council does not own any historic buildings, however, it does hold a range of non property assets including museum artefacts and statues.

The following table shows the carrying values of heritage assets held by the Council at the beginning and end of the reporting period. There have been no changes in the year and no revaluations have taken place.

2021/22		2022/23
£'000		£'000
95	Valuation at 1st April	95
95	Balance at 31 March	95

Note 12: Investment Properties

The following items of income and expense have been accounted for in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

2021/22	Investment Property Income and Expenditure	2022/23
£'000		£'000
207	Rental income from investment property	221
207	Net (gain)/loss	221

The Council's ability to realise the values inherent in investment property are restricted by tenants security under the Landlords and Tenant Act 1954 and long lease terms with commercial tenants. The Council also has obligations to maintain the fabric of the buildings along with road ways and drainage on two investment properties.

All investment properties are subject to operating leases and rental income is received as above.

The value of a leased investment is determined based on the Fair Value which is reviewed each year.

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

Movement in the fair value of investment properties over the year:

2021/22	Investment Property Movements in Year	2022/23
£'000		£'000
2,886	Balance at start of year	3,897
374	Net gains/losses from fair value adjustments	60
636	Reclassification of Assets	-
3,897	Balance at the end of the year	3,957

Notes to the Core Accounting Statements (continued)

Note 12: Investment Properties (continued)

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2023 are as follows:

Fair value measurement

The fair value for the commercial properties (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Council area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

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

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

Fair values are measured annually at each reporting date. The valuations were carried out by a Senior Surveyor being an RICS Registered Valuer employed by DVS East, Property Specialists for the Public Sector, a commercial arm of the Valuation Office Agency.

Fair value hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2023 and 2022 are as follows:

Fair value as at 31-March-2023

Recurring fair value measuring usage:	Other significant observable inputs (Level 2)	Fair value as at 31-March-2023
	£'000	£'000
Commercial Units	3,957	3,957
	3,957	3,957

Fair value as at 31-March-2022

Recurring fair value measuring usage:	Other significant observable inputs (Level 2)	Fair value as at 31-March-2022
	£'000	£'000
Commercial Units	3,897	3,897
	3,897	3,897

Notes to the Core Accounting Statements (continued)

Note 12: Investment Properties (continued)

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels during the year.

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

Significant Observable Inputs – Level 2

The fair value for the commercial units located in the local Council area (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Council area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

Reconciliation of fair value measurements

There has been no transfer between levels of the fair value hierarchy during the year.

Gains or losses

Gains or losses arising from changes in the fair value of the investment property are recognised in the surplus or deficit on the provision of services – financing and investment income and expenditure line.

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out by an external independent valuer - Valuation Office Agency, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

Note 13: Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include purchased licenses.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are:

Software	useful lives
Procurement and Survey	3 years
Contact Centre and Windows 10	5 years
HR System	10 years

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £177k charged to revenue in 2022/23 was charged to the IT administration cost centre and then absorbed as an overhead across all the service headings in the cost of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on intangible asset balances during the year is as follows:

2021/22		2022/23
£'000		£'000
	Balance at start of year:	
917	Gross carrying amounts	953
(308)	Accumulated amortisation	(482)
609	Net carrying amount at start of year	471
36	Additions: Purchases	-
(174)	Amortisation for the period	(177)
471	Net carrying amount at end of year	294
	Comprising:	
953	Gross carrying amounts	953
(482)	Accumulated amortisation	(659)
471		294

There are no items of capitalised software that are individually material to the financial statements.

Notes to the Core Accounting Statements (continued)

Note 14: Financial Instruments

Where an instrument will mature within the next 12 months the carrying amount is assumed to be approximate to fair value.

For all other financial assets and liabilities the carrying amount is considered to be an appropriate measure of fair value.

Classifications

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

Financial Liabilities

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

The Council's non-derivative financial liabilities held during the year are measured at amortised cost and comprised:

- trade payables for goods and services received
- finance leases

Financial Assets

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

Amortised cost where cash flows are solely payments of principal and interest and the Councils strategy is to collect those cash flows comprising:

Loans and receivables (financial assets that have fixed or determinable payments and are not quoted in an active market) comprising:

- cash in hand
- bank current and deposit accounts with NatWest bank
- fixed term deposits with banks
- loans to divested organisations
- trade receivables for goods and services delivered

Fair value through profit and loss (all other financial assets) comprising

- money market funds managed by fund managers
- certificates of deposit and covered bonds issued by banks and building societies
- pooled property funds managed by CCLA fund managers

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

Note 14: Financial Instruments (continued)

(a) Categories of Financial Instruments

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

2021/22			Financial Assets	2022/23		
Non-Current	Current	Total		Non-Current	Current	Total
£'000	£'000	£'000		£'000	£'000	£'000
			Investments, Cash and Cash Equivalents			
5,223	30,536	35,759	Financial Assets at Amortised Cost	4,531	23,625	28,156
5,223	30,536	35,759	Total Investments	4,531	23,625	28,156
			Debtors			
-	1,411	1,411	Financial Assets at Amortised Cost	-	1,137	1,137
37	-	37	Loans and Receivables at Amortised Cost	24	-	24
37	1,411	1,448	Total Debtors	24	1,137	1,161

2021/22			Financial Liabilities	2022/23		
Non-Current	Current	Total		Non-Current	Current	Total
£'000	£'000	£'000		£'000	£'000	£'000
			Creditors			
(226)	(12,024)	(12,250)	Financial Liabilities at Amortised Cost	-	(5,567)	(5,567)
(226)	(12,024)	(12,250)	Total Creditors	-	(5,567)	(5,567)

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and its intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Council had no other financial assets or liabilities subject to an enforceable master netting arrangement or similar agreement.

Notes to the Core Accounting Statements (continued)

Note 14: Financial Instruments (continued)

(b) Financial Instruments – Gains & Losses

The income & expenditure recognised in the surplus or deficit on the provision of services in relation to financial instruments consists of the following items:

2021/22		2022/23	
Financial Assets Measured at Amortised Cost		Financial Assets Measured at Amortised Cost	
£'000		£'000	
(198)	Interest Revenue		623
(198)	Total Interest Revenue		623

The fair values of financial assets and financial liabilities that are not measured at fair value (but for which fair value disclosures are required)

Except for the financial assets carried at fair value disclosed elsewhere in the Statement of Accounts, all other financial liabilities and financial assets held by the Council are carried in the balance sheet at amortised cost. The fair values calculated are as follows:

The fair value of the financial assets is lower than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the balance sheet date.

This shows a notional future loss (based on economic conditions at 31 March 2023) attributable to the commitment to receive interest below current market rates.

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

2021/22		Financial Liabilities held at Amortised Cost	2022/23	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
(226)	(226)	Long Term Creditors – Embedded Leases	-	-
(12,024)	(12,024)	Short Term Creditors	5,567	5,567
(12,250)	(12,250)	Total	5,567	5,567

2021/22		Financial Assets held at Amortised Cost	2022/23	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
5,223	5,179	Long-term Investments	4,531	4,531
37	37	Long-term Debtors	24	24
1,411	1,411	Short-term Debtors	1,137	1,137
22,536	22,536	Cash & Cash Equivalents	15,595	15,595
8,000	8,000	Short-term Investments	8,030	8,030
37,207	37,163	Total	29,317	29,317

Notes to the Core Accounting Statements (continued)

Note 14: Financial Instruments (continued)

(c) Financial Instruments – Fair Values and Carry Amounts

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2023, using the following methods and assumptions:

- The fair value of long term loans and investments would have been discounted at the market rates for similar instruments with similar remaining terms to maturity.
- No early repayment or impairment is recognised for any financial instrument.
- Where an instrument will mature in the next 12 months, the carry amount is assumed to be fair value.
- Finance lease liabilities are measured at their present value discounted using the interest rate implicit within the lease agreement.
- The fair value of short term instruments, including trade payables and receivables is assumed to approximate to the carrying value (the invoiced or billed amount)

2021/22		Financial Assets	2022/23	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
5,223	5,180	Long Term Investments	4,531	4,531
-	-	Available for Sale	-	-
28,000	28,525	Short-term Investments	21,500	22,109
33,223	33,705		26,031	26,640

(d) Nature and Extent of Risks arising from Financial Instruments

The Council has adopted CIPFA's Code of Practice on Treasury Management and complies with The Prudential Code of Capital Finance for Local Authorities.

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Government's Investment Guidance to local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

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

- Credit Risk: The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.
- Liquidity Risk: The possibility that a party will be unable to raise funds to meet the commitments associated with Financial Instruments.
- Market Risk: The possibility that the value of an instrument will fluctuate because of changes in interest rates, market prices etc.

The Council's overall risk management procedures focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on resources available to fund services. Risk Management is carried out by the exchequer team under the direction of the Director of Resources

Note 14: Financial Instruments (continued)

Credit Risk: Investments

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long term credit rating of A-, UK government, other Local authorities and organisations without credit ratings upon which the Council has received independent investment advice

The table below summarises the fair value of the Council's investment portfolio at the end of each financial year:

As at 31-March-2022				As at 31-March-2023		
Credit Rating*	Short Term Balance	Long Term Balance Invested		Credit Rating*	Short Term Balance	Long Term Balance Invested
	£'000	£'000			£'000	£'000
			Long Term Investments			
Unrated		3,327	Local Authorities Property Fund	Unrated		2,779
Unrated		1,853	Investec Diversified Income Fund	Unrated		1,752
			Short Term Investments			
Unrated	2,004		Wirral Council	Unrated		
Unrated	2,000		Cheltenham Borough Council	Unrated	2,000	
Unrated	2,000		North Lanarkshire Council	Unrated	-	
Unrated	2,000		Denbighshire County Council	Unrated	-	
Unrated	2,000		Aberdeen City Council	Unrated		
Unrated	2,000		Surrey County Council	Unrated	-	
Unrated	2,000		South Somerset Council	Unrated	2,000	
Unrated			Eastleigh Borough Council – Eastleigh	Unrated	2,000	
Unrated			Blackpool Council	Unrated	2,000	
Unrated			Royal Borough Of Windsor And Maidenhead	Unrated	2,029	
AAA	4,500		Deutsche Money Market Fund	AAA	4,515	
AAA	1,000		Goldman Sachs MMF	AAA	2,007	
AAA	5,000		Federated Money Market Fund	AAA	1,500	
			Building Society			
A-	2,001		Nationwide	A-	2,015	
			Banks			
A-	2,020		Barclays	A-	2,043	
	28,525	5,180	Total Investments		22,109	4,531

Notes to the Core Accounting Statements (continued)

Note 14: Financial Instruments (continued)

A limit of £2m is placed on the amount of money that can be invested with a single counterparty (other than the UK government or Money Market Funds) The Council also sets limits on investments in certain sectors. No more than £5m in total can be invested for a period longer than one year.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £2m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the Councils deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise.

The table below summarises the credit risk exposure of the Council's investment portfolio by credit rating.

2021/22		Credit Rating	2022/23	
Short Term	Long Term		Short Term	Long Term
£'000	£'000		£'000	£'000
-	-	AA-	-	-
4,021	-	A-	4,058	-
-	-	A+	-	-
10,500	-	AAA	8,022	-
14,004	5,180	Unrated Funds	10,029	4,531
28,525	5,180	Total Investments	22,109	4,531

The Council has no historical experience of counterparty default.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Notes to the Core Accounting Statements (continued)

Note 14: Financial Instruments (continued)

The Council's debt recovery policy was changed in 2022-23 from 14 days up until 2021-22 to increase it to 30 days from 2022-23. £702k (2021/22: £1,375k) is past its due date for payment at the 31st March 2023. The past due amount can be analysed as follows:

2021/22		2022/23	
£'000		£'000	
941	Less than three months		577
379	Three to twelve months		67
55	More than a year		58
1,375	Total		702

Liquidity

Liquidity risk is managed by cash flow forecasting of the current financial year, combined with limits on fixed investments for periods of more than a year and an authorised borrowing limit for unforeseen emergencies. Both are specified annually in accordance with the prudential indicator requirements.

The Council does not currently have any borrowing, but should it be needed can access funds from the Public Works Loan Board (PWLB). There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

Market Risk

(1) Interest Rate Risk:

The Council is exposed to risk in terms of its exposure to investment interest rate movements. Most investments are made for fixed periods and therefore changes in market rates during the investment period can lead to the fair value of an investment being higher or lower than its carrying value. Investment decisions through Treasury Management activity seek to manage this risk as much as possible by taking a view on investment interest rate trends. Investment deposits are committed only for short term thus minimising this risk.

Sensitivity Analysis

If variable interest rates had been 1% higher with all other variables held constant the financial effect would be a decrease in the deficit on the provision of services in the CIES of £155k.

If there was a decrease in variable interest rates from 1.79% to 0% there would be an increase in the deficit on the provision of services in the CIES of £278k.

(2) Price Risk:

The Council does not invest in equity shares or gilts and therefore is not subject to any price risk (i.e., the risk that the Council will suffer loss as a result of adverse movements in the price of financial instruments).

(3) Foreign Exchange Risk:

The Council has no financial asset or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

Note 15: Inventories

The table below provides details on the level of inventories balances set out in the Balance sheet.

2021/22	General Stock	2022/23
£'000		£'000
5	Balance outstanding at start of year	3
46	Purchases	43
(48)	Recognised as an expense in the year	(41)
3	Balance Outstanding at Year End	5

Note 16: Debtors

An analysis of the debtors balance is shown below

31-March-2022		31-March-2023
£'000		£'000
2,912	Trade Receivables	2,288
233	Prepayments	222
643	Other receivable amounts	746
(1,196)	Impairment Allowance	(1,105)
2,592	Total	2,151
526	Central government bodies	534
803	Other local authorities	209
	Other entities and individuals:	
918	- Council tax and NDR	781
665	- Housing benefit recoveries	764
233	- Prepayments	222
614	- Service debtors	706
29	- Other debtors	40
(1,196)	- Impairment Allowance	(1,105)
2,592	Total	2,151

Note 17: Debtors for Local Taxation

2021/22		2022/23
£'000		£'000
159	Less than three months	135
-	Three to six months	-
-	Six months to one year	54
326	More than one year	128
485	Total	317

Note 18: Long Term Debtors

	Balance 31-March-2022	New Advances	Repayments	Balance 31-March-2023
	£'000	£'000	£'000	£'000
Loans issued	13	-	(13)	-
Charges against Property	24	-	-	24
	37	-	(13)	24

Note 19: Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

2021/22		2022/23
£'000		£'000
2,012	Cash and Bank Balances	1,479
20,524	Short Term Investments	14,116
22,536	Total Cash and Cash Equivalents	15,595

Note 20: Creditors

The table below provides details on the level of creditor balances set out in the Balance Sheet:

31-March-2022		31-March-2023	
£'000		£'000	
(14,136)	Trade Payables	(9,965)	
(6,864)	Other Payables	(1,931)	
(21,000)	Total Creditors	(11,896)	
(12,014)	Central government bodies	(8,231)	
(2,122)	Other local authorities	(1,734)	
	Other entities and individuals:		
-	- Council tax prepaid	-	
-	- NDR prepaid	-	
(3,039)	- Supplier creditors	(84)	
(3,646)	- Receipts in advance	(1,752)	
(179)	- Other creditors	(95)	
(21,000)		(11,896)	

Note 21: Provisions

Description	2021/22	Additional provision	Amounts Utilised in	Amounts Released	2022/23
	£'000	£'000	£'000	£'000	£'000
Short Term: <1 year					
Planning Appeals	(49)	-	-	-	(49)
Tree Root Damage Appeals	(47)	(64)	-	-	(111)
Other	-	(20)	-	-	(20)
Business Rate Appeals	(1,958)	-	34	1,288	(636)
Total Short Term	(2,054)	(84)	34	1,288	(816)
Long Term: <1 year					
Insurance	(100)	-	-	-	(100)
Total Long Term	(100)	-	-	-	(100)
Total Provisions	(2,154)	(84)	34	1,288	(916)

- **Insurance**

This provision is for the coverage of probable insurance claims under the Municipal Mutual Insurance Scheme

- **Planning Appeals**

See also above, provision is made where there is a probable obligation.

- **Business Rates Appeals**

Provision is made for outstanding rating appeals based on information supplied by the Valuation Office, as well as for appeals which are as yet unlodged.

- **Tree Root Damage Appeals**

Compensation for refusal to approve consent for felling of tree.

Note 22: Usable Reserves

Movements in the Council's usable reserves are detailed in the movement in reserves statement.

Note 23: Unusable Reserves

Opening and closing balances for all the Unusable Reserves detailed below are disclosed on the face of the Balance Sheet while full movements for the year are detailed in the Movement in Reserves Statement.

31-March-2022		31-March-2023
£'000		£'000
(14,948)	Revaluation Reserve	(15,645)
(179)	Financial Instruments Revaluation Reserve	470
(21,683)	Capital Adjustment Account	(21,396)
16,966	Pension Reserve	(8,179)
-	Deferred Capital Receipts Reserve	-
1,565	Collection Fund Adjustment Account	2,195
188	Accumulated Absences Account	141
(18,091)	Total	(42,414)

Revaluation Reserve

The revaluation reserve holds individual balances for each asset where an increase in value has occurred. These balances are reduced when the assets are revalued downwards, impaired, used in the provision of services or disposed of and the balance realised. The revaluation reserve only contains gains accumulated since 1 April 2007, the date it was created. Gains before this date are consolidated into the Capital Adjustment Account. This reserve is not available to support spending.

31-March-2022		31-March-2023
£'000		£'000
(14,272)	Balance 1 April	(14,948)
(2,252)	Upward revaluation of assets	(1,558)
1,217	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	571
(1,035)	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	(987)
240	Difference between fair value depreciation and historical cost depreciation	290
119	Accumulated gains on assets sold or scrapped	-
359	Amount written off to the Capital Adjustment Account	290
(14,948)	Balance at 31 March	(15,645)

Notes to the Core Accounting Statements (continued)

Note 23: Unusable Reserves (continued)

Capital Adjustment Account

The Capital adjustment account contains the difference between amounts provided for depreciation and impairment of assets and the capital expenditure financed from capital receipts. It also contains revaluation gains accumulated prior to 1 April 2007, the date the revaluation reserve was created. The Capital Adjustment Account is not available to support spending.

The movements on the Capital Adjustment Account for the year are:

31-March-2022		31-March-2023
£'000		£'000
(21,965)	Balance at 1 April	(21,683)
1,165	Charges for depreciation and impairment of non-current assets	1,187
(21)	Revaluation losses on non-current assets	(36)
174	Amortisation of intangible assets	177
788	Revenue expenditure funded from capital under statute	679
-	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	-
-	Other Adjustments	-
2,106	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	2,007
(359)	Adjusting Amounts written out of the Revaluation Reserve	(290)
1,747	Net written out amount of the cost of non-current assets consumed in the year	1,717
(303)	Use of Capital Receipts Reserve to finance new capital expenditure	(464)
(562)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(679)
(226)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(226)
-	Capital expenditure charged against the General Fund and HRA balances	-
(1,091)	Capital financing applied in year:	(1,369)
(374)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(60)
-	Other movements	(1)
(21,683)	Balance at 31 March	(21,396)

Notes to the Core Accounting Statements (continued)

Note 23: Unusable Reserves (continued)

Collection Fund Adjustment Account

Replaces the collection fund surplus balance attributable to this Council and reflects the adjustment needed to allow accounting requirements to be reconciled to statutory requirements.

31-March-2022		31-March-2023
£'000		£'000
3,398	Balance at 1 April	1,565
(1,833)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	630
1,565	Balance at 31 March	2,195

Pensions Reserve

The Pensions Reserve is an adjustment account that manages the effects of IAS19 charges made to the Comprehensive Income and Expenditure Statement against the statutory requirements for meeting the cost of retirement benefits from local taxes, as well as absorbing the impact of actuarial gains and losses.

31-March-2022		31-March-2023
£'000		£'000
27,425	Balance at 1 April	16,966
(12,543)	Actuarial gains/losses on pension assets/liabilities	(27,315)
-	Revaluation gain on non-current assets	-
3,391	Net charges made for retirement benefits in accordance with IAS19	3,623
(1,307)	Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners	(1,453)
16,966	Balance at 31 March	(8,179)

Notes to the Core Accounting Statements (continued)

Note 23: Unusable Reserves (continued)

Available for Sale Reserve

Changes in the Fair Value of Available for Sale Assets are balanced by an entry in the Available for Sale Reserve.

31-March-2022		31-March-2023
£'000		£'000
224	Balance at 1 April	(179)
(403)	Transfers to/(from) Available for Sale Reserve	649
(179)	Balance at 31 March	470

Accumulated Absences Account

This account holds the balance of leave/lieu time earned by employees but not taken at 31 March 2023. Accounting arrangements require leave due to employees to be charged to the Comprehensive Income and Expenditure Statement but not the General Fund.

31-March-2022		31-March-2023
£'000		£'000
195	Balance at 1 April	188
(195)	Employee Benefits Accrued (prior year adjustment)	(188)
188	Employee Benefits Accrued (current year adjustment)	141
188	Balance at 31 March	141

Note 24: Cash Flow Statement – Cash Flow Adjustments to Net Deficit On The Provision Of Services

2021/22		2022/23
£'000		£'000
	Cash Flow Adjustments to Net Deficit on the Provision of Services	
(997)	Depreciation of non current assets	(1,187)
-	- Impairment of non current assets	37
(174)	Amortisation of intangible fixed assets	(177)
(147)	Revaluation gains on the value of non-current assets	
(2,084)	Pension Fund adjustments	(2,170)
-	- Impairment losses on loans & advances debited to the CI&E in year	-
-	- Movement in contract assets, liabilities and costs (IFRS 15)	-
-	- Contribution to provisions	-
-	- Proceeds from the disposal of PP&E, investment property and intangible assets	-
(2)	Increase / (Decrease) in Inventories	2
(1,385)	Increase / (Decrease) in Debtors	(595)
(7,400)	(Increase)/ Decrease in Creditors	11,316
-	- Capital Grants credited to Surplus or deficit on the provision of services	
337	Other non-cash movement	1,333
(11,852)	Total adjustments to net deficit on the provision of services	8,559

2021/22		2022/23
£'000		£'000
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-
148	Proceeds from the sale of property, plant and equipment, investment property and intangible assets.	(121)
572	Any other items for which the cash effects are investing or financing cash flows	(778)
720		(899)

The cash flows for operating activities include the following items:

2021/22		2022/23
£'000		£'000
	Cash Flow from Operating Activities includes the following	
-	- Proceeds from the disposal of PP&E, investment property and intangible assets	-
(198)	Interest received	(154)
(198)	Total adjustments to net deficit on the provision of services	(154)

Note 25: Cash Flow Statement – Investing Activities

2021/22		2022/23
£'000		£'000
	Cash Flow Statement – Investing Activities	
303	Purchase of PP&E, investment property and intangible assets	464
8,000	Purchase of short term and long term investments	-
(148)	Proceeds from the sale of PP&E, investment property and intangible assets	(121)
-	Proceeds for sale of Available for Sale assets	-
17	Other payments for investing activities	(2,150)
(416)	Other receipts from investing activities	-
7,756	Net cash flows from investing activities	(1,807)

Note 26: Cash Flow Statement – Financing Activities

2021/22		2022/23
£'000		£'000
	Cash receipts of short and long-term borrowing	
226	Cash payments for the reduction of outstanding liabilities relating to finance leases and on balance sheet PFI contracts	226
(4,499)	Other receipts for financing activities	(2,212)
-	Cash receipts of short and long term borrowing	-
-	Other cash receipts from financing activities	-
(4,273)	Net cash flows from investing activities	(1,986)

Note 27: Reconciliation of Liabilities Arising From Financing Activities

	31-March-2022	Financing Cash flows	Changes which are not Acquisition	Other non-financing cash flows	31-March-2023
	£'000	£'000	£'000	£'000	£'000
Lease Liabilities	454	(226)	-	(2)	226
Total liabilities from financing activities	454	(226)	-	(2)	226

	31-March-2021	Financing Cash flows	Changes which are not Acquisition	Other non-financing cash flows	31-March-2022
	£'000	£'000	£'000	£'000	£'000
Lease Liabilities	680	(226)	-	-	454
Total liabilities from financing activities	680	(226)	-	-	454

Note 28: Members' Allowances

31-March-2022			31-March-2023	
£'000			£'000	
208	Allowances		220	
7	Other Allowance		7	
1	Expenses		5	
216	Total Members' Allowances		232	

Note 29: Remuneration of Senior Staff

The following table shows the remuneration for the Council's Senior Officers:

2022/23	Total Remuneration excluding Pension costs	Pension Contributions	Total Remuneration including Pension Contributions
	£'000	£'000	£'000
Post holder information			
Richard Holmes - Director of Service Delivery	96	19	115
Paul Dodson - Director of Strategy, Performance and Governance	96	19	115
Chris Leslie - Director of Resources	96	19	115

2021/22	Total Remuneration excluding Pension costs	Pension Contributions	Total Remuneration including Pension Contributions
	£'000	£'000	£'000
Post holder information			
Richard Holmes - Director of Service Delivery	94	19	113
Paul Dodson - Director of Strategy, Performance and Governance	94	19	113
Chris Leslie - Director of Resources	92	18	110

The number of employees - other than senior officers shown in the table above - whose remuneration was in excess of £50,000 was as follows:

Remuneration band	Number of employees	
	2021/22	2022/23
£ 50,000 - £ 54,999	1	1
£ 55,000 - £ 59,999	2	3
£ 60,000 - £ 64,999	5	2
£ 65,000 - £ 69,999	6	7
£ 70,000 - £ 74,999	1	4
£ 75,000 - £ 79,999	-	-
£ 80,000 - £ 84,999	-	-
£ 85,000 - £ 89,999	1	-
£ 90,000 - £ 94,999	-	-
£ 95,000 - £ 99,999	-	-
£ 100,000 - £ 104,999	-	-
Total	16	17

For this purpose 'remuneration' means all amounts paid to or receivable by an employee excluding employer pension contributions and including sums due by way of expenses allowance (so far as those sums are chargeable to UK income tax) and the estimated money value of any other benefits received by an employee other than in cash. Part time or temporary posts would be included at annualised cost.

Note 30: Termination Benefits

Termination benefits are amounts payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

£66,208 was paid out in termination benefits in 2022/23 in respect of 4 employees. (£2,845 in 2021/22 in respect of 1 employee).

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 costs band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band (b + c)		(e) Total cost of exit packages in each band	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
	£ 0 - £ 20,000	-	1	1	2	1	3	2,845
£ 20,001 - £ 40,000	-	1	-	-	-	1	-	32,343
Total cost included in bandings and in the CIES							2,845	66,208

Note 31: External Audit Costs

The Council has incurred the following costs in relation to the audit of the statement of accounts. The appointed auditors were Deloitte LLP.

2021/22		2022/23
£'000		£'000
38	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	38
15	Fees payable in respect of other services provided by external auditors during the year	49
53	Total	87

Maldon District Council has been impacted by the ongoing delays nationally in local government audit. As such a figure for the 22/23 audit costs has not yet been confirmed and an estimate has been made. This likely to change based on the approval or recommendation of PSAA with regards to the Backstop arrangements.

Note 32: Grant Income

The Council credited the following Capital grants and contributions to the Comprehensive Income and Expenditure Statement - Taxation and Non Specific Grant Income:

2021/22		2022/23
£'000		£'000
	Note 32a Capital Grants Credited to Services	
(505)	Disability Facilities Grant	(551)
(505)	Total Capital Grants Credited to Services	(551)
	Note 32b Credited to services	
(89)	NNDR Administration Grant	(90)
(62)	Council Tax Benefit / LCTS Transition	(68)
(117)	Housing Benefit Admin Grant	(113)
(9,861)	Housing Benefits	(9,127)
(2,660)	COVID 19 Grants	(72)
-	IT Improvement Grant	(77)
(108)	DLUHC Homelessness Grant	(169)
-	Council Tax & NNDR Specific grants	(137)
-	Levelling Up Fund Capacity Grant	(125)
-	ECC Contribution to Food Waste	(446)
(574)	Other	(424)
(13,471)	Total Grants Credited to services	(10,848)
	Note 32c Revenue Grants Credited to Taxation and Non-Specific Grant Income	
-	Section 31 Grant	(350)
(930)	New Homes Bonus	(961)
-	Lower Tier Services Grant	(106)
(60)	Other Grants Credited to Taxation and Non-Specific Grant Income	(32)
(990)	Total Revenue Grants Credited to Taxation and Non-Specific Grant Income	(1,449)
	Note 32d Capital Grants and Contribution Credited to Taxation and Non-Specific Grant Income	
(364)	Capital Grants and Contributions	(227)
(364)	Total Capital Grants Credited to Taxation and Non-Specific Grant Income	(227)

Note 32: Grant Income (continued)

2021/22		2022/23
£'000		£'000
	Note 32e Receipts in Advance (Revenue Grants)	
(190)	Homelessness grant	(88)
-	- Energy bills support scheme funding income	(290)
(134)	COVID LA Support	-
(2,279)	COVID Additional Restriction Grant	-
-	- Alternative fuel payment funding income	(110)
-	- Air Quality Grant	(129)
(345)	New Burdens rate relief grant	-
(75)	Health and Wellbeing post grant	(36)
(94)	Cyber Support grant	(43)
(55)	Domestic Abuse grant	(88)
(113)	COMF Management Outbreak Fund	(51)
	Other Grants	(165)
(3,285)	Total Receipts in Advance (Revenue Grants)	(1,000)

The authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows

Notes to the Core Accounting Statements (continued)

Note 33: Related Party Transactions

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or be controlled or influenced by the Council

The most significant related party transactions with these bodies are disclosed in the precepting bodies in the Collection Fund. Details of financial transactions with these bodies are disclosed in the Comprehensive Income and Expenditure Statement and associated notes.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2021/22 and 2022/23 is shown in Note 28.

Senior managers have control over Council's operation. Their salaries are disclosed in Note 29.

There were no related party transactions in 2022/23 from the returns received.

A Register of Members Interests is held by the Council; in this document members set out details of their interests, as required by the Localism Act 2011 and also by the Council's Code of Conduct.

This information is published on the Council's website (see link below), using the search term 'Register of Interests'.

<http://www.maldon.gov.uk>

Note 34: Capital Expenditure

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in note 35.

Operational Assets	Vehicles, Plant & Equipment	Intangible Assets (Software Licences)	Land and Buildings	Infrastructure	Community Asset	Revenue Funded from Capital Under Statute	Renovation Loans	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Burnham on crouch Houseboats berth	-	-	-	6	-	-	-	6
Parks Vehicle - Rolling replacement programme	97	-	-	-	-	-	-	97
New Animal warden vehicle	12	-	-	-	-	-	-	12
PC and Printer Replacement Programme	69	-	-	-	-	-	-	69
Prom Park New Footpath (Entrance road)	-	-	-	19	-	-	-	19
Prom Park Entrance Road Bollard Lighting	-	-	-	16	-	-	-	16
Marine lake pumping station	11	-	-	-	-	-	-	11
Oaktree Meadow Surfacing	-	-	-	21	-	-	-	21
BLC - New hot water boilers	24	-	-	-	-	-	-	24
Prom Park Entrance Road Resurfacing	-	-	-	40	-	-	-	40
Splashpark surface	-	-	-	123	-	-	-	123
New BLC Car park entrance and drainage works	-	-	-	26	-	-	-	26
Total for Y/E 31-March-2023	213	-	-	251	-	-	-	464
Disabled Facilities Grant	-	-	-	-	-	551	-	551
S106 REFCUS	-	-	-	-	-	128	-	128
Total for Y/E 31-March-2023	213	-	-	-	251	679	-	1,143
Total for Y/E 31-March-2022	175	36	-	66	26	788	-	1,091

The £1,143k capital spend comprises of £464k resulting in creation of assets on the balance sheet and £679k Better Care (Disabled Facilities) Grants and S106 contribution listed in the table above.

Note 35: Financing of Capital Expenditure for the Year Ended 31 March 2023

The expenditure shown in Note 34 was financed in the following ways

2021/22				2022/23		
Capital	REFCUS	Total		Capital	REFCUS	Total
£'000	£'000	£'000		£'000	£'000	£'000
303	-	303	Usable capital receipts applied	464	-	464
-	771	771	Government grants	-	551	551
-	17	17	Capital Contribution	-	128	128
303	788	1,091		464	679	1,143

Capital Financing Requirement (CFR):

2021/22		2022/23
£'000		£'000
678	Opening CFR	452
1,091	Capital Investments	1,143
(1,091)	Capital Financing	(1,143)
(226)	MRP	(226)
452	Closing CFR	226

Note 36: Leases**Council as Lessee Finance Leases**

The Council effectively "leases" Refuse Vehicles indirectly through its contract with Suez as they use their own vehicles solely on the Council's behalf. These are known as "embedded leases".

Authority as Lessee - Finance Leases

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

31-March-2022			31-March-2023	
£'000			£'000	
454	Embedded Leases			226
454	Total			226

The Council's exposure to these minimum "embedded" lease payments is summarised below:

31-March-2022			31-March-2023	
£'000			£'000	
		Finance lease liabilities (net present value of minimum lease payments):		
226	Current			226
226	Non-current			-
3	Finance costs payable in future years			1
455	Minimum lease payments			227

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

Minimum Lease Payments			Finance Lease Liabilities	
31-March-2022	31-March-2023		31-March-2022	31-March-2023
£'000	£'000		£'000	£'000
228	227	Not later than one year	226	226
227	-	Later than one year and not later than five years	226	-
455		Total	452	226

Notes to the Core Accounting Statements (continued)

Note 36: Leases (continued)

Operating Leases

The Council has acquired plant and equipment and its IT and Telecommunications System by entering into operating leases, with lives of 2 to 5 years.

Authority as Lessee - Operating Leases

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

31-March-2022		31-March-2023	
£'000		£'000	
61	Not later than one year		107
40	Later than one year and not later than five years		136
-	Later than five years		-
101	Total		243

The expenditure charged to the business change line in the comprehensive income and expenditure statement.

The expenditure charged to services in the CIES during the year in relation to these leases was:

31-March-2022		31-March-2023	
£'000		£'000	
101	Minimum lease payments		243
101	Total		243

The Council has no finance leases as lessor

Notes to the Core Accounting Statements (continued)

Note 36: Leases (continued)

Operating Leases

The Council leases out property and equipment under operating leasing for the following purposes:

- For economic development purposes to provide suitable affordable accommodation for local businesses
- For the provision of community services such as river leases

Income the Council is expecting to receive from minimum lease rental payments is analysed as:

31-March-2022 £'000		31-March-2023 £'000
375	Not later than one year	491
1,664	Later than one year and not later than five years	1,681
9,727	Later than five years	9,018
11,766	Total	11,190

Note 37: Defined Benefit Pension Scheme

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council makes contributions to 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, which needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered by Essex County Council. This is a funded defined benefits final salary/career average scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required against Council Tax is based on the cash contributions payable to the Pension Fund in the year, so the real cost of employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

Notes to the Core Accounting Statements (continued)

Note 37: Defined Benefit Pension Scheme (continued)

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2021/22	2022/23
	£'000	£'000
Comprehensive Income & Expenditure Statement		
Cost of Services:		
Current Service Cost	2,825	3,161
Past Service Cost/(Gain) – Including Curtailments	-	-
Administration Expense	30	40
Financing and Investment Income and Expenditure:		
Net Interest Expense	536	422
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	3,391	3,623
Other Comprehensive Income & Expenditure:		
Return on Plan Assets (excluding amounts included in net interest expense)	(4,702)	1,550
Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	(2,066)	-
Actuarial (Gains) & Losses Arising on Changes in Financial Assumptions	(3,583)	(35,736)
Other actuarial (Gains) & Losses on assets	(726)	-
Experience (Gains) & Losses on Defined benefit obligations	(1,466)	6,871
Total remeasurements recognised in the Comprehensive Income & Expenditure Statement	(12,543)	(27,315)
Expenditure Statement	(9,152)	(30,938)
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	(3,391)	(3,623)
Employer's Contributions Payable to the Pension Scheme	1,307	1,453
Total	(2,084)	(2,170)

Future Employer contributions will be subject to the triennial review that is currently underway.

Notes to the Core Accounting Statements (continued)

Note 37: Defined Benefit Pension Scheme (continued)

Pension Assets and Liabilities Recognised in the Balance Sheet

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

Pension Assets & Liabilities Recognised in the Balance Sheet	2021/22	2022/23
	£'000	£'000
Present value of the defined benefit obligation	(85,074)	(59,647)
Fair value of plan assets	69,294	68,829
Sub-total	(15,780)	9,182
Present value of unfunded liabilities	(1,186)	(1,003)
Net (liability)/asset arising from defined benefit obligation	(16,966)	8,179

Assets and Liabilities in relation to Retirement Benefits

Reconciliation of Present Value of Scheme Liabilities	2021/22	2022/23
	£'000	£'000
Liabilities as of the Beginning of the Period	90,525	86,260
Current Service Cost	2,825	3,161
Interest Cost	1,793	2,215
Contributions by Scheme Participants	416	467
Change in financial assumptions	(3,583)	(35,736)
Change in demographic assumptions	(2,066)	-
Other	(1,466)	6,871
Benefits Paid	(2,184)	(2,588)
Past Service Costs	-	-
Liabilities as of the End of the Period	86,260	60,650

Note 37: Defined Benefit Pension Scheme (continued)

Reconciliation of Fair Value of Scheme Assets	2021/22	2022/23
	£'000	£'000
Assets as of the Beginning of the Period	63,100	69,294
Interest on Assets	1,257	1,793
Return assets less interest	4,702	(1,550)
Actuarial Gains/(Losses)	726	-
Administration expenses	(30)	(40)
Employer Contributions	1,307	1,453
Contributions by Scheme Participants	416	467
Benefits Paid	(2,184)	(2,588)
Assets as of the End of the Period	69,294	68,829

Defined Benefit Pension Scheme Risks

In general, participating in a defined benefit pension scheme means that the Council is exposed to a number of risks:

Investment risk:

the Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.

Interest rate risk:

the Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.

Inflation risk:

All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.

Longevity risk:

On the event that the members live longer than the assumed a deficit will emerge on the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Essex Pension Fund, there is an orphan liability risk where employers leave the Fund with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the above may also benefit the Council e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

Notes to the Core Accounting Statements (continued)

Note 37: Defined Benefit Pension Scheme (continued)

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, estimates for the Essex County Council Fund being based on the latest valuation of the scheme.

The principal assumptions used by the actuary have been:

Mortality assumptions:	LPFA	
	2021/22	2022/23
<i>Long term expected rate of return on assets in the scheme:</i>		
Longevity at 65 for current pensioners:		
Men	21 years	21.1 years
Women	23.5 years	23.5 years
Longevity at 65 for future pensioners:		
Men	22.3 years	22.3 years
Women	24.9 years	25 years
<i>Financial assumptions:</i>		
RPI increases	3.20%	0.00%
CPI increases	3.20%	2.90%
Rate of increase in salaries	4.20%	3.90%
Rate of increase in pensions	3.20%	2.90%
Rate for discounting scheme liabilities	2.60%	4.80%

The Discretionary Benefit arrangements have no assets to cover its liabilities.

The scheme's assets consist of the following categories, by proportion of the total assets held:

2021/22			2022/23	
£'000	%		£'000	%
37,627	54%	Equities	36,273	52%
1,663	2%	Gilts	1,033	2%
2,980	4%	Other Bonds	-	0%
5,959	9%	Property	5,644	8%
1,940	3%	Cash	2,065	3%
8,800	13%	Alternative Assets	20,373	30%
10,325	15%	Other	3,441	5%
69,294	100%	Total	68,829	100%

Based on the above, Maldon District Council's share of the assets of the total Essex Pension Fund is approximately 1%.

Notes to the Core Accounting Statements (continued)

Note 37: Defined Benefit Pension Scheme (continued)

Sensitivity Analysis: present value of total obligation

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

The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

2021/22			Adjustment to:	2022/23		
£'000	£'000	£'000		£'000	£'000	£'000
+ 0.1%	0.0%	- 0.1%	Discount Rate	+ 0.1%	0.0%	- 0.1%
84,575	86,260	87,977		59,727	60,650	61,597
+ 0.1%	0.0%	- 0.1%	Long Term Salary Increase	+ 0.1%	0.0%	- 0.1%
86,402	86,260	86,119		60,729	60,650	60,572
+ 0.1%	0.0%	0.1%	Pension Increases & Deferred Revaluation	+ 0.1%	0.0%	0.1%
87,843	86,260	84,724		61,535	60,650	59,788
+ 0.1%	0.0%	- 0.1%	Mortality Age Rating Assumption	+ 1 Year	0.0%	- 1 Year
90,539	86,260	82,202		63,077	60,650	58,330

Note 38: Contingent Liabilities

At 31 March 2023, the Council has three contingent liability:

There is a possible claim against the council regarding a noise abatement notice which has been issued. Estimate for this case is £15,000 but the outcome of the case is uncertain at this time.

The Council is facing a judicial review in relation to an Environmental Health decision. There is at present no guide as to the likelihood of success or the value of costs claimed against the Council.

There is a potential claim relating to a refusal of planning permission was refused. The claim totalled £28,862.73; however the Council has had no further correspondence in over 18 months so it is unclear whether this will be pursued by the claimant.

Note 39: Short Term Investments

31-March-2022		31-March-2023
£'000		£'000
8,000	Short Term Investments	8,030
8,000	Total Short Term Investments	8,030

This comprises non property investments and is treated as short-term investments. Where investments maturity date is more than three months of the year end date (31.03.2023) it will be treated as short-term investments. If the maturity date is less than three months it will be treated as cash and cash equivalent.

Note 40: Grants Receipts in Advance - Capital

	01-April-2021	Moved to EMR (no clawback Clause)	Additions	Conditions Met	31-March-2022
	£'000	£'000	£'000	£'000	£'000
S106 Receipts	(1,181)	307	(228)	79	(1,024)
	(1,181)	307	(228)	79	(1,024)

	01-April-2022	Moved to EMR	Additions	Conditions Met	31-March-2023
	£'000	£'000	£'000	£'000	£'000
Changing Places	-	-	(100)	-	(100)
S106 Receipts	(1,024)	99	(816)	-	(1,741)
RAMS	-	-	-	-	-
Moved to EMR	(1,024)	99	(916)	-	(1,841)

SECTION – 4

SUPPLEMENTARY FINANCIAL STATEMENTS

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COLLECTION FUND STATEMENT

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

31-March-2022				31-March-2023		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
			INCOME			
-	(48,539)	(48,539)	Council Tax Receivable	-	(52,179)	(52,179)
-	-	-	Transfer from General Fund	-	-	-
(12,428)	-	(12,428)	Business Rates Receivable	(12,993)	-	(12,993)
(12,428)	(48,539)	(60,967)	Total income	(12,993)	(52,179)	(65,172)
			Expenditure			
			Precepts Demands & Shares:			
6,568	-	6,568	Central Government	5,987	-	5,987
1,182	33,468	34,650	Essex County Council	1,078	35,763	36,841
-	5,205	5,205	PFCC for Essex Policing & Community Safety*	-	5,578	5,578
131	1,844	1,975	Essex PFCC Fire & Rescue Council*	120	1,923	2,043
5,255	6,747	12,002	Maldon DC & Parishes	4,790	7,025	11,815
			Redistributed Collection Fund Previous Year Surplus/(Deficit):			
(3,733)	-	(3,733)	Central Government	(1,369)	-	(1,369)
(672)	397	(275)	Essex County Council	(246)	901	655
-	60	60	PFCC for Essex Policing & Community Safety*	-	141	141
(75)	22	(53)	Essex PFCC Fire & Rescue Council*	(27)	49	22
(2,986)	80	(2,906)	Maldon DC & Parishes	(1,095)	182	(913)
5,670	47,823	53,493	Total expenditure	9,238	51,562	60,800
			Charges to Collection Fund:			
(108)	703	595	Increase / Decrease (-) in Bad Debt Provision	63	88	151
643	-	643	Increase / Decrease (-) in Provision for Appeals	(3,304)	-	(3,304)
89	-	89	Costs of Collection	90	-	90
590	-	590	Disregarded Amounts	833	-	833
1,214	703	1,917	(Surplus)/Deficit carried forward	(2,318)	88	(2,230)
(5,544)	(13)	(5,557)	(-) Surplus / Deficit Arising During the Year	(6,073)	(529)	(6,602)
8,912	(1,166)	7,746	(-) Surplus / Deficit B/Fwd as at 01 April	3,368	(1,179)	2,189
3,368	(1,179)	2,189	(-) Surplus / Deficit C/Fwd 31 March	(2,705)	(1,708)	(4,413)

* PFCC is the abbreviation for Police, Fire & Rescue Council and Crime Commissioner

Notes to the Collection Fund

COL - 1: General

This account represents the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates, council tax and the distribution to the major preceptors and the General Fund. The account is consolidated with other accounts of the Council.

In 2013/14 there was a change to the method for distributing and accounting for business rates income. Prior to 1st April 2013 Non-Domestic Rates were collected by the Council and then completed paid over to the Government, who then redistributed these sums across the country in the form of the Non-Domestic rates grant.

From 1st April 2013 Business Rates Retention applies, whereby local authorities Maldon District Council (40%), Essex County Council (9%) and Essex County Fire & Rescue Service (1%) retain 50% of the business rates collected for the area and pay the remaining 50% to central government. In addition the government has set a level of business rates funding deemed to be applicable to each area and every Council receives a top-up (if business rates collected are below this deemed level of funding) or pays a tariff (if business rates collected are above this deemed level of funding).

With the introduction of business rates retention if a local authority increases its business rates base, and thereby increases its business rate income, it is allowed to retain a proportion of this increased income, whilst paying up to a maximum of 50% across to central government. This payment where it occurs is known as a levy payment. However, as Maldon District Council is part of a business rates pool, the levy is distributed to the members as per the pooling arrangements with 0.72% paid to central government as a levy payment.

COL - 2: Business Rates

Business Rates is a local tax that is paid by the occupiers of all non-domestic/business property.

Business rates are calculated and collected by the Council. The Government specifies an amount (51.2p in 2022/23; 49.9p for small businesses) and, subject to the effects of transitional arrangements, local businesses pay NDR calculated by multiplying their rateable value by that amount. The income raised in Chelwell is distributed between Maldon District Council, Essex County Council and Central Government in line with the distribution rules set out in Business Rates legislation.

NNDR income was £13.0m in 2022/23 (2021/22: £12.4m). The rateable value for the Council's area was £40.75m as at 31 March 2023 VOA valuation.

COL - 3: Provision for Uncollectable Amounts

Provision has been made within the accounts for un-collectable amounts based on guidelines. During 2022/23 the accumulated provision for bad debts increased for Council Tax by 88k (£703k 2021/22) and for NNDR bad debts increased by £63k (£108k decrease in 2021/22) and NNDR appeals decreased by £3,304k (£643k increase 2021/22) made up as follows:

	2021/22	2022/23
	£'000	£'000
Provision for Uncollectable Amounts		
Non-Domestic Rates	535	(3,241)
Council tax	703	88
Total Provision	1,238	(3,153)



Notes to the Collection Fund (continued)

COL - 4a: Council Tax Income

The average Band D Council Tax for the year 2022-23 £1,907.37 was excluding parish element (£1,862.53 in 2021-22).

COL - 4b: Council Tax Base

The Council's tax base for 2021-22 i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings, was calculated as follows:

The figures for 2022/23 are:

Valuation Band	Chargeable Dwellings	Estimated Properties After Discounts, Exemptions etc.	Ratio to Band D	Band D equivalent dwellings
A*	-	2.1	5/9	1.2
A	2,413.0	1,416.6	6/9	944.4
B	3,830.0	2,802.6	7/9	2,179.8
C	8,275.0	6,734.8	8/9	5,986.5
D	5,456	4,858.7	9/9	4,858.7
E	4,522.0	4,202.0	11/9	5,135.8
F	2,954	2,818.7	13/9	4,071.5
G	1,598.0	1,529.7	15/9	2,549.5
H	182	174.0	18/9	348.0
Total	29,230.0	24,539.2		26,075.4
Add Expected growth and rounding's				157.2
Less Adjustment for collection rate				(708.3)
Council Tax Base				25,524.3

The Council tax payable at each band is shown below. This does not include parishes.

Band	Multiplier	Maldon District	Essex County Council	Essex Police Fire and Crime Commissioner	Essex Fire	Total
A	6/9ths	141.60	934.08	145.68	50.22	1,271.58
B	7/9ths	165.20	1,089.76	169.96	58.59	1,483.51
C	8/9ths	188.80	1,245.44	194.24	66.96	1,695.44
D	9/9ths	212.40	1,401.12	218.52	75.33	1,907.37
E	11/9ths	259.60	1,712.48	267.08	92.07	2,331.23
F	13/9ths	306.80	2,023.84	315.64	108.81	2,755.09
G	15/9ths	354.00	2,335.20	364.20	125.55	3,178.95
H	18/9ths	424.80	2,802.24	437.04	150.66	3,814.74

Notes to the Collection Fund (continued)**COL - 4b: Council Tax Base (continued)****Non Domestic Rates**

Rates are charged on each of the district's 2,557 commercial properties (2021/22 2,539)

	2021/22	2022/23
Rateable Value at 31 March		
Multiplier: Business Rate Relief	51.2	51.2
Small Business Rate Relief	49.9	49.9

The multiplier is set by Central Government.

A Business Rates Retention Scheme was introduced in April 2013.

The Local Council retains 100% of NDR income for their Renewable Energy Sites then, after allowances and expenditure, retains 40%, with 50% being paid to Central Government, 9% to Essex County Council and 1% to Essex County Fire & Rescue Service.

Collection Fund Balances

	31-March-2022	Movement	31-March-2023
	£'000	£'000	£'000
(Surplus) / Deficit (CT)	(1,179)	(529)	(1,708)
(Surplus) / Deficit (NNDR)	3,368	(6,073)	(2,705)

Accountable to:	NNDR		CT	
	%	£'000	%	£'000
Central Government	50.0%	(1,353)	0.0%	-
Maldon District Council	40.0%	(1,082)	14.0%	(239)
Essex County Council	9.0%	(243)	71.0%	(1,213)
PFCC for Essex Policing & Community Safety	0.0%	-	11.0%	(188)
Essex PFCC Fire & Rescue Council	1.0%	(27)	4.0%	(68)
	100.0%	(2,705)	100.0%	(1,708)

SECTION – 5

INDEPENDENT AUDITOR’S REPORT

Independent Auditor's Report

Page Number

- *Independent Auditors Report to Maldon District Council*

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALDON DISTRICT COUNCIL

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of opinion

We do not express an opinion on the accompanying financial statements of Maldon District Council ('the Authority') for the year ended 31 March 2023. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the financial statements which comprise:

- the Comprehensive Income and Expenditure Statement;
- the Movement in Reserves Statement;
- the Balance Sheet;
- the Cash Flow Statement;
- the related notes 1 to 40;
- the Collection Fund Statement; and
- the related notes to the Collection Fund COL-1 to COL-4b.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting ("the Code").

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ("the Regulations") require the Authority to publish its statements of accounts, together with accompanying auditor's reports for the years ended 31 March 2023 and 2022 by 13 December 2024.

Following the introduction of the Regulations, there was insufficient time to complete the necessary audit work to form an audit opinion on the statements of accounts for the years ended 31 March 2023 and 2022.

As a result, we were unable to determine whether any adjustments might have been identified in respect of recorded or unrecorded items within the statement of accounts for both the years ended 31 March 2023 and 2022.

Chief Financial Officer's responsibilities

As explained more fully in the Chief Financial Officer's responsibilities statement, the Chief Financial Officer is responsible for the preparation of the financial statements in accordance with proper practices as set out in the Code and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct our audit in accordance with International Standards on Auditing (UK), the Code of Audit Practice, the Local Audit and Accountability Act 2014 and applicable law, and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

We are required to design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which our procedures are capable of detecting non-compliance with laws and regulations, including fraud has been limited by the pervasive extent of the matters described in the basis for disclaimer of opinion section of our report.

We plan to consider the nature of the Authority and its control environment, and review the Authority's documentation of their policies and procedures relating to fraud and compliance with laws and regulations.

We enquired of management about their own identification and assessment of the risks of non-compliance with laws and regulations.

We plan to obtain an understanding of the legal and regulatory framework that the Authority operates in.

We discussed among the audit engagement team including relevant internal specialists such as IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In addressing the risk of fraud through management override of controls, we are required to: test the appropriateness of journal entries and other adjustments; assess whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluate the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our planned procedures include the following:

- reviewing financial statement disclosures;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and

- where available, reading minutes of meetings of those charged with governance, and reviewing internal audit reports.

Owing to the pervasive limitations set out above, we were unable to complete all these procedures.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Matters on which we are required to report by exception

Use of resources

Under the Code of Audit Practice and the Local Audit and Accountability Act 2014, we are required to report to you if we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have nothing to report in respect of this matter.

Respective responsibilities relating to the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under the Code of Audit Practice and Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in October 2024, as to whether the Authority had proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Authority a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023. Other findings from our work, including our commentary on the Authority's arrangements, will be reported in our separate Auditor's Annual Report.

Other matter on which we are required to report by exception

The Code of Audit Practice also requires us to report to you if:

- in our opinion the annual governance statement is misleading or is inconsistent with information of which we are aware from our audit;

Notwithstanding our disclaimer of an opinion on the financial statements, and subject to the pervasive limitation described above, we have nothing to report in respect of this matter.

Reports in the public interest or to the regulator

The Code of Audit Practice also requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014; or
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of Maldon District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

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



Paul Hewitson (Key Audit Partner)
For and on behalf of Deloitte LLP
Newcastle, United Kingdom
11 December 2024

SECTION – 6

ANNUAL GOVERNANCE STATEMENT



ANNUAL GOVERNANCE STATEMENT

Annual Governance Statement 2022/23, Maldon District Council

July 2022 Corporate governance audit gave substantial design and moderate effectiveness rating noting best practice that:

- LGA model code of conduct had been adopted
- Good process for declaration of interests and training covered in onboarding
- Compulsory training provided for planning and licensing. Chair training provided annually and supported by advice from the governance team
- Well established overview and scrutiny committee process in place

It also identified learning points which were

- Planning advisory service report had not been thoroughly reviewed
- Member attendance at compulsory training sessions was not 100%

Achievements for 2022/23

Over the financial year, the following governance framework improvements have taken place:

- Assurance received as above on the Corporate Governance audit
- Large increase in Resident and Business survey responses, with over 370 residents and 120 businesses, reflecting a fair representative sample for the District. (and a large increase from 201 received overall in 21/22)
- Revised Risk Management Policy adopted September 2022, taking account of internal audit feedback received in the July 2022
[Risk Management Policy.pdf \(maldon.gov.uk\)](#)
- Risk management training added to e-learning to be rolled out in 23/24
- Data management and insight strategy approved by Strategy and Resources committee in February 2023
[Appendix B.pdf \(maldon.gov.uk\)](#)
- Member training on revised code of conduct
- Working with elected member training given to key officers in the organisation
- Process improvement training delivered to officers, to embed continuous improvement culture
- New Corporate plan approved in February 2023, covering 23-27, and updated service templates and staff objective templates designed accordingly
- Quarterly reporting of delegated decisions since March 2022, at Delegated decisions | Delegated decisions | Maldon District Council
[Delegated decisions | Delegated decisions | Maldon District Council](#)
- Embedded hybrid committee meeting practices, to ensure visibility and access for the public.
- Put in place a detailed Member Onboarding programme, to be implemented following the May 2023 elections. This includes the digital member induction pack, where key reference information is shared in one place and ahead of onboarding of any new members.
- Adoption of a climate action plan, to embed climate action work Appendix 1.pdf (maldon.gov.uk)
[Appendix 1.pdf \(maldon.gov.uk\)](#)
- A review of the role of the Corporate Governance working group was carried out, as the terms of reference overlapped with the Performance Governance and Audit (PGA) committee. Members confirmed removal of the working group, and established a separate working group of PGA in March 2023.
- Four Members appointed to work with the process improvement team and provide testing feedback and support for new customer processes

Internal audit summary – supplied by BDO

The role of internal audit is to provide an opinion to the Council, through the Performance, Governance and Audit Committee (PGA), on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming my opinion is as follows:

- An assessment of the design and operation of the underpinning Assurance Framework and supporting processes
- An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year
- This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses; and any reliance that is being placed upon third party assurance
- Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently. In forming our view, we have taken into account that:
 - In the current year all audits completed provided either substantial or moderate assurance in the design of controls except for one (Substantial: 2, Moderate: 2, Limited: 1).
 - In the current year all audits have so far provided moderate assurance in the operational effectiveness of controls (5)
 - We have further undertaken two advisory reports, one of which was as a result of an attempted fraud. However, while four findings were raised as part of this, action was taken promptly in order to resolve these
- There are currently five remaining audits, with three at draft report stage and two with fieldwork in progress. No major issues have yet been identified and it is unlikely that their outcomes will change the overall audit opinion:
 - Main Financial Systems
 - Budgets and Performance Management
 - HRMS (Advisory Review)
 - Local Development Plan
 - Cyber Security
- Some areas of weakness have been identified through our reviews, including opportunities for improvement in areas of safeguarding, specifically in relation to ensuring sufficient controls are in place to allow for the Council to have appropriate oversight and awareness of volunteers and contractors and any safeguarding concerns. Additionally, there is scope to allow for greater management oversight of strategic performance, whilst there remains work to be completed on the controls in relation to Flood Risk Management for areas such as training and update to the Strategy. However, the Council is already working to address the issues identified.
- The Council have implemented the majority of audit recommendations from prior years with six recommendations overdue from across 19/20, 20/21 and 21/22. Recommendations outstanding from these years include Flood Risk Management, Knowledge Management and Management of Property. While it is acknowledged that the delay in the implementation of these recommendations were originally impacted by operational staff capacity due to Covid as well as other competing priorities, we would expect these to be completed as soon as possible.
- Of the current year recommendations due to be followed up (14), six have been completed, two are overdue and six are not yet due for implementation.
- Overall, while there remain some gaps and risks, our work has concluded that the Council has generally been able to maintain reasonable controls, and have sought to utilise internal audit in areas such as Payment Controls (as a result of the attempted fraud) and HRMS (not originally in the plan but identified as an area in need of review) which highlights willingness to adjust and ensure key risk areas are reviewed and learning from events enabled. Good practice was identified in areas such as the review of Community Safety as well as the onboarding process and support provided to Chairs of Committees, reviewed as part of this year's Corporate Governance audit. However, as noted in previous years, there remains delays to the implementation of recommendations which requires improvement.

Action plan: What we will do more of in 2022/2023:

In compiling the annual governance statement, we have identified areas for further improvement over the next financial year.

The delivery of the action plan below will be tracked at our Performance, Governance and Audit committee:

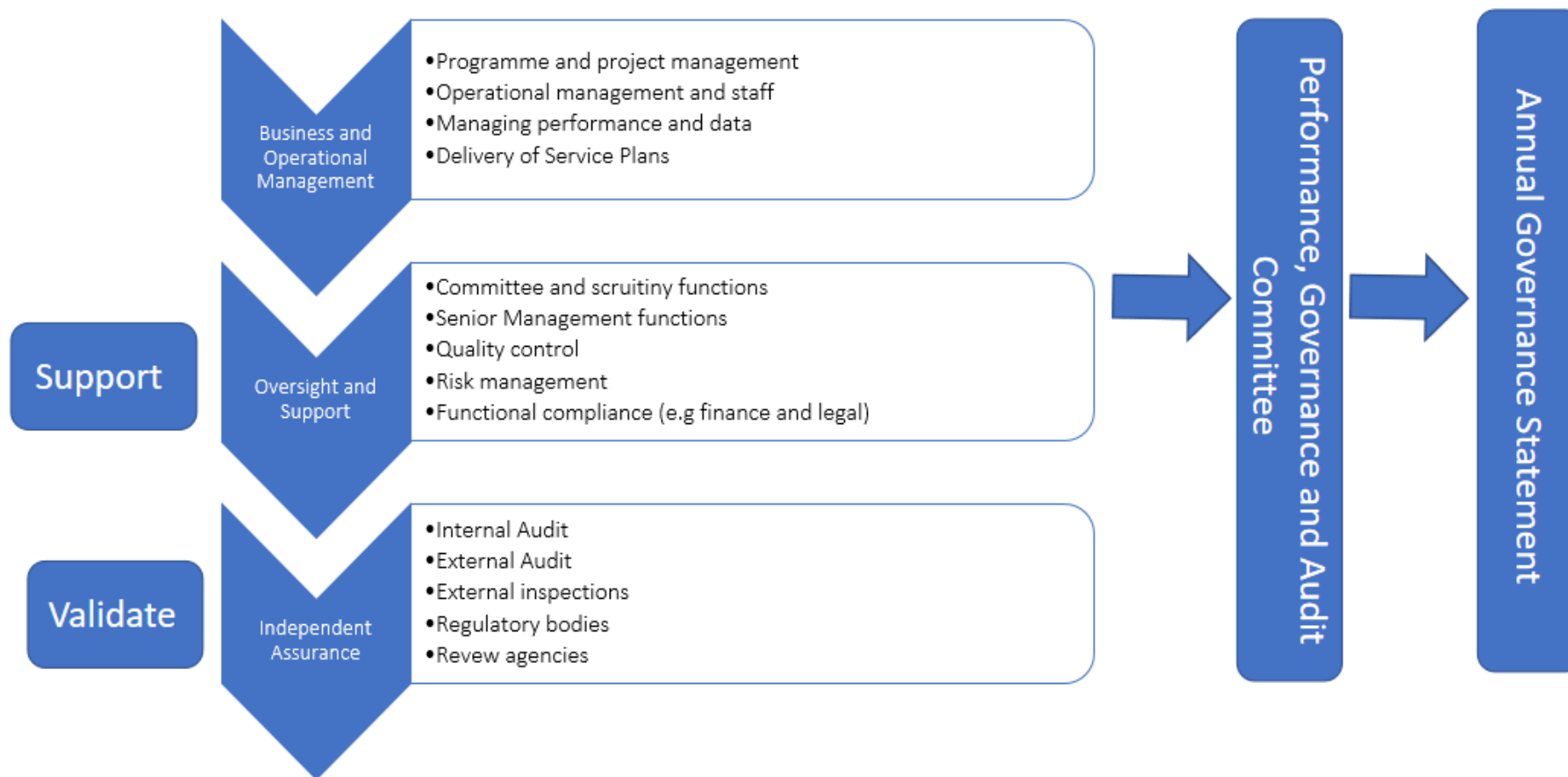
NB Asterix denotes rolled over actions from 2020/21 annual governance statement

Action	Officer initial	
Build on member induction process and training plan in collaboration with the member training and development working group	CH	
Build on member/ officer code of conduct with training and support and increase positive working relationships *	PD	
Draw out and link all of our policies and their objectives through a review of the Local Development Plan (eg Corporate Plan, Climate Change) *	MW	
Build engagement and information sharing with Parish Councils as part of the Local Development Plan review work through the new Parish and Town Council Engagement Forum*	MW	
Review governance housekeeping matters through the Performance, Governance and Audit working group	PD	
Roll out new service plan template and SharePoint structure and monthly highlight reports to underpin 23-27 Corporate plan,	CH	
Launch Risk Management e-learning to staff and members	EH	
Review and redesign Corporate performance reporting to align to the 23-27 Corporate plan	CH / EH	
Use staff priority party feedback to identify further work and development around 'our values' and feed this to the 'Corporate action planning' group	GB / AC	

Summary: How our governance arrangements at Maldon District Council underpin delivery of the Corporate plan and Outcomes.

Background information

Our arrangements for Governance support



At Maldon District Council, our Governance arrangements are underpinned by a mix of business and operational management, oversight and support activities and independent assurance. The activity is fed into the Performance, Governance and Audit Committee and then into full Council.

An analysis of this work and the plan for the following year is what forms the Annual Governance Statement.

Progress made on last AGS actions

In the 21/22 AGS, although no significant issues were identified, we developed an action plan based on best practice for Governance arrangements. These actions have been tracked and reported to the Performance, Governance and Audit committee

[Annual Governance Statement Actions Update 22 23 Q2.pdf \(maldon.gov.uk\)](#)

Some of these actions are captured in the action table above as they continue to be relevant.

In 2020/21, process improvement was made a permanent part of the structure at Maldon, and to set out our ambitions as a Council working on continuous improvement, the Process Improvement Framework was put in place Appendix A.pdf (maldon.gov.uk) . In 22/23 this was embedded into the organisation through training and template and support development, so that in 23/24 capacity is built to achieve end to end improvements.

CIPFA / SOLACE 'Delivering Good Governance in Local Government framework - 2016 Edition' good practice guidance, highlights seven key areas for good corporate governance, as shown in the diagram below:



ANNUAL GOVERNANCE STATEMENT (continued)

This year, the following activity has taken place within this Governance Framework:

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

A committee structure as set out below has been in place in 2022/23.

- Membership of the Overview and Scrutiny committee is separate from the programme committees to encourage robust scrutiny and separation. All Members are able to submit suggestions for scrutiny items. A Working group of the committee considers these in detail and recommends back to the committee suggested workplan items and courses for scrutiny suggestions.

There was one direct member form referral received, two items that rolled over, two member motions referred via Council, and two items that were referred by the Performance, Governance and Audit committee for further review. The annual report of Overview and Scrutiny activity provides further detail on this

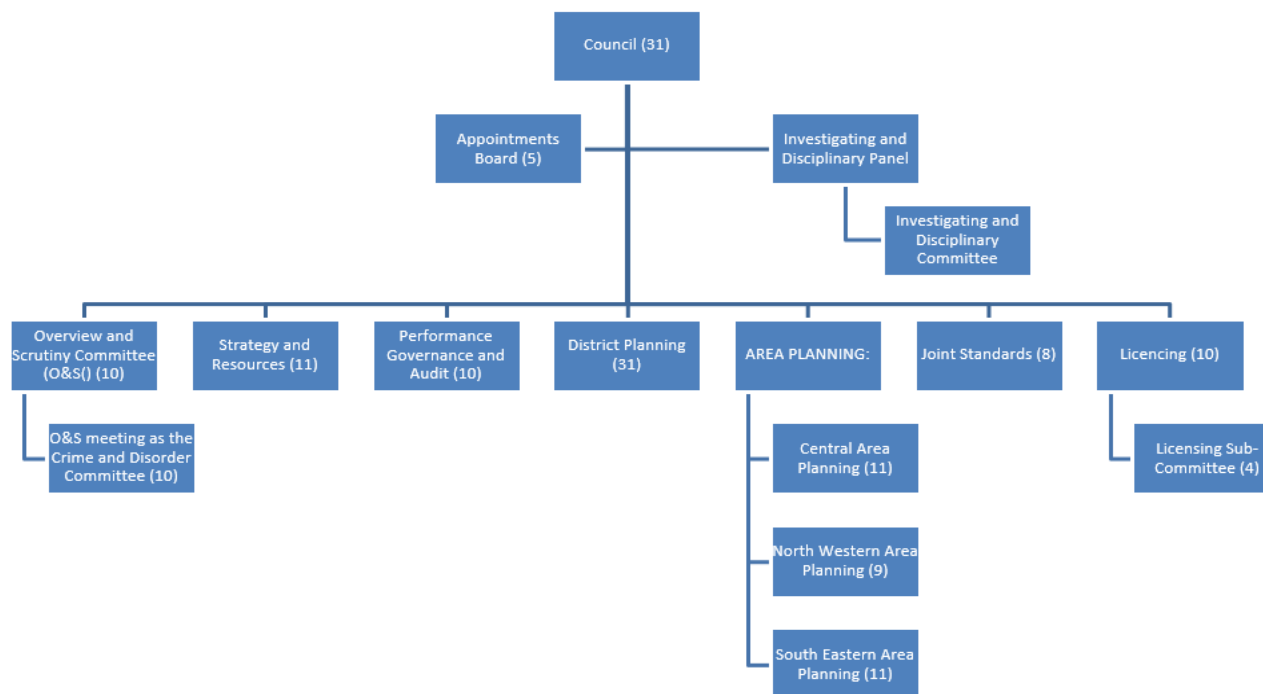
[Appendix 1.pdf \(maldon.gov.uk\)](#)

On 8th September a paper to Council, reviewing the role of Corporate Governance Working Group and overlap with Performance, governance and audit committee was considered

[PGA Committee and CGWG.pdf \(maldon.gov.uk\)](#)

Members confirmed removal of the working group with responsibility for Constitutional review and governance sitting with Performance, Governance and Audit committee. A working group of five members of PGA was established in March 2023 to complete detailed review work.

1. MALDON DISTRICT COUNCIL COMMITTEE STRUCTURE



ANNUAL GOVERNANCE STATEMENT (continued)

Our committee structure has a joint standards committee. No investigations or conduct complaints in relation to district or parish councillors were considered by the committee in the financial year 22/23.

Committee meetings continued to run with a live YouTube stream, in 22/23. All previous and live streams can be viewed at

[Maldon District Council – YouTube](#)

Across all committees, the live stream averaged around 90 views, with the public also able to view from the chamber should they wish.

The Council has a Whistle Blowing Policy, which was last reviewed in January 2018 by the Finance and Corporate Services Committee. It sets out the arrangements for employees to disclose allegations of malpractice internally, in relation to staff, Members, contractors, suppliers or consultants in the course of their work for the Council, without fear of victimisation, discrimination or disadvantage.

We launched an Annual Staff survey in December 2019, and ran this for the fourth time in November 2022, with a response rate of 64%. The survey gave some honest areas of staff feedback for management to address and allows the organisation to review areas of improvement or reduction in satisfaction between years. An action plan has been put together internally to address key areas of concern, and an action plan group with leadership team members is in place to drive this forwards.

The Council has adopted a number of codes and protocols which set out the parameters for the way in which it operates, in particular a Member/Officer Relations Protocol intended to clarify roles and promote effective communication. This was recirculated to staff and Members in 21/22, to follow up on Joint Standards complaints. Additionally, a training session of 'working with elected members' was delivered to key staff involved in committees and member working groups in November 2022 by the monitoring officer and programmes, performance and governance manager.

The Council's Financial Regulations provide the framework for managing the Council's financial affairs. They identify the financial responsibilities of the Council, the Committees, and key officers. The Section 151 Officer (under the Local Government Act 1972) is responsible for ensuring that sound financial management systems are maintained, and expenditure is lawful and appropriate, and this appointment is normally held by the Director of Resources.

The Council's constitutional arrangements include a Code of Conduct for elected Members based on the Principles of Public Life (the Nolan Principles). This was originally adopted in 2012 and revised in 2016. In February 2022, the Joint Standards Committee Considered the LGA model code of conduct that had been in development for several years, and revised in May 2021 to reflect feedback from local authorities. The committee agreed to adopt the latest version once implemented in Essex, to update the Model Code and keep consistency particularly where members serve for two councils. This was adopted by MDC in June 2022.

Officers are subject to a Code of Conduct, the policy for which was adopted with effect from 18 November 2013 and last revised in April 2018.

Registers of gifts and hospitality are maintained for both Members and Officers. A statutory register of interests is maintained for Members, and the staff Code of Conduct requires staff to disclose interests. Periodic reminders are issued about the need to avoid potential conflicts of interest and protocols for the acceptance of gifts and hospitality.

The Council has a series of approved policies and strategies relating to good governance, including, for example, the Code of Corporate Governance, anti-fraud and corruption, whistle-blowing, data quality, Freedom of Information, and corporate equality policies, all of which are accessible via the Council's SharePoint system.

BDO LLP under their remit of Internal Auditors consider fraud as part of their audit workplan. This ensures we conform to the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014).

Our Values are shared with staff as a way we will work to deliver the Corporate Plan (revised 23-27)

To deliver the Corporate Plan 2023-2027, we promise we will

Our Values

Have a customer focus

Be respectful to others

Act ethically and with integrity

Be innovative

Be ambitious

Be open and transparent

Be accountable for our actions

Collaborate to deliver.



To embed these values, Work has started around staff 'priority parties' to make the tangible link between their work and the Corporate Plan, as well as captured in individual SMART objectives. This will all be fed back centrally through Corporate 'one Team Champions' to look at how we might build on these values in the future, and will also be linked with the staff survey action plan to ensure we are following up on suggested actions in 23/24.

B. Ensuring openness and comprehensive stakeholder engagement

We ran the annual residents survey in October, which was available online, and promoted through communications. Specific questions in the survey are used to measure the delivery of the corporate plan outcomes. A key concern in 21/22 was the low response rate to this survey, so a review was completed of the survey structure and communications plan with an aim to increase response rate. There were over 370 resident responses and 120 business responses, and this is considered to be a representative sample for a self-selecting resident survey.

We additionally ran the annual staff survey which gives internal stakeholder feedback..

Public are invited to speak at committee meetings, and with meetings held remotely we have also introduced provision for live public participation which has largely been taken up in Planning Committees.

We have an internal audit plan, which reviews our controls and risk and provides opportunity for improvements to be identified and addressed. In 2022/23 five internal audits and two advisory reports took place in the areas of:

- Risk Maturity Assessment (advisory)
- Corporate Governance
- Payment controls review (advisory)
- Flood management
- Safeguarding
- Community safety
- Strategic performance (place)
 - The Council engages with the appropriate equality groups in order to ensure that it meets its obligations under the Equality Act 2010. The Council produces Equality Impact Assessments (EIA) in line with legislation. In March 2022, Key officers were given refresher training around EQIA documentation, and all staff were given Equality Diversity and Inclusion training as part of our central HR policy.

In March 2022, a new web area was developed to publish delegated decisions by officers and improve visibility both internally and externally for this area. There is an internal mechanism for officers to record decisions that are made and this area to be updated quarterly by the Programmes, Performance and Governance Team. The link to access this is

www.maldon.gov.uk/decisions

ANNUAL GOVERNANCE STATEMENT (continued)

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

We continue our quarterly corporate performance reporting which is reported to the Performance, Governance and Audit Committee and that measures the delivery of the outcomes in the corporate plan.

A revised Corporate Plan was adopted by Council in February 2023 and can be accessed at

[Corporate Plan 2023-2027 | Maldon District Council](#)

There are six Corporate Priorities which are:

- Supporting our communities
- Enhancing and connecting our place
- Helping the economy to thrive
- Smarter finances
- A greener future
- Provide good quality services

- 1 Work has started to revise Corporate Performance reporting accordingly, and a seminar will take place with committee members to ensure this meets requirements in 23/24.

The Corporate Plan details the vision, goals, and objectives that guide the direction, work and achievements of the authority. It is the Council's core internal strategic planning document, from which supporting strategies can be developed and published, including the Medium Term Financial Strategy, ICT Strategy and Workforce Development Plan, all of which underpin the Council's ambition to transform the way it delivers its services in the future.

At an operational level, each service produces a service plan. These are not submitted to Committee, but facilitate effective performance and risk management within the Directorates including the setting of individual staff objectives and completion of performance reviews. An update to the business plan template has taken place in 22/23 to capture organisational actions and internal audit learning, these are :

- Updates to reflect the new corporate plan
- Updates to specify how hybrid working looks in practice for each individual team
- Highlight member working groups/ activities that link to the team
- Inclusion of links to climate action, policies owned by the team and procurement contract as identified in 21/22 audit

ANNUAL GOVERNANCE STATEMENT (continued)

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

The Performance, Governance and Audit Committee is provided with a quarterly performance report for delivery of the priorities. They are invited to challenge and focus delivery of these.

The Corporate Leadership Team are committed to regular review and updating of the Corporate Risk Register to identify areas of risk to service delivery, and Risk Reporting is also quarterly reviewed and challenged by the Performance, Governance and Audit Committee. In 2019/20, we established a Project Management Office (PMO) in the Council restructure, to standardise project reporting and support good quality project delivery. We have a monthly ELT project board and monthly CLT steering board (which reviews project sign off and closure). There is monthly oversight and reporting of projects, and where appropriate, risks and issues can either be addressed or escalated further to Members as part of wider Risk and performance reporting..

The process improvement team also produce monthly performance reporting to show the areas that have been supported, and improvements in efficiency and customer experience. As part of this, a review of the customer feedback on our online forms that receives low satisfaction ratings is used to drive further improvement work and ideas.

In June 2021, an ICT strategy for 21-25

[Decision - ICT Strategy 2021 - 2026 :: Maldon District Council , this also drives a vision for our technology and processes for the next five years.](#)

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

In 2020/21, we put in place a new process for linking the Corporate Plan objectives, through to delivery right down to the individual staff. Now that the Corporate Plan has been refreshed, the diagram below shows how this then links down to team service plans, and individual staff objectives. In January 2023, a refreshed service plan template was issued to the management team to reflect Corporate changes, as previously set out in section C



ANNUAL GOVERNANCE STATEMENT (continued)

To underpin objectives, and support staff and members in delivery of their role, we have also developed and delivered:

- Key strategies to define delivery that have been adopted in 2021/22, including the ICT strategy for 21-25; Climate Action Strategy; Equality, Diversity and Inclusion Strategy and Process Improvement Framework. In 22/23 a data and insight strategy was also adopted and will link into this.
- Chair and Vice Chair training following our Annual meeting in May 2022
- Regular briefings for members, topics of which were covered in 22/23 were: budget, commercial projects, 5 year Housing Land Supply, Local Development Plan Review and Levelling up
- Establishment of the member training and development working group, to initially develop the 2023 post-elections onboarding plan.
- Extended Leadership Team development sessions, to focus on areas of organisational development. Corporate Plan and Service Plan training sessions for the leadership team, to support them establishing service plans and staff SMART objectives accordingly. Lean Six Sigma (process improvement) training for staff Project Management Office support for project managers and the senior leadership team, including measuring project performance and outcome delivery.
- Key process support documents on our internal Freshservice system that define process steps and act as training and handover guides.

F. Managing risks and performance through robust internal control and strong public financial management

Maldon District Council has a drive to be more performance-led. This year we have continued to develop our monthly internal Balance Scorecard report for Senior Management review and scrutiny, and redesigned Corporate performance reports based on Member feedback.

From January 2021, a six monthly report of operational exceptions from the Balance Scorecard have been reported to Performance, Governance and Audit committee. In 22/23 we built on this in terms of the data included, and inclusion of 'emerging/ possible issues' section. Additionally, we have also developed tailored reporting for specific services to increase data-driven decision making in the organisation. To embed this further in the organisation, the data and insight strategy has been adopted, and an action plan to deliver this will commence in 23/24.

A new Risk Management Policy was adopted in September 2022, meaning we have worked to this and the previous policy in 22/23.

A link to recorded risk training is provided for new staff onboarding and the Programmes, Performance and Governance team support staff with specific risk management queries and support. The team have also been developing all staff and member e-learning to embed the new policy, and this will be rolled out in 23/24.

A Quarterly Corporate Risk register review goes to Performance, Governance and Audit committee.

Risks are a regular item of discussion in the monthly Extended Leadership Team meetings and Service Management Meetings.

One of the most significant risks for the Council is the uncertainty of its future funding. This does not allow the Council to plan its future service delivery with any certainty.

Just as the Coronavirus pandemic became treated as life as usual in the United Kingdom during the Spring of 2022, a cost of living crisis, manifest in generation-high inflation and rising interest rates, emerged driven by supply chains affected by the pandemic but greatly exacerbated by Russia's invasion of Ukraine. Hence, the Government has had to redirect its resources to mitigating the impact of this on individual and national budgets. As a result there has continued to be a delay to the implementation of a new Business Rates Retention Scheme (BRRS) for local government and to the implementation of the outcome of the Fair Funding Review. This has had an impact on the announcement on the future financial settlement. And, as it was for 2022/23, it became a one-year local government settlement announced for 2023/24. This included another one-off New Homes Bonus payment; however, the ongoing allocations of the New Homes Bonus Scheme is still to be announced since the consultation held in 2021. The extended delay in a 4-year settlement, along with all the uncertainties around what the BRRS, Fair Funding Review and NHBS outcomes, would appear to have given local authorities no framework within which to work over the medium term. This, in itself, continues to present a significant financial risk.

However, the Council is in a reasonably good position to address this uncertainty due to having had sound financial management and planning in place. It has managed to build up a prudent level of reserves to enable it to tackle the medium-term uncertainty.

Although inflation and interest rates are forecast to return to c.2% over the next 18 months they are expected to remain high throughout 2023/24. This has resulted in a drawdown from reserves being required in 2023/24 to balance the budget.

In response to the cost of living crisis, the government has provided financial support to businesses and individuals, with initiatives such as Council Tax rebates and energy cost caps occurring through 2022/23 and into the first quarter of 2023/24. MDC has been working to deliver Central Government policies and legislation e.g. applying rebates to businesses and individuals within their authority. The Council will be monitoring the affects of the cost of living crisis to see if this impacts on its own finances. E.g. the Council Tax and Business Rates collection rates.

ANNUAL GOVERNANCE STATEMENT (continued)

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

All committee meetings are open for the public to attend. In 22/23 we also continued to live stream all committee meetings via

[Maldon District Council - YouTube](#)

We publish our delegated decisions, which are updated quarterly at

www.maldon.gov.uk/decisions

In the move to physical covid-secure meetings, public participants initially had to attend physically to make representations. Since late 2021, we have been able to accept attendance via MS Teams and have been running hybrid meetings to support preferences of those involved. We updated to our Constitutional and procedural documents have been made to allow for these arrangements.

This year we ran a full cycle of quarterly performance reporting to align it to the corporate outcomes defined in the Corporate Plan.

Members are invited to review the performance information and challenge where they feel delivery of the Corporate Plan outcomes is at risk. The internal process around producing this performance documentation also allows greater visibility for the senior managers around how staff are progressing agreed action plans.

An internal audit plan is defined according to areas of Corporate Risk. We have a quarterly update of internal audit progress, including audit actions due with officers, and this is reported to the Performance, Governance and Audit Committee.

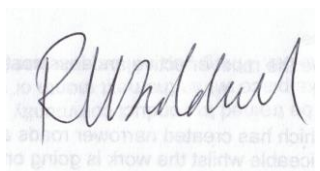
CONCLUSION

The Council is satisfied that appropriate governance arrangements have been maintained in 2022/23. These have been successfully adapted and reviewed as a response to changes in circumstance and wider governance arrangements. We have also continued to build on good practice around governance in the 23/24 year.

The Council, recognises however that these arrangements are designed only to manage risk down to a reasonable level and cannot provide absolute assurance that the Council will successfully deliver all of its policies, aims and objectives, and we will continually monitor and refresh performance and risk reporting throughout the year to address issues that arise.

We remain committed to maintaining and where possible improving these arrangements, by:

- Addressing issues identified by Internal Audit
- Focussing on key risks and areas for improvement
- Continuing regular, open and transparent engagement with local people.
- Training and enabling our staff and Members to work within good governance frameworks



Signed on behalf of Maldon District Council:
Leader of Council

10/12/2024

Date:



Chief Executive -

10/12/2024

Date:



SECTION – 7

GLOSSARY OF FINANCIAL TERMS



GLOSSARY OF FINANCIAL TERMS

For the purposes of compiling the Statement of Accounts the following definitions have been adopted:

ACCOUNTING POLICIES

These principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- recognising;
- selecting measurement bases for; and
- presenting assets, liabilities, gains, losses and changes to reserves

ACCRUALS CONCEPT

Income and expenditure is recognised where it is earned or incurred, not when money is received or paid.

ACCUMULATED ABSENCES

Holiday entitlements, or any other form of leave such as time off in lieu earned by employees, which has not been taken by the end of the financial year and can be carried forward to the next financial year.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, actuarial gains and losses are the changes in the actuarial surplus/deficits which arise because either events have not coincided with previous actuarial assumptions or where actuarial assumptions have changed.

ACTUARY

An expert who advises on the cost of pensions and determines whether the Pension Fund is adequate to meet its commitments.

AMORTISATION

Spreading the cost of an intangible asset over the expected periods of its use and benefit to the Council.

APPROPRIATIONS

The transfer of resources between revenue/capital accounts and the reserves held by the Council.

ASSETS HELD FOR SALE

Non-current assets which are no longer required by the Council and are marketed for sale/disposal.

BALANCE SHEET

This statement is fundamental to the understanding of an authority's financial position at year end. It shows:

- the balances and reserves at an authority's disposal
- long-term indebtedness (which is over one year)
- the long-term and net current assets employed in its operations
- summarised information on the long-term assets (items that are held for more than one year) by category

GLOSSARY OF FINANCIAL TERM (continued)

CAPITAL ADJUSTMENT ACCOUNT (CAA)

An account which reflects the timing difference between the charges to the CIES account for the use of non-current assets to provide services over a number of years, and actual funds set aside to pay for the original cost of assets.

CAPITAL EXPENDITURE

Expenditure relating to the acquisition or enhancements of property, plant & equipment assets, heritage assets, intangible assets and investment property and certain other items meeting the definition of capital expenditure under statute.

CAPITAL FINANCING REQUIREMENT(CFR)

This is a measure of the Council's need to borrow funds to pay for capital expenditure.

CAPITAL RECEIPTS

Proceeds from the sale of an asset. Sums received and not yet used for further capital expenditure are held in the Usable Capital Receipts reserve.

CAPITAL PROGRAMME

The Council's budget for capital expenditure and resources over the current and future years. Income generated from the sale of capital assets and the repayment of grants/loans given for capital purposes. The government prescribes the amount of the receipt which must be set aside to repay debt and the usable amount which may be used for finance capital expenditure.

CASH AND EQUIVALENTS

Cash available at immediate notice and short-term investments readily convertible to cash without risk to the principal sum.

COLLECTION FUND

A fund administered by the Council recording receipts from Council Tax and Business Rates, and payments to the General Fund and other public authorities, including Central Government.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

A statement that reports the net cost for the year of all the functions for which the authority is responsible and demonstrates how that cost has been financed from general government grants and income from taxpayers. The most obvious difference from the Income and Expenditure Statement (which, under IFRS, it replaces) is that it now includes the Statement of Total Recognised Gains and Losses (STRGL).

CONDITION

With reference to grants, a condition typically means that the grant awarding body may ask for it back if it is not used for a stated purpose. This is not the same as a specific grant, which is given for a specific purpose but which may legally be spent on something else if the recipient sees fit.

Grants may either be "with conditions" or "without conditions" – the nearest equivalent terms previously used were "ring fenced" and "non-ring fenced."

CONTINGENT ASSET AND LIABILITY

A contingency is a condition which exists at the balance sheet date, the outcome of which depends on one or more uncertain future events and which cannot, therefore, be reliably or accurately estimated. Contingencies in the council's favour are called contingent assets; contingencies which, if realised, would incur a cost to the council are called contingent liabilities.



GLOSSARY OF FINANCIAL TERM (continued)

DEPRECIATION

The measure of wearing out, consuming, or other reduction in the useful economic life of a fixed asset, whether arising from use, passing of time or obsolescence. It means that, rather than the whole cost of an asset being charged to revenue in the year in which it is acquired, the cost is spread out over the life of the asset.

FAIR VALUE

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

GENERAL FUND (GF)

The account that summarises the revenue cost of providing services that are met by the council's demand on the collection fund, specific government grants and other income.

MATCHING

The matching concept says that expenditure and income transactions, including accruals, are matched with one another so far as their relationship can be established, or justifiably assumed, and dealt with in the period to which they relate.

MINIMUM REVENUE PROVISION (MRP)

The minimum revenue provision (MRP) is the minimum amount that must be charged to an authority's revenue account each year and set aside as a provision for debt repayment or other credit liabilities.

MOVEMENT IN RESERVES STATEMENT (MIRS)

This replaces the Statement of Movement on the General Fund Balance (SMGFB), reconciling the Comprehensive Income and Expenditure Statement for the year with the authority's budget requirement, which is governed by statute and differs in certain key respects from accounting conventions.

PROVISION

Amounts set aside for any liability or loss that is likely to be incurred, but where the exact amount and date is uncertain.

PRIVATE FINANCE INITIATIVE (PFI)

PFI offers a form of Public-Private Partnership in which local authorities do not buy assets but rather pay for the use of assets held by the private sector.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation or enhancement of Council Owned assets.

RESERVES

Funds set aside to meet future expenditure which falls outside the definition of provisions. Reserves can be for general contingencies and to provide working balances or earmarked for specific future expenditure.

Note that certain reserves are statutory in nature – for example, the council is obliged to hold a revaluation reserve and its use is closely prescribed under the IFRS as interpreted for use in local government. The council has no discretion in the existence or use of these reserves.

GLOSSARY OF FINANCIAL TERM (continued)

STATUTORY PROVISION FOR THE FINANCING OF CAPITAL INVESTMENT

Formerly known as the Minimum Revenue Provision (MRP), this is the minimum amount that must be charged to a local authority's revenue account each year and set aside to provide for debt repayment or other credit liabilities.

SUBSTANCE OVER FORM

The concept of substance over form requires that transactions and other events are accounted for and represented in financial statements with regard to their economic substance and financial reality rather than just their legal form.

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