



Statement of Accounts

2023/24

Table of Contents

AUDIT OPINION	1
NARRATIVE REPORT.....	8
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS	18
CORE FINANCIAL STATEMENTS.....	19
Comprehensive Income and Expenditure Statement.....	20
Movement in Reserves Statement	21
Balance Sheet	23
Cash Flow Statement	24
NOTES TO THE ACCOUNTS	25
1. Accounting Policies	25
2. Accounting Standards that have been issued but have not yet been adopted.....	46
3. Critical Judgements in Applying Accounting Policies	46
4. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty	48
5. Material Items of Income and Expense.....	51
6. Events after the Reporting Period.....	51
7. Prior Period Adjustments	52
8. Adjustments between Accounting Basis and Funding Basis under Regulations.....	53
9. Transfers to/from Earmarked Reserves	57
10. CIES - Other Operating Expenditure	59
11. CIES - Financing and Investment Income and Expenditure	59
12. CIES - Taxation and Non-Specific Grant Income and Expenditure	59
13. Property, Plant and Equipment.....	60
13a. Infrastructure Assets	62
14. Heritage Assets.....	62
15. Investment Properties.....	63
16. Assets Held for Sale	63
17. Intangible Assets	64
18. Current Value of Non-Current Assets	64
19. Financial Instruments.....	67
20. Short Term Debtors.....	77
21. Debtors for Local Taxation	77
22. Cash and Cash Equivalents.....	78
23. Short Term Creditors	78
24. Other Long-Term Liabilities.....	78
25. Provisions.....	78
26. Usable Reserves.....	79
27. Unusable Reserves	79
28. Cash Flow Statement	84
29. Expenditure and Funding Analysis	85
30. Note to the Expenditure and Funding Analysis.....	87
31. Expenditure and Income analysed by nature	90
32. Agency Services.....	90
33. Pooled Budgets	91
34. Officers' Remuneration.....	93
35. Members Allowances	94
36. External Audit Costs.....	95
37. Dedicated Schools Grant (DSG)	96
38. Grant Income	97
39. Related Parties	99
40. Capital Expenditure and Capital Financing.....	101
41. Capital Commitments.....	101
42. Leases	102
43. Private Finance Initiatives and Similar Contracts.....	103
44. Impairment Losses.....	106
45. Termination Benefits	107

46.	Defined Benefit Pension Schemes	108
47.	Contingent Assets and Liabilities	113
HOUSING REVENUE ACCOUNT		114
Note to the Statement of Movement on the HRA Balance.....		116
NOTES TO THE HRA ACCOUNTS.....		117
1.	Housing Stock as at 31 March.....	117
2.	Balance Sheet Movement in HRA Non-Current Assets.....	118
3.	Vacant Possession and Existing Use Valuations	118
4.	Major Repairs Reserve	119
5.	Capital Expenditure.....	119
6.	Capital Receipts	119
7.	Depreciation Charge	120
8.	Revaluation and Impairment Losses	120
9.	Rent Arrears.....	120
10.	Provisions & Reserves	121
11.	Government Subsidy	121
12.	Housing Revenue Account Balance	121
COLLECTION FUND		122
Accounting Policies		123
1.	Income and Expenditure.....	123
2.	Council Tax/NNDR Bad Debt Provision and NNDR Provision for Valuation Appeals.....	123
3.	Collection Fund Statement	123
NOTES TO THE COLLECTION FUND.....		124
General		124
1.	Income from Non-Domestic Rates.....	124
2.	Council Tax	125
3.	Collection Fund Provisions	125
GROUP ACCOUNTS.....		126
GLOSSARY		134
APPENDIX 1 - ANNUAL GOVERNANCE STATEMENT		140

Independent auditor's report to the members of Sandwell Metropolitan Borough Council

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of Sandwell Metropolitan Borough Council (the 'Authority') and its subsidiary (the 'group') for the year ended 31 March 2024, which comprise the which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Statement of Movement on the Housing Revenue Account Statement, the Collection Fund Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement, the Group Movement in Reserves Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the accompanying financial statements of the Authority or the group. 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.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2024 by 28 February 2025 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. The latest date on which unaudited accounts could be published to enable local elector rights to be met in time for the backstop was 16 January 2025. The authority published its unaudited accounts on 18 December 2024. We have been unable to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's and group's financial statements for the year ended 31 March 2024 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence over the corresponding figures or whether there was any consequential effect on the Authority Comprehensive Income and Expenditure Statement and Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2024 for the same reason. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2024 by the backstop date.

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

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Opinion on other matters required by the Code of Audit Practice

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's and group's financial statements and our auditor's report thereon. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

AUDIT OPINION

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Authority and the Director of Finance

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance. The Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's and the group's financial statements in accordance with International Standards on Auditing (UK) 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 those financial statements.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the basis for disclaimer of opinion section of our report.

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in respect of the above matter except on the 16 March 2023 we identified a significant weakness in the Authority’s governance arrangements for the year ended 31 March 2021. This relates to the external audit of the financial statements being significantly delayed due to the quality of the financial statements and working papers presented for audit. We reported that the failure to publish annual accounts on a timely basis undermines the ability of those charged with governance to ensure good financial stewardship and fails to provide a transparent financial position to the public. We recommended that the Authority needs to make significant improvements in its arrangements to deliver accurate financial statements in a timely manner and to support an efficient audit. This significant weakness was not fully addressed during 2021/2, 2022/23 or 2023/24 and therefore remained in place as at 31 March 2024.

On the 18 July 2024, we identified a further significant weakness in the Authority’s arrangements for improving economy, efficiency and effectiveness. We found that during 2022/23 key aspects of the Council’s arrangements for delivering the Housing Service were not adequate and constituted a significant weakness in arrangements in place to secure value for money. We recommended that the Authority should ensure the Housing transformation programme focuses on addressing the identified weaknesses in the service and that this should be fully delivered within a reasonable timeframe and progress should be closely monitored by members and the senior management team. This significant weakness was not fully addressed during 2023/24 and therefore remained in place as at 31 March 2024.

Responsibilities of the Authority

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

Auditor’s responsibilities for the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied 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 review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor’s Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

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

We cannot formally conclude the audit and issue an audit certificate for Sandwell Metropolitan Borough Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to consolidation returns, including Whole of Government Accounts (WGA), and the National Audit Office has concluded their work in respect WGA for the year ended 31 March 2024. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew J Smith, Key Audit Partner

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

Birmingham

27 February 2025

This page has been left blank

This page has been left blank

This page has been left blank

Narrative Report

About Sandwell

The Borough

Sandwell is part of the West Midlands Conurbation and sits proudly at the heart of the Black Country. We are one of the seven local authorities that make up the West Midlands Combined Authority.

Sandwell is home to strong and vibrant communities. Our growing population (currently 341,835) is diverse with more than 42.8% of our population from black and minority ethnic backgrounds. Our six towns of Oldbury, Rowley Regis, Smethwick, Tipton, Wednesbury and West Bromwich have distinct identities and characteristics. Sandwell's rich past and multi-cultural heritage is central to its uniqueness and continues to shape its future.



Sandwell is, however, an area of widespread deprivation with huge and increasing demand for Council services. Many Sandwell residents including our children and young people experience poor outcomes; 28.1% of children in Sandwell live in relative low-income families. The Council has an ambitious plan to tackle these challenges and ensure every child and young person can realise their full potential.

Council Plan 2024-2027

The Council Plan has been shaped by the consultations we carried out during 2021 – 2023 inclusive. It reflects the things that people have told us are important to them and it contains clear goals that we will work towards over the next few years. Based on feedback from our stakeholders, the plan centres around four strategic themes. These are:

- Growing up in Sandwell
- Living in Sandwell
- Healthy in Sandwell
- Thriving Economy in Sandwell

All underpinned by One Council One Team

NARRATIVE REPORT

This Plan will detail how we will deliver on these strategic themes and how we will measure our success.

Growing Up in Sandwell

We want Sandwell to be a great place for children to grow up and to ensure a brighter future for children and young people, where every individual is valued and given access to the tools to succeed.

Fostering a love for learning where our very youngest children are ready for school, our children and young people enjoy school, attend regularly, and have access to excellent learning opportunities which support them to achieve and equips our young people with the necessary skills and advice to become active, participatory young adults. We want Sandwell to be a place where children feel safe and secure, where they have voice that is listened to. We also want our communities to be places where there are opportunities for children and young people to play, have fun and try new things.

Living in Sandwell

We are committed to maintaining and improving the local environment with a focus on cleanliness, ensuring that the community takes pride in its surroundings and that Sandwell is a place where green spaces are not just abundant but are also managed in collaboration with residents and community groups, fostering a sense of ownership and community spirit. We also want to make sure that all of our assets support the Council to create a healthier, wealthier and more sustainable borough.

To ensure that the communities of Sandwell, feel safe, protected, and confident in their homes and neighbourhoods, we will take a comprehensive approach to community safety. This means working with a range of stakeholders, including residents and law enforcement agencies to deliver Sandwell's community safety strategy to prevent and reduce crime and ASB across the Borough.

With over 27,300 properties under its management, the council's commitment to maintaining and updating homes is evident, aiming to provide safe and modern living spaces for its tenants, with £30 million capital investment in our Housing Revenue Account Business Plan.

The cost-of-living crisis has significantly impacted Sandwell. With a £3.4 million boost, Sandwell Council is supporting residents through various initiatives, such as food vouchers for children and financial aid for households struggling with energy bills. Additionally, the Tackling Poverty Plan aims to address poverty more holistically, offering support and advice to help residents manage their finances and access benefits. These efforts reflect our commitment to assisting those affected by the rising costs and providing a network of support during these challenging times.

Digital exclusion is a significant challenge in Sandwell, impacting many residents who face barriers to accessing and engaging with the digital world. Initiatives like the Digital Den project are addressing this issue by providing infrastructure, training, and support services to enhance digital literacy and connectivity.

These initiatives demonstrate a comprehensive approach to tackling the issues highlighted in our intelligence, striving to create a safer, cleaner, and more accessible community for all residents.

Healthy in Sandwell

Healthy in Sandwell reflects our commitment to fostering a community where every resident has the opportunity to lead a healthy and fulfilling life. Our approach is proactive, focusing on early intervention and prevention programmes designed to reduce or even prevent the need for care and support. By empowering individuals to remain independent and resilient, we aim to ensure that they can lead fulfilled lives for as long as possible.

Integrated services play a pivotal role in this, providing seamless support that adapts to the evolving needs of our residents. Safeguarding the health and wellbeing of our community is paramount; we strive to protect our residents from any harm that could impact their quality of life. Through targeted efforts, we are dedicated to improving health outcomes for Sandwell's most vulnerable groups, actively working to diminish health disparities and bridge the gap in mental and physical health inequalities.

Our vision is a Sandwell where every resident thrives, supported by a robust framework that upholds their health and wellbeing as a fundamental right.

Thriving Economy in Sandwell

Sandwell is the home of the nuts and bolts of the UK's advanced manufacturing sector. Where the technology is made that makes tomorrow work. By making the machines, that make the machines, manufacturing the future. We want Sandwell to stand as a beacon of progress in the West Midlands, for Sandwell to have thriving economy and a sustainable future. We have a strategic vision that promises a flourishing future for residents and businesses.

Sandwell's vision for a thriving economy is encapsulated in a series of strategic plans and commitments that aim to deliver a vibrant, sustainable, and inclusive community. The Sandwell Local Plan serves as the blueprint for future development, guiding housing and employment growth while ensuring new infrastructure investments like transport and schools. Complementing this is the Sandwell Business Growth Plan, which outlines the council's strategy to support local businesses over the next two financial years, focusing on innovation and expansion to bolster the economy.

The Levelling Up Partnership further amplifies this growth by injecting £20 million into regeneration projects, addressing educational attainment, and enhancing health outcomes.

Investment is a cornerstone of Sandwell's economic strategy, with an estimated £3 billion expected to flow into the borough by 2027, driving both economic and social benefits. This includes a focus on social value, where the council leverages its purchasing power to create jobs, support local supply chains, and enhance community well-being.

Environmental sustainability is also at the forefront, with Sandwell Council aiming to achieve net zero carbon emissions by 2030 and the entire borough following suit by 2041.

Cultural enrichment rounds out Sandwell's economic vision, with a thriving cultural, heritage, arts and leisure officer that not only enhances the quality of life for residents but also attracts visitors and investment, further stimulating the local economy. Together, these elements weave a tapestry of growth and prosperity for Sandwell, setting a course for a future where everyone can flourish.

One Council, One Team

To deliver our ambitions across our Council Plan we need more than an engine to drive change we need our whole workforce.

Sandwell Council's ethos of 'One Council One Team' reflects a commitment to unity and collaboration, striving for excellence in serving the community. Embracing the principle of being 'brilliant at the basics,' we aim to ensure that core services are delivered with high competence, forming the bedrock of public trust and operational success. This philosophy is a stepping stone towards the broader vision of evolving into an 'outstanding council'—one that not only meets but exceeds the expectations of its citizens, fostering an environment of continuous improvement, innovation, and inclusive growth.

Our values and behaviours emphasise teamwork, customer focus, inclusivity, ambition, and accountability, all of which are integral to achieving great results and driving positive change within the community. Together, these elements form the gears of progress for our Council Plan.

Our Council Plan is not just a document; it's a roadmap that guides us forward towards a better future for all residents.

NARRATIVE REPORT

The Council

Political Leadership

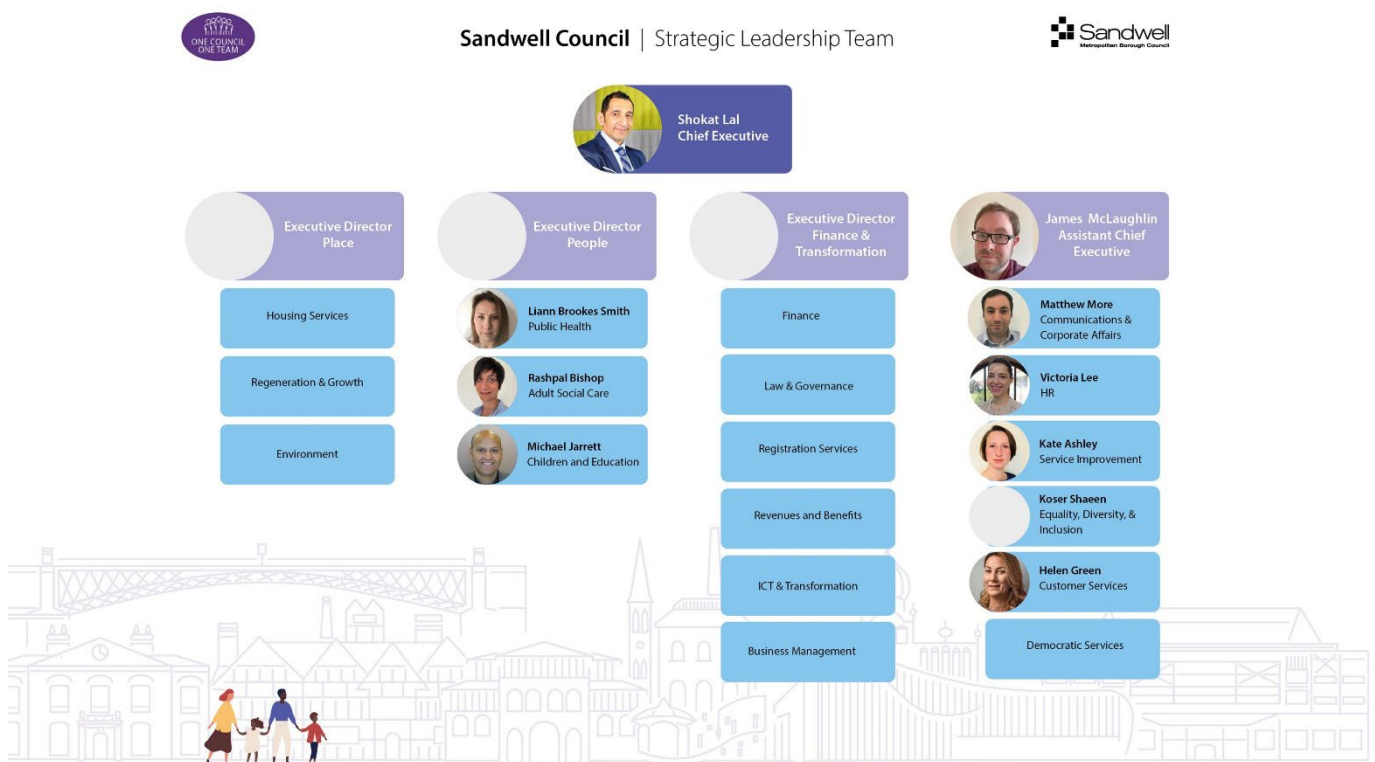
The Council's Constitution provides that the Leader of the Council will be a Councillor elected to that position by the Council and that he/she will hold office for up to four years or until he/she resigns, is suspended, ceases to be a Councillor or is removed by resolution of the Council either directly or indirectly by virtue of the election of a new leader.

Councillor Kerrie Carmichael was elected as leader of the Council at the full Council meeting on 7 December 2021.

Organisational Structure

Shokat Lal was appointed as the new chief executive on 6th February 2023.

The chart below represents the structure of the council's Chief Officer's Team during the financial year ended 31st March 2024.



Revenue Outturn

Sandwell's net general fund balance increased by £0.103m in 2023/24.

Despite an increase in the General Fund balance, services faced challenges during the year with a higher than budgeted pay award and inflationary pressures. This was mitigated by savings made where possible, along with lower than budgeted interest payments.

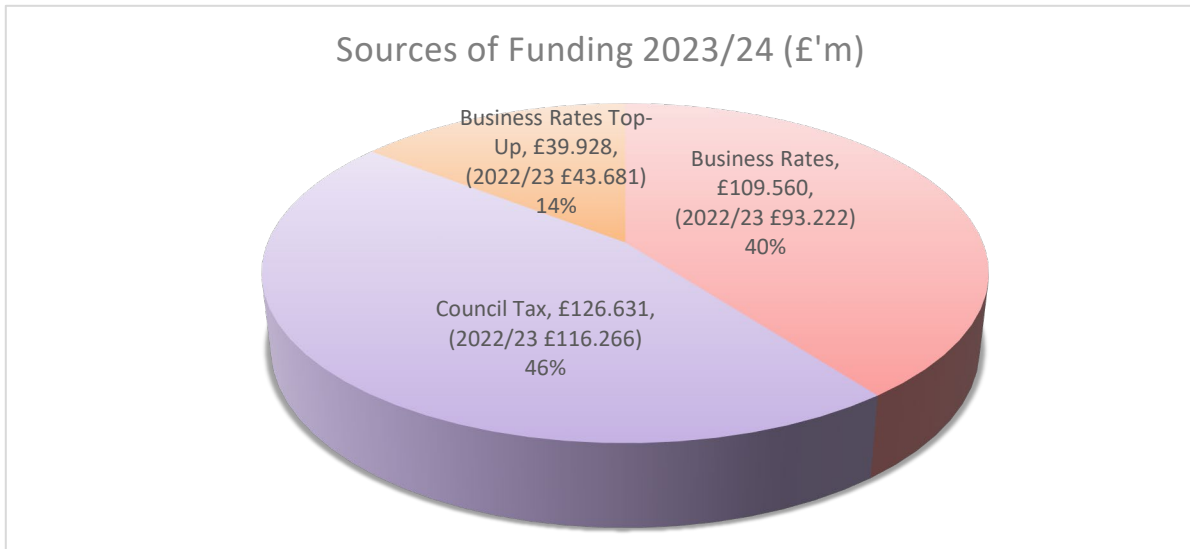
The Housing Revenue account balance increased by £5.933m in 2023/24.

Our maintained schools have ended the year with surplus balances of £39.002m, an increase of £2.937m compared to the previous year. There were no schools that closed with a deficit budget share for 2023/24.

No schools converted to an academy during 2023/24.

Sources of funding

Our General Fund revenue expenditure was funded from the following sources:



Capital Outturn

Capital expenditure of £120.4m was incurred during 2023/24, mainly including:

- £0.218m Cemeteries & Crematoria
- £5.708m Oracle Fusion & ICT Refresh
- £1.810m Property Refurbishment
- £9.309m Towns Fund
- £0.199m New Social Care Health Centre, Rowley Regis
- £2.111m New Health Centre, King Street, Wednesbury
- £1.802m Parks improvements
- £8.216m New schools/school refurbishments
- £5.300m Disabled Facilities Grant
- £5.170m Vehicles (Prudential and SERCO)
- £15.827m Various Highways related schemes
- £3.416m New Sandwell Aquatic Centre for the 2022 Commonwealth Games
- £0.717m PFI
- £0.472m Flexible Use of Capital Receipts
- £9.666m Housing Revenue Account New Build Council Housing
- £49.366m Housing Revenue Account Investment and Improvement in Existing Council Housing Stock.

General Fund Balance

We end the year with a General Fund Balance of £19.046m, an increase of £0.103m compared to the position as at 31 March 2023 of £18.943m.

Closing General Fund Balances of £19.046m represent approximately 6% of the council's budgeted net expenditure for 2024/25.

NARRATIVE REPORT

Treasury Management

At 31 March 2024, the Council's principal external debt was £437.305m (£470.808m at 31 March 2023) and its cash investments totalled £38.815m (£30.670m at 31 March 2023).

The Council's underlying need to borrow for capital expenditure is called the Capital Financing Requirement (CFR). This figure is a gauge for the Council's debt position and represents the 2023/24 and prior years' net capital expenditure which has not yet been paid for by revenue or other resources. At 31 March 2024 the CFR was £875.504m, up from £839.968m at 31 March 2023 (See Capital Financing Requirement Note).

The Council maintained an average investment balance of £88.955m in 2023/24. These funds received an average return of 5.10%, out-performing the performance indicator of 4.96% (average 7 day SONIA).

Bank Rate was predicted to increase marginally to 4.50% for a short period from an opening position of 4.25% before falling to 4.00% by the end of the financial year. However, Bank Rate continued its increasing trajectory to close the financial year at 5.25%. This inflated position did generate additional investment returns compared to the approved budget.

The Council has complied with all the relevant statutory and regulatory requirements which require the Council to identify and where possible, quantify the levels of risk associated with its treasury management activities. Its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable and its treasury practices demonstrate a low risk approach.

Going Concern

Sandwell MBC carries out functions that are essential to the local community. We have a strong track record of financial stability, managing funding reductions whilst protecting front-line services. After almost 10 years of austerity we have maintained a prudent level of reserves and we continue to be resilient in the face of the significant financial challenges facing local government. Our Medium-Term Financial Strategy (MTFS) is robust and we have a strong track record of delivering the savings that have been necessary to balance the budget.

The authority also has revenue raising powers and high collection rates for both Council Tax and Business Rates.

These financial statements are, therefore, prepared on a going concern basis.

Cash Flows

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. During 2023/24 net cash and cash equivalents increased by £7.389m.

Assets and Liabilities

The Council continues to maintain a strong balance sheet. Long term assets are valued at £2,743.918m. Long term liabilities are valued at £565.965m including a net deficit of £135.015m attributable to the Council on the West Midlands Pension Fund. This is reviewed periodically by the Fund Actuary (Hymans Robertson LLP).

NARRATIVE REPORT

The results of the most recent review were used to prepare the 2023/24 accounts. The 2023/24 past service and future service contribution rates for the Council and employees were adjusted in order to address this deficit over time. The pensions liability note explains in more detail.

IFRS 16 – Accounting for Lease Transactions

On 12 July 2019, CIPFA/LASAAC issued the proposed text for the adoption of IFRS 16 in the 2020/21 Code. However, at its meeting on 27 March CIPFA/LASAAC agreed to defer the implementation of IFRS 16 Leases to the 2021/22 financial year, with an effective date of 1 April 2021.

However, in April 2022 the CIPFA/LASAAC Local Authority Accounting Code Board announced that they have, with the approval of the Government's Financial Reporting Advisory Board (FRAB), agreed to defer the implementation of IFRS 16 Leases for a further 36 months, with a new effective date of 1 April 2024.

Although the decision has been taken due to the impact on Local Authority finance teams of the COVID-19 pandemic, CIPFA/LASAAC are keen to stress that this further deferral is limited to one year only. The Finance team will continue their preparations for implementation ahead of adoption of this standard in the 2024/25 financial year.

The Standard is expected to have a significant practical and financial effect for local authorities.

It will be of wide interest because of the prevalence of leasing in local government and the risk that the changes could have a budgetary impact if not managed effectively.

The main impact is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions with the asset being recorded on the balance sheet, together with a liability to pay for the asset acquired.

This method is referred to as the "Acquisition Approach". In contrast, operating leases have been treated as "pay as you go" arrangements, with lease rentals expensed in the year that they are paid. The new standard requires all substantial leases to be accounted for using the "Acquisition Approach".

Work has already commenced on planning and preparing for the implementation of the changes required to ensure compliance with the Standard from 2024/25.

Termination Benefits

The council terminated 29 employee contracts (excluding schools) in 2023/24 to meet the ongoing challenges of the difficult economic climate and budget reductions, incurring liabilities of £1.272m.

A provision of £0.621m was created for employees approved as planned leavers at 31 March 2023 at the end of 2022/23. Of this £0.118m was utilised, £0.369m was released back to services and £0.133m re-provided for in 2023/24.

Further termination costs of £1.048m not included in the 2022/23 provision have been incurred. This has been funded by Directorates.

Agreements were made in 2023/24 for 2 employees to leave the council in future years at an estimated cost of £0.194m; a provision has therefore been created for this amount.

Further provision of £0.511m has been created for 2023/24 leavers for whom costs have been estimated but not yet incurred.

As at 31/03/2024, the council holds a total provision of £0.839m.

Schools terminated 38 employee contracts in 2023/24, incurring liabilities of £0.383m.

2024/25 & Beyond

Governance

In reviewing the Council's priorities and its implications for its governance arrangements, the Council carries out an annual review of the elements that make up the governance framework to ensure it remains effective.

Central Government Funding

For 2023/24 the Council approved a budget which included a contribution to General Fund balances of £0.52m. This was to ensure that sufficient resources were set aside in order that a prudent minimum target level for the General Fund was maintained; that level being 5% of net budget.

The Council did benefit from growth in Government funding in 2023/24 from the Local Government Finance Settlement compared with 2022/23, however much of that was ringfenced for specific service provision where cost pressures had increased significantly. Specifically, Social Care Grant saw a significantly increased allocation of £13.04m, taking total funding to £35.74m, with the grant for Market Sustainability and Fair Cost of Care Fund for Adult Social Care service increasing by £3.08m to £4.33m. Furthermore, a new grant received for Adult Social Care Discharge Fund of £3.23m. The Services Grant was reduced by £2.9m to £4.12m which was due to the national allocation being top-sliced to fund specific grants as detailed above.

The settlement also included a provision for limits on increases to Council Tax without the need for a referendum, and Sandwell's element of the Council Tax was therefore increased by 4.99% in line with those provisions.

Whilst the Council did benefit from additional funding for 2023/24, it remained as a one year settlement with no announcement of any future funding reform. This generated uncertainty over future increases in Government funding, and the Council's Medium Term Financial Strategy therefore took a prudent approach on future funding proposals.

Climate Change

Our Climate Change Strategy was agreed by Cabinet in 2020. The strategy covers the timeframe 2020 to 2041. Our overarching targets are:

- To reach carbon neutrality (Carbon Net Zero) across all Council functions by 2030.
- To reach carbon neutrality borough-wide by 2041.

These targets are closely aligned with both the West Midlands Combined Authority and the West Midlands Pension Fund.

Our Climate Change Strategy includes an Action Plan to get us to our target position of net zero carbon emissions.

Our ambition by 2030 is for all Council Owned Buildings and Schools to be de-carbonised, in addition to the replacement of all our vehicle fleet with electric vehicles.

Key Risks

2023-24 has been a challenging year for the Council with continuing impacts to our services in the aftermath of the pandemic and as a result of labour shortages and the economic shocks of the war in Ukraine and 2022 'Mini-Budget', resulting in high inflationary rises to costs and contracts and utilities costs, as well as leading to higher demand for our services, particularly in Housing and Revenues and Benefits teams.

The Council has played a key role locally in delivering the Homes for Ukraine programme and the Household Support Fund in response to the cost of living crisis.

In addition, 2023/24 has seen a significant rise in the cost of home to school transport for children with special educational needs and disabilities (SEND). There has been a significant increase in demand for SEND transport over recent years, particularly for complex and out of borough placements, which have the highest cost.

The following key financial risks have been identified:

- Material uncertainty remains over central government funding for local authorities – One year funding settlements inhibit the council's ability to plan financially over the medium-term
- Inflationary budget pressures, both for direct costs such as staff costs, and also relating to contract and utilities prices
- Increasing demand for our services, particularly in relation to SEND, social care and homelessness
- Insurance costs
- Interest rates changes and the impact on our investments
- Business rates volatility, particularly as a result of potential government changes to business rates arrangements, for example the potential 'business rates reset'
- The costs associated with de-carbonising all of our council owned buildings, including schools.
- Asset impairment
- Potential financial impact upon future pension fund valuations and pension contributions including covenant risk.

Operational Model / Strategy & Resource Allocation

The Council's operating model is clearly set out in a range of documents approved by Cabinet and Council.

The delivery of these ambitious plans will depend upon bringing together a whole range of resources including:

- Our financial resources, including Council Tax, Business Rates, Housing Rents and Fees & Charges.
- Our human resources, including our commitment to invest in our highly engaged and committed workforce.
- Our physical resources, including the effective use of our land and buildings.
- Our digital resources, including our ICT infrastructure and our digital strategy including the implementation of Oracle Fusion ERP due in 2024-25.

NARRATIVE REPORT

- Our partnership resources, building on key relationships with our statutory partners.
- Our voluntary and community sector.
- The people of Sandwell.

Rounding

Because of rounding, some totals may not exactly agree with the sum of their component parts. These accounts are not adjusted for cross-casting immaterial differences between the main statements and disclosure notes.

Statement of Responsibilities for the Statement of Accounts

1. **The Council's Responsibilities**

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the S151 Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

2. **The Responsibilities of the Section 151 Officer**

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 CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts, the Section 151 Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code.

The Section 151 Officer has also:

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

Approval of the Accounts

I certify that the Statement of Accounts presents a true and fair view of the financial position of the authority at the reporting date and of its expenditure and income for the year ended 31 March 2024.



**Chair – Audit & Risk Assurance Committee
Sandwell Metropolitan Borough Council**



**Executive Director of Finance & Transformation
Sandwell Metropolitan Borough Council**

Core Financial Statements

2023/24

CORE FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) 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.

2022/23 Gross Expenditure £'000	2022/23 Gross Income £'000	2022/23 Net Expenditure £'000	Comprehensive Income and Expenditure Statement	2023/24 Gross Expenditure £'000	2023/24 Gross Income £'000	2023/24 Net Expenditure £'000
161,889	(84,650)	77,239	People	186,735	(103,366)	83,369
302,791	(296,337)	6,454	Adult Social Care Services	295,490	(315,741)	(20,250)
127,241	(31,888)	95,353	Schools	130,872	(32,039)	98,832
28,621	(27,073)	1,548	Children's Services	29,056	(28,232)	825
			Public Health			
			Performance			
103,007	(88,221)	14,786	Finance (Inc SIU)	102,453	(80,213)	22,239
(743)	(570)	(1,313)	Corporate Management	2,054	(688)	1,366
15,323	(8,637)	6,686	Law and Governance	15,491	(9,119)	6,371
16,391	(1,771)	14,620	Assistant Chief Executive	8,469	(1,825)	6,643
6,785	(1,112)	5,673	Central Items	20,463	(3,597)	16,866
			Place			
12,484	(9,678)	2,806	Housing & Assets	15,430	(13,045)	2,385
32,559	(13,639)	18,920	Regeneration & Growth	33,935	(11,436)	22,499
77,198	(19,459)	57,739	Borough Economy	107,222	(23,909)	83,313
55,586	(132,466)	(76,880)	Housing Revenue Account (HRA)	14,077	(139,015)	(124,938)
939,133	(715,501)	223,632	Cost of Services	961,747	(762,225)	199,522
		6,849	Other Operating Expenditure (Note 10)			9,907
		60,944	Financing and Investment Income and Expenditure (Note 11)			34,285
		(347,368)	Taxation and Non Specific Grant Income (Note 12)			(395,148)
		(55,942)	(Surplus) / Deficit on Provision of Services			(151,434)
		(69,160)	(Surplus) / deficit on revaluation of non current assets			(39,826)
		(15,656)	(Surplus) / deficit on revaluation of financial assets			(3,100)
		(688,390)	Remeasurements of the net defined benefit liability/(asset)			9,694
		(773,206)	Other Comprehensive Income and Expenditure			(33,232)
		(829,148)	Total Comprehensive Income and Expenditure			(184,666)

Note: Figures for 2022-23 have been restated to reflect the Council reporting according to the Organisation Restructure in 2023-24 to allow like-for-like comparison. This is mostly within the Performance Area.

CORE FINANCIAL STATEMENTS

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 authority, analysed into 'usable reserves' (ie 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 authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year.

The net increase/decrease line shows the statutory General Fund balance and Housing Revenue Account (HRA) balance movements in the year following those adjustments.

Movement in Reserves	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Total General Fund Balance £'000	Housing Revenue Account £'000	Housing Revenue Account - Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Council Reserves £'000
Balance as at 31 March 2023	18,943	163,858	182,801	42,238	2,883	36,181	42,146	306,249	1,603,641	1,909,890
Movement in Reserves During 2023/24										
Total Comprehensive Income and Expenditure	43,305	-	43,305	108,129	-	-	-	151,434	33,232	184,666
Adjustments between accounting basis & funding basis under regulations (Note 8)	(30,403)	-	(30,403)	(102,196)	664	6,775	39,777	(85,383)	85,383	-
Net Increase / Decrease before Transfers to Earmarked Reserves	12,902	-	12,902	5,933	664	6,775	39,777	66,051	118,615	184,666
Transfers (to)/from Earmarked Reserves (Note 9)	(12,799)	12,799	-	-	-	-	-	-	-	-
Increase / Decrease in Year	103	12,799	12,902	5,933	664	6,775	39,777	66,051	118,615	184,666
Balance at 31 March 2024 carried forward	19,046	176,657	195,703	48,171	3,547	42,956	81,923	372,301	1,722,255	2,094,556

CORE FINANCIAL STATEMENTS

Movement in Reserves	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Housing Revenue Account	Housing Revenue Account - Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2022	16,614	182,561	199,175	39,327	1,308	13,867	16,595	270,273	810,469	1,080,742
Movement in Reserves During 2022/23										
Total Comprehensive Income and Expenditure	(3,852)	-	(3,852)	59,794	-	-	-	55,942	773,206	829,148
Adjustments between accounting basis & funding basis under regulations (Note 8)	(12,521)	-	(12,521)	(56,884)	1,575	22,314	25,551	(19,965)	19,965	-
Net Increase / Decrease before Transfers to Earmarked Reserves	(16,373)	-	(16,373)	2,910	1,575	22,314	25,551	35,977	793,171	829,148
Transfers (to)/from Earmarked Reserves (Note 9)	18,703	(18,703)	-	-	-	-	-	-	-	-
Increase / Decrease in Year	2,329	(18,793)	(16,373)	2,910	1,575	22,314	25,551	35,977	793,171	829,148
Balance at 31 March 2023 carried forward	18,943	163,858	182,801	42,237	2,883	36,181	42,146	306,249	1,603,641	1,909,890

CORE FINANCIAL STATEMENTS

Balance Sheet

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

The first category of reserves are usable reserves, ie those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (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 authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

31 March 2023 £'000		ref	31 March 2024 £'000
2,472,242	Property Plant & Equipment	13	2,614,071
4,320	Heritage Assets	14	4,320
72,658	Investment Properties	15	75,365
2,683	Intangible Assets	17	8,837
33,173	Long Term Investments	19	36,267
4,676	Long Term Debtors	19	5,058
2,589,752	Long Term Assets		2,743,918
10,519	Short Term Investments	19	5,287
-	Assets Held for Sale	16	-
1,720	Inventories	-	1,782
90,675	Short Term Debtors	20	107,819
45,837	Cash & Cash Equivalents	22	57,328
148,751	Current Assets		172,215
(17,879)	Bank Overdraft	22	(20,817)
(94,124)	Short Term Borrowing	19	(91,455)
(94,934)	Short Term Creditors	23	(104,716)
(8,327)	Provisions	25	(8,116)
(5,409)	Revenue Grants Receipts in Advance	38	(1,072)
(12,544)	Capital Grants Receipts in Advance	38	(29,436)
(233,216)	Current Liabilities		(255,612)
(3,976)	Provisions	25	(3,439)
(381,414)	Long Term Borrowing	19	(353,686)
(196,338)	Other Long Term Liabilities	24	(196,100)
(13,669)	Capital Grants Receipts in Advance	38	(12,740)
(595,397)	Long Term Liabilities		(565,965)
1,909,890	Net Assets		2,094,556
306,249	Usable Reserves	MIRS	372,301
1,603,641	Unusable Reserves	27	1,722,255
1,909,890	Total Reserves		2,094,556

I certify that the statement of accounts presents a true and fair view of the financial position of Sandwell Metropolitan Council as at 31 March 2024 and its income and expenditure the year then ended.

Executive Director - Finance and Transformation



Date: 25th February 2025

CORE FINANCIAL STATEMENTS

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

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

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

2023/24 £'000	Cash Flow Statement	2023/24 £'000	Note Refs
55,942	Net surplus / (deficit) on the provision of services	151,434	CIES
27,502	Adjustments to net (surplus) / deficit on the provision of services for non cash movements	(18,937)	28
(90,209)	Adjustments for items included in the net (surplus) / deficit on the provision of services that are investing and financing activities	(74,080)	28
(6,765)	Net cash flows from Operating Activities	58,417	
	Investing Activities:		
(107,187)	Purchase of property, plant and equipment, investment property and intangible assets	(107,582)	
(10,270)	Purchase of short and long term investments	(10,000)	
31,004	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	13,864	
74,788	Other receipts from investing activities	91,185	
(11,665)	Net cash flows from Investing Activities	(12,533)	
	Financing Activities:		
254,968	Cash receipts of short and long term borrowing	274,956	
(3,231)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(3,724)	
(259,748)	Repayments of short and long term borrowing	(308,462)	
242	Other payments/(receipts) from financing activities	(101)	
(7,769)	Net cash flows from Financing Activities	(37,332)	
(26,199)	Net increase / (decrease) in cash and cash equivalents	8,552	
54,158	Cash and cash equivalents at the beginning of the reporting period	27,959	
(26,199)	Net movement in cash and cash equivalents	8,552	
27,959	Cash and cash equivalents at the end of the reporting period	36,510	22

Notes to the Accounts

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the council's transactions for the 2023/24 financial year and its position at the year end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts in line with the Accounts and Audit Regulations 2015. These regulations require the Statement of Accounts 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 2023/24, 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.

ii. 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 contracts** with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations of the contract.
- **Supplies** are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- **Expenses** in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- **Interest receivable** on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where **revenue and expenditure** have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected; and
- The council operates a **de-minimus level for the processing of accruals**, £10,000 for capital and £10,000 for revenue. The de-minimus policy for revenue requires that no accruals are actioned for individual amounts below £10,000; unless, for a group of similar transactions, there would be a material impact upon the accounts of not recognising the income and expenditure in the relevant accounting period.

NOTES TO THE ACCOUNTS

iii. **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no more than 24 hours. Cash equivalents are highly liquid funds invested in call accounts and 30 days or less notice accounts from the date of acquisition, which are readily convertible to known amounts of cash with insignificant risk of change in value.

All other investments held by the council do not represent cash equivalents as they are not readily convertible to known amounts of cash with an 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.

iv. **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 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.

v. **Charges to Revenue for Non-Current Assets**

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

- **Depreciation** attributable to the assets used by the relevant service.
- **Revaluation** and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- **Amortisation** of intangible 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 authority in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund balances by way of an adjusting transaction with the Capital Adjustment Account via the Movement in Reserves Statement.

vi. **Inventories and Long-term Contracts**

Inventories are shown in the Balance Sheet at the lower of cost and net realisable value.

Long-term contracts are accounted for based on charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

vii. **Council Tax and Non-Domestic Rates**

Billing authorities act as an agent, 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 is less or more than predicted.

Accounting for Council Tax and NDR

The Council Tax and NDR income included in the CI&ES is the council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the council's General Fund. Therefore, the difference between the income included in the CI&ES and the amount required under regulation to be credited to the General Fund is transferred to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CI&ES. The impairment loss is measured as the difference between carrying amount and the revised future cash flows.

viii. **Employee Benefits**

Benefits Payable During Employment

Short term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid monthly and charged on an accruals basis to the relevant service line of the CI&ES. An accrual is made for the cost of holiday entitlements (or any form of leave, eg. time off in lieu) earned by employees but not taken before the year-end that 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 surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accruals basis to the relevant service area line in the CI&ES at the earlier of when the council can no longer withdraw the offer of those benefits or when the council recognises costs for a restructure.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund and HRA balances to be charged with the amount payable by the council 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.

Post-Employment Benefits

Employees of the council are members of three separate pension schemes:

- **The Teachers' Pension Scheme**, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)
- **The Local Government Pension Scheme**, administered by Wolverhampton City Council; and
- **The National Health Service (NHS) Pension Scheme**

These schemes provide defined benefits to members (retirement lump sums and pensions), earned during employees' service with the council.

Teachers' and National Health Service Pension Schemes

Arrangements for both the Teachers' and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the council. The schemes are therefore accounted for as if they were defined contribution schemes with no liability for future payments of benefits being recognised in the Balance Sheet. The Schools line in the Comprehensive Income and Expenditure Statement is charged with the employer's contribution payable to teachers' pensions in the year.

The Local Government Pension Scheme

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

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

Liabilities are discounted to their value at current prices, using a discount rate of 4.85% 2023/24, (4.75% 2022/23) based on the indicative rate of return on high quality corporate bonds.

The assets of the West Midlands Pension Fund attributable to the council are included in the Balance Sheet at fair value.

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

NOTES TO THE ACCOUNTS

- **Service cost comprising:**
 - **Current service cost** – the increase in liabilities as a result of years of service earned this year; allocated in the CI&ES to the services for which the employees worked.
 - **Past service cost** – the increase in liabilities arising as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years; debited to the Surplus or Deficit in Net Cost of Services in the CI&ES; and
 - **Net interest expense** – the change during the period in the net defined benefit liability that arises from the passage of time; charged to the Financing and Investment Income and Expenditure line in the CI&ES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- **Remeasurements comprising:**
 - **Return on plan assets** – excluding amounts included in net interest on the net defined benefit liability, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - **Actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions; charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - **Contributions paid to the West Midlands Pension Fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.
 - **Effect of the asset ceiling** – the limitation on the Council's ability to realise pensions assets through reductions in future employer's contributions as a result of minimum funding requirements.

In relation to retirement benefits, statutory provisions require the General Fund and HRA balances 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 and HRA of being required to account for retirement benefits based on cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

ix. **Events after the Balance Sheet Date**

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

Two types of events can be identified:

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

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

xi. **Financial Instruments**

Financial Liabilities

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

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CI&ES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CI&ES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan. The reconciliation of amounts charged to the CI&ES 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

Under IFRS 9, financial assets are classified based on the classification and measurement approach that reflects the business model for holding financial assets and their cashflow characteristics.

There are three main classes of financial assets. These are measured at:

- **Amortised Cost** – contractual assets that give rise on specified dates to cash flows that are solely payments of principal and interest.
- **Fair Value through Other Comprehensive Income (FVOCI)** – assets held for both collecting contractual cashflows and selling assets.

NOTES TO THE ACCOUNTS

- **Fair Value through Profit and Loss (FVPL)** – assets held for any other means than collecting contractual cashflows.

Loans made to the Council at less than market rate are known as 'soft loans. Soft loans currently held by the council were provided by Salix Finance Ltd and are primarily linked to the capital energy efficiency projects e.g. boiler replacements and street lighting. The financial effect of this concession is charged to the CI&ES representing the interest saved, over the life of the loan. Since statutory provisions require that the impact of soft loans on the General Fund balance is limited to actual interest receivable for the year, a transfer to or from the Financial Instruments Adjustment Account is made to cover the difference.

Further details relating to the fair value of financial assets and liabilities are provided in the fair value measurement section below of the accounting policies and the Financial Instruments note.

x. **Government Grants and Contributions**

Whether paid on account, by instalment 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 CI&ES until conditions attached to the grant or contribution have been satisfied. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Receipts in Advance.

When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or taxation and nonspecific grant income (non-ringfenced revenue grants and all capital grants) in the CI&ES.

Where capital grants are credited to the CI&ES, 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 grants have been applied, they are 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.

Principal or Agent

Accounting for the S31 grants being paid to the Council by BEIS and distribution of the grants eligible to businesses will be identified (either principal or agent).

Where the Council is acting as principal, the transactions will be included in the CI&ES. The Council will determine how the grant operates to acknowledge their position as a principal or agent.

Acting as a distribution point for grant monies to other bodies and has no control over the amount of grant allocated to a recipient then the authority is acting as agent.

Where the authority has control over the distribution or amounts of the grant it would be deemed to be acting a principal. The performance obligations will be considered regarding the grants.

NOTES TO THE ACCOUNTS

Where the Council acts as an agent, transactions will not be reflected in any authority's financial statements. Exceptions to this are in respect of the cash collected or expenditure incurred by the agent on behalf of the principal, in which case there is a debtor/creditor position and the net cash position included in the finance activities in the Cash Flow statement.

Any materially sums will be stated with a separate disclosure note (income or expenses with given explanations).

Business Improvement District

A Business Improvement District (BID) scheme applies across the whole of the Authority. The Albion Business Improvement District scheme is situated within the Greets Green and Ling Ward of Sandwell and the West Bromwich BID scheme is in the West Bromwich Central Ward. These schemes are funded by a BID levy paid by non-domestic ratepayers. The council acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the CIES.

Community Infrastructure Levy

The council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments to the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund several infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

When CIL is received without conditions; it is recognised at the commencement date of the chargeable development in the CI&ES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charge may be used to fund revenue expenditure.

xi. **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.

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

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

Intangible assets are measured initially at cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CI&ES.

An asset is tested for impairment whenever there is an indication that this may have occurred – any losses recognised are posted to the relevant service line(s) in the CI&ES.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CI&ES.

NOTES TO THE ACCOUNTS

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.

xii. **Interest in Companies and Other Entities**

The Code requires local authorities with material interests in subsidiary and associated companies and joint ventures to prepare group accounts. In the authorities own single entity accounts, the interest in companies and other entities are recorded as financial assets at cost, less any provision for losses.

The council has a financial relationship with the following companies:

- **Sandwell Children's Trust**, which is a wholly owned company of the council.
- **Sandwell Inspired Partnership Services Education Limited**. Group accounts have not been prepared for this company as it holds a minority share of 20% and it has no substantial control of its operations or assets.

xiii. **Leases**

Leases are classified as finance leases where the terms of the lease transfers substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, Plant and Equipment held under finance leases are recognised on the Balance Sheet at their fair value measured at the inception of the lease (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- A finance charge debited to the Financing and Investment Income and Expenditure line in the CI&ES.

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term

NOTES TO THE ACCOUNTS

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 CI&ES as an expense of the services benefitting from use of the leased property, plant and 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., if there is a rent-free period at the commencement of the lease).

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 CI&ES 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 CI&ES 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 CI&ES.

The gain credited to the CI&ES 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 leased 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 of 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 non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CI&ES. 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., if 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.

On conversion to an academy from a local authority maintained school a lease is granted for 125 years. These leases are operating leases and therefore not recognised on the balance sheet.

xiv. **Overheads and Support Services**

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

xv. **Capital Accounting**

Non-Current Asset Valuations

The freehold and leasehold properties in the categories Property, Plant & Equipment, Investment Assets and Assets Held for Sale have been valued by officers within Strategic Asset Management and by the council's external valuers Wilks Head & Eve LLP. The Code requires that, as a minimum, non-current assets are revalued every five years. However, it is recommended that revaluation should take place more regularly where it is determined that a five-yearly valuation is insufficient to keep pace with material changes in fair value. The council operates a five-year rolling programme, although an annual review is also undertaken to assess if there are material changes that require specific assets to be revalued more frequently.

The beacon valuations appertaining to Council Dwellings have been carried out by Savills in 2023/24 and are in accordance with the Guidance on Stock Valuation for Resource Accounting (SVRA).

Property Plant and 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 (PP&E).

Expenditure on the acquisition, creation or enhancement of PP&E is capitalised on an accrual basis provided it affords economic benefits or service potential to the council for more than one financial year.

As a rule, the council adopts a zero de-minimis limit in determining capital expenditure. An exception to this rule, is that only expenditure in excess of £10,000 on vehicles and plant are treated as capital expenditure, any expenditure below this limit is charged to revenue.

Assets are initially measured at cost and are then carried on the Balance Sheet using the following measurement bases:

Council Dwellings

Council dwellings are measured at current value, determined using the basis of existing use value for social housing (EUV-SH). This takes account of a social use factor of 40% determined by the Ministry of Housing, Communities and Local Government (MHCLG).

Due to the large number of dwellings held by the council it is not practical to account for each property individually and so all assets that fall into this category are grouped together under the heading of Council Dwellings and are accounted for at this higher level. When additions to the stock are made, these are revalued based on the beacon approach and social use factor of 40% is applied. Where previous revaluation gains exist, any in year revaluation losses are offset against these gains.

Community Assets

Community assets are assets that the council intends to hold in perpetuity. They have no determinable useful life and may, in addition, have restrictions on their disposal (e.g. parks, historic buildings, gallery exhibits). They are valued at historic cost, but where this information is not available the asset is valued at a nominal value of £1.

Infrastructure Assets

Infrastructure assets are inalienable assets, expenditure on which is recoverable only by continued use of the asset created (e.g. highways, footpaths). They are valued at historic cost net of depreciation.

As per CIPFA Code the Council is not required to report the gross book value accumulated depreciation for infrastructure Assets (Highways, Carriages, Bridges and Footpaths – for prior years). This temporary adaption is from 1 April 2021 to 31 March 2025.

Assets Under Construction

These assets are held at historic cost.

Surplus Assets

Surplus assets not held for sale are measured at fair value which is the price at which an orderly transaction to sell an asset would take place between market participants at the measurement date under current market conditions. Further information on the council's fair value policy is given in fair value measurement section below.

Other Assets

All other assets that fall into the category of Property, Plant and Equipment (PP&E) are measured at current value which is the amount that would be exchanged for an asset in its existing use reflecting the service or function of the asset at the valuation date. These valuations are carried out on an existing use (EUV) basis or at depreciated replacement cost (DRC) if the specialised nature of the assets means that there is no market-based evidence to derive an EUV valuation.

Where non property assets have short useful lives and/or low value, depreciated historic cost (DHC) is used as a proxy for fair value.

NOTES TO THE ACCOUNTS

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. However, gains may be credited to the CI&ES where they arise from a reversal of a loss previously charged to a service.

Decreases in values are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the reduction is offset 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 excess is charged to the relevant service line(s) in the CI&ES.

Impairment

Assets are assessed at each year end for any indication of impairment. 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 as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the loss is offset 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 loss is charged to the relevant service line(s) in the CI&ES.
- Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the CI&ES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

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

In general, depreciation is calculated on the opening balance of an asset on a straight-line basis over its estimated remaining useful life (RUL).

As a guide, the useful lives of assets falling under PP&E are as follows:

<u>Asset</u>	<u>Useful Life (Years)</u>
Carriageways and Footways	28
Structures – Bridges	80
Highways	40
Vehicles & Plant	7
Street Lighting	30
Land Drainage	30
Street Furniture	10
Equipment	5-10

NOTES TO THE ACCOUNTS

In relation to PP&E Buildings, the council has adopted a weighted average RUL that reflects the prevailing condition of individual assets based upon condition assessments carried out by the Council's Urban Design / Building Services section. The WARUL generally falls with the range of between 35 and 50 years.

Where an asset has major components, whose cost is significant in relation to the total cost of the item and which have differing estimated useful lives, these components may be depreciated separately if deemed to be material. For further details see the council's accounting policy for components.

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 (CAA).

Investment Properties

Investment properties are those that are used solely to generate income 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 (see accounting policy below), based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually 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 CI&ES. The same treatment is applied to gains and losses on disposal. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. They 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, the Capital Receipts Reserve.

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 CI&ES. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

NOTES TO THE ACCOUNTS

Asset Disposals

When an item of PP&E or an Asset Held for Sale is disposed of, the carrying amount of the asset in the Balance Sheet is written out to the Other Operating Expenditure line in the CI&ES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CI&ES, also as part of the gain or loss on 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 is payable to the Government.

The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or is set aside to reduce the council's underlying need to borrow. Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement.

The write off 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.

Borrowing Costs

The council does not currently capitalise any of its borrowing costs.

xvi. **Component Accounting**

A component is a part of an item of PP&E that has a cost that is significant in relation to the total cost of the asset. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of acquisition or construction.

Significant components need only be separated out from the total asset if it depreciates at a different rate (i.e. it has a different useful life or is depreciated on a different basis).

The council have used the following significant components when calculating dwelling depreciation:

<u>Component</u>	<u>Component Breakdown (%)</u>	<u>Component Useful Life (UEL)</u>
<u>Houses and Bungalows</u>		
Building Structure	51%	60 years
Roof	8%	40 years
Heating	10%	25 years
Electrics	5%	35 years
Other	26%	60 years
<u>Flats</u>		
Building Structure	54%	60 years
Roof	7%	40 years
Heating	9%	25 years
Electrics	6%	35 years
Lift	1%	25 years
Other	23%	60 years

NOTES TO THE ACCOUNTS

The council is also required to consider the concept of materiality when considering the application of componentisation to its assets and has determined that componentisation will only be applied to items of PP&E where doing so has a material impact upon the amount of depreciation to be charged to the CI&ES and Balance Sheet.

In order to assess materiality, the council has instructed WH&E to provide individual PP&E valuations on a componentised basis so that the impact upon depreciation can be determined. From the results of this process the council has concluded that componentisation would not materially affect the level of depreciation charged on any of its PP&E assets valued during 2023/24 and, as a result, has not applied componentisation to its assets in this financial year. The council will however continue to review this process annually.

In relation to Council dwellings, which are valued annually on a Beacon basis, the Council has chosen to separate out individual components for the purpose of calculating depreciation based on the above headings. The council's view is that this approach is in line with the 'Stock Valuation for Resource Accounting Guidance' and that the components selected are those that are considered to have the greatest material impact upon depreciation and, therefore, need to be separated out from the rest of the building for depreciation purposes.

The council has also reviewed its capital expenditure in year and there are no items of material expenditure on the replacement of components that require the estimated value of the old component to be written out of the accounts.

It should be noted that when determining materiality, the council compares the cost of the new component with the total net book value of the asset. This differs slightly from the guidance which recommends that cost of the component is compared to the overall cost of the asset when determining materiality.

xvii. **Heritage Assets**

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, although some of the measurement rules are relaxed. The council's collections of heritage assets are accounted for as follows:

Historical Buildings

Most of the council's historical buildings are accounted for as operational assets as in addition to being held for their heritage characteristics, they are also used by the council to provide other services.

Museum Exhibits, Fine Art Collections & Civic Regalia

These collections are reported in the Balance Sheet using insurance valuations undertaken every ten years by external valuers or relevant experts referring to appropriate commercial markets. The assets are deemed to have indeterminable lives and a high residual value therefore the council does not consider it appropriate to charge depreciation. Acquisitions and donations are rare and where they do occur acquisitions are recognised at cost and donations at valuation.

General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical damage or where doubts arise as to its authenticity. Any

NOTES TO THE ACCOUNTS

impairment is recognised and measured in accordance with the council's general policies on impairment.

The disposal of heritage assets must receive prior approval from Cabinet. 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.

xviii. **Minimum Revenue Provision**

Under the Local Government Act 2003, the council is required to set aside an amount from revenue as a provision for debt repayment. This amount is known as the Minimum Revenue Provision (MRP).

The MRP Policy Statement was revised in 2022/23 from a previous straight-line allocation over asset lives to an annuity basis using the Council's Weighted Average Borrowing Rate for the remaining life of those Council assets.

The financial impact of this was an initial reduction of the MRP charge to the General Fund of approx. £4m. However, due to the nature of annuity calculations the annual charge will increase over the remaining term, reflecting the time value of money.

The period for repayment of the outstanding balance to be charged to the General Fund remained unchanged.

There is no statutory requirement to make a MRP for the Housing Revenue Account (HRA) although there is the provision for a voluntary amount to be charged. For 2023/24 no voluntary provision has been set aside and the updated 30 year HRA Business Plan modelling assumes no voluntary repayments going forward.

xix. **Private Finance Initiative (PFI) and Similar Contracts**

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor.

As the council is deemed to control the services that are provided under its PFI schemes and as ownership of the property, plant and equipment will pass to the council at the end of the contracts for no additional charge, the council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was offset by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the council.

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

- **Fair value of the services** received during the year; debited to the relevant service line(s) in the CI&ES;
- **Finance cost** – an interest charge on the outstanding Balance Sheet liability; debited to the Financing and Investment Income and Expenditure line in the CI&ES;

NOTES TO THE ACCOUNTS

- **Contingent rent** – increases in the amount to be paid for the property arising during the contract; debited to the Financing and Investment Income and Expenditure line in the CI&ES;
- **Payment towards liability**; applied to write down the Balance Sheet liability towards the PFI operator (the profile of write downs is calculated using the same principles as for a finance lease); and
- **Lifecycle replacement costs**: relevant costs capitalised via a revenue contribution to capital and applied as additions to PP&E to recognise spend incurred. Should lifecycle works be carried out in advance or later than scheduled into the annual unitary charge, a lifecycle debtor/creditor will be recognised on the balance sheet accordingly.

xx. **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.

Provisions are charged as an expense to the appropriate service line in the CI&ES when the Council has an 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.

Contingent Assets

A contingent asset arises where an event has taken place that gives the council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xxi. **Reserves**

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance through 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 form part of the Net Cost of Services in the CI&ES. 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, local taxation, retirement and employee benefits and do not represent usable resources for the Council. Full explanations are given within the Notes to the Core Financial Statements of the Capital Adjustment Account, the Revaluation Reserve and the Pensions Fund Reserve. Other than these the following unusable reserves apply:

- **Financial Instruments Adjustment Account**

This account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

- **Deferred Capital Receipts Reserve**

This holds the proceeds recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Usable Capital Receipts Reserve.

- **Collection Fund Adjustment Account**

This manages the difference arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Taxpayers compared with statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

xxii. **School Balances**

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the Schools Standards Framework Act 1998, community, voluntary aided and voluntary maintained schools) lies with the Council. Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council, rather than requiring consolidation in the Group Accounts. Academies are outside of the Council's control and their transactions are not reflected in the Council's accounts.

In accordance with the schemes of delegation to schools set up in the Education Reform Act 1988, surplus/deficits against budgets can be carried forward into the following year. Any balances relating to schools are ringfenced and cannot be appropriated by the Council.

xxiii. **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service line in the CI&ES 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.

xxiv. **Insurance Funding Arrangements**

For those assets and liabilities deemed appropriate to insure against, the council operates an internal insurance account to provide insurance cover where either external cover is uneconomical or unavailable.

The internal insurance account provides the following main areas of cover:

Asset Protection - The first £0.100m of loss on non-educational establishments and the first £0.500m in respect of educational establishments, the aggregate excess (cap) being £2.000m in any policy year. The council's asset protection does not cover the council's housing stock except for high-rise.

Liabilities - The first £0.282170m of each claim in respect of public/products and employer's liability and pollution and the first £0.050m in respect of officials' indemnity, professional indemnity and land charges, the aggregate excess (cap) being £4.312m in any policy year across all liability sections of cover.

Motor – The first £0.1611m of each motor claim for damage to a council vehicle and third-party claims. Third party losses are limited to £0.455m in the aggregate after the application of individual claim excess / non-ranking deductibles.

Fidelity Guarantee - The first £0.025m of each claim in respect of fraud committed against the council by its own employees. There is no annual aggregate excess (cap) in respect of fidelity guarantee claims.

The risks not covered by external insurance or other funding arrangements include third party fraud, the management of key partnerships and programmes and risks arising in respect of funding and resource allocation, considering the current economic climate. Where there are uninsured risks which have been identified, these risks are assessed, especially for financial impact and appropriate controls put in place to mitigate those risks.

xxv. **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.

xxvi. **Fair Value Measurement**

IFRS 13 requires that local authorities measure some of their non-financial assets such as surplus and investment properties and some of their financial instruments such as equity shareholdings at fair value.

The objective of the fair value approach is to estimate the price at which an orderly transaction to sell an asset or transfer a liability would take place between market participants at the measurement date.

The measurement assumes that the transaction takes place either:

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

The authority measures fair value using the same assumptions that market participants would use when pricing an asset or liability if they will act in their own economic best interest.

For non-financial assets, the authority takes into account the participants ability to generate economic benefits by using the asset in its highest and best use or selling it to another market participant that would use the asset in its highest and best use.

When determining fair value, the authority's valuers use 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.

These inputs 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 assess at the measurement date.
- **Level 2** – inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3** – unobservable inputs for the asset or liability.

The transfer date for any movement between these levels is the 31 March in each financial period.

xxvii. **Pooled Budgets**

The Better Care Fund was announced in June 2013 with the intention to drive the transformation of local services and was to be operated through pooled budget arrangements between the Council and local Clinical Commissioning Groups.

The Council is party to a pooled budget arrangement and has considered the S75 agreement. The arrangement with the Sandwell and Black Country Integrated Care Board has been assessed as a joint operation under IFRS11.

The council is host to the arrangement however the two parties account for their own share of the pool's income, expenditure, assets and liabilities in line with the agreement and in line with respective commissioning responsibilities. Furthermore, members of the pooled budget only account for expenditure when it is spent by the pool and any cash held by the pool at year end is shared with a creditor in the host and debtor in the other parties in respect of that cash.

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

The Code of Practice on Local Authority Accounting in the UK 2023-24 (“the Code”) has introduced the following changes in accounting policy, which will need to be adopted fully by the Council in the 2024-25 financial statements from 1 April 2024.

The Council is required to disclose information relating to the impact of the accounting changes on the financial statements as a result of the adoption by the Code of a new standard that has been issued but is not yet required to be adopted by the Council. The Council is required to make disclosure of the estimated effect of the new standard in these financial statements.

The following accounting standards have changes next year, but these are either not relevant to the Council or the changes are expected to be minor and are not expected to make any change to the reported financial information in the accounts and will therefore not have a material effect:

- Amendments to IAS 1 (Presentation of Financial Statements) to provide clarification on Classification of Liabilities as Current or Non-Current and improved information on Non-current Liabilities with Covenants
- Amendments to IAS 12 (Income Taxes) relating to multinational groups.
- Amendments to IAS 7 (Statement of Cash Flows) and IFRS 7 (Financial Instruments) for supplier finance arrangements.

IFRS16 (Leases)

As permitted by the Code, the Council has chosen not to adopt this standard from 1 April 2023 and therefore no disclosures are required in these financial statements.

3. Critical Judgements in Applying Accounting Policies

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

- **Private Finance Initiative (PFI) and Similar Contracts** – Based on the scope of the Code and IFRIC 12, the Council has concluded that the four PFI schemes and Serco Limited Waste Contract fall under the scope of IFRIC 12. The PFI schemes and Service Concession assets are therefore accounted for on an on-balance sheet basis. The Accounting Policy for PFI details judgements made in applying capital spend to the assets held on the Balance Sheet.
- **Accounting for Schools** - The Council has assessed the legal framework underlying each type of school and determined the treatment of non-current assets within the financial statements on the basis of whether it owns or has some responsibility for, control over or benefit from the service potential of the premises and land occupied.

The Council has considered its accounting arrangements for each school, on a case by case basis, under the terms of:

- IAS 16, Property, Plant and Equipment;
- IAS 17, Leases; and
- LAAP Bulletin 101, Accounting for Non-Current Assets Used by Local Authority Maintained School

The Council has determined that, within its Balance Sheet, for:

- Community and Foundation/Trust Schools - all land and buildings should be recognised.
- Voluntary Controlled (VC) and Voluntary Aided (VA) - all land and buildings should be recognised except where land and buildings are owned by religious bodies.
- Academy Schools - no non-current assets should be recognised as they maintain their own financial records and are managed, controlled and funded independently of the Council.

Local authority-maintained schools, as independent entities, have responsibility for the management of their own resources. However, as their transactions are consolidated into the Council's financial statements, the Council has reviewed their activity to ensure consistency of accounting treatment.

When a school converts to academy status, an underlease between the Council and the academy is then put in place and the academy is derecognised from the Council's Balance Sheet.

Application of Valuation Deferments

The accounting guidance requires that where there is no suitable market available, then assets of PPE are to be valued at Existing Use Value (EUW) or Depreciated Replacement Cost (DRC). Valuers then use the RICS guidance and their professional judgement and experience to determine the value of these assets.

In some circumstances, especially where lease agreements are in place, it may be necessary to apply a deferment factor to an assets value to reflect encumbrance on the freehold which can materially reduce the valuation applied to the asset.

This has been considered in relation to the Council's Leisure Centres and The Former Public building, which is currently being used as a 6th Form College, where specific contractual arrangements are in place with the occupiers.

The Council has concluded that the freehold of the assets relating to Leisure Centres have not been encumbered by these agreements and so no deferment has been applied. However, in relation to the Former Public building the freehold has been deemed to be encumbered due to the nature of the use of the building and so deferment has been applied.

Sandwell Children's Trust

On 1st April 2018 Sandwell Children's Trust (SCT) went live following the transfer of the Children's Social Care functions (whilst statutory responsibility still sits with the council).

The council has considered the guidance in IFRS 10 and have concluded that SCT is a subsidiary and that group accounts will be prepared for the following reasons:

- SCT is a 100% wholly owned company.
- The council is the primary funder of SCT.
- The council has a director and elected member on the board of SCT; and
- The expenditure for SCT amounts to approximately £81m which is a material sum compared to the council's net cost of services of £227m.

The accounts have therefore, been consolidated into the group accounts on a line by line basis.

4. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future, or that are otherwise uncertain. Estimates are made considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results may be materially different from the assumptions and estimates. General fund asset valuations are carried out by Wilks Head & Eve, housing stock valuations (HRA) are carried out by Savills.

The valuation report issued by Savills's covering the HRA stock has been given based on 'material valuation uncertainty' due to Multi-storey buildings.

The items in the council's Balance Sheet at 31 March 2024 for which there may be a risk of an adjustment in the forthcoming financial year are as follows:

Asset Valuations

Housing stock

At 31 March there are 2,879 high rise dwellings available for use as social housing in the council's ownership and with an attributable EUV-SH value of £62,173,800 and a further 120 properties which are not occupied currently due to major refurbishment – Savills have indicated that 'there is greater uncertainty concerning the valuation figure than would normally be the case' in respect of these properties.

Non-Current Assets

The carrying value of non-current assets subject to valuation that did not receive a revaluation in 2023/24 totalled £52.5m. An upward movement in the market of 1% would equate to an increase in value of £0.525m.

Net Pension Position

The valuation of the net pension position 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, Hymans Robertson LLP, is engaged to provide the Council with expert advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £33.191m.

However, the assumptions interact in complex ways. During 2023/24, the Authority's actuaries advised that the net pensions liability had decreased by £112.773m as a result of updated financial and demographic assumptions.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table below. 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 only the assumption analysed changes, while all the other assumptions remain constant. The assumptions in life expectancy, for example, assume that life expectancy increases

NOTES TO THE ACCOUNTS

or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The actuary has confirmed that the method of preparing this sensitivity analysis has not changed since last year.

Change in assumptions at 31 March 2024	Approximate monetary amount £'000
0.1% decrease in Real Discount Rate	33,191
0.1% increase in the Salary Increase Rate	1,655
0.1% increase in the Pensions Increase Rate (CPI)	32,135
1 year increase in member life expectancy	72,636

Pension Guarantees

The Council has, over several years, changed its way of operating from being a direct provider of services to one where it purchases several services from third parties. As part of this change in service delivery model, the Council has transferred staff from the Council to the external provider under Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). The Council has agreed that staff transferring to an external provider should continue to have the right to access equivalent pension benefits to that provided whilst employed by the Council. To ensure the smooth transfer of staff, the Council has provided guarantees for contribution rates and pension deficits in respect of continuing pension provision.

The Council has decided that these pension guarantees should be treated as insurance contracts. However, no provision has been made for them in the accounts as it has been judged that the likelihood of them being called on means that they are not material. This judgement was made by considering the liabilities for the companies and the likelihood of those companies failing within the next year.

In determining a deficit on pension funds there are two different models used, namely:

- **The funding basis**, where post-employment benefit obligations are discounted to a present value based on the anticipated return from pension fund assets, or
- **The accounting basis**, where post-employment benefit obligations are discounted to a present value based on market yields for high quality corporate bonds as required by International Accounting Standard 19, Employee Benefits (IAS19).

In the event of a guarantee being called in respect of a pension deficit, the actual amount that the Council would have to meet would be determined using the funding basis. The Council has therefore assessed any provision for future pension deficit liabilities on this basis.

Non-Domestic Rates Provision

Following the introduction of the retained Business Rates scheme in April 2013, the Collection Fund is now liable for the settlement of any successful appeals lodged against the rateable value of business properties. A provision of £5.139m has been set aside for the council's share of 99%. The full provision has been based on a report from Analyse Local which is a specialist revenue

NOTES TO THE ACCOUNTS

forecasting tool that the Council subscribe to. The report includes total potential net losses of £6.540m.

This can be broken down as follows:

- £5.297m relates to outstanding check and challenge appeals against the 2017 rating list and 83.13% have been included in the provision.
- £0.727m relates to outstanding check and challenge appeals against the 2023 rating list and 83.13% have been included in the provision.
- £0.516m relates to potential appeals against the 2023 rating list and 35.55% have been included in the provision.

The provision does not include any appeals in relation to a change in rateable value due to the impact of Covid 19 as these appeals are not allowed following legislation by the government.

Fair Value Measurement

When the fair value of financial and non-financial assets or liabilities cannot be measured based on quoted prices within active markets (i.e. using level 1 inputs) then other techniques are used to derive their fair value.

The authority has used earnings techniques to establish the fair value of its Birmingham Airport Shareholding and cashflow techniques to determine the fair value of its Public Works and Market Loans.

In relation to Investment and Surplus assets fair value has been derived through the market approach.

Where any of the above techniques require the valuer to apply their judgement or make assumptions there is an element of risk or uncertainty and, therefore, any changes to these assumptions could increase or decrease the fair value of the assets concerned.

It should be noted that where level 1 inputs are not available to measure fair value of financial and non-financial assets and liabilities, the authority employs relevant valuation and treasury management experts to identify the most appropriate techniques to apply.

NOTES TO THE ACCOUNTS

Impairment Allowances

At 31 March 2024 the council had the following balances of debtors outstanding for which appropriate impairment allowances have been made:

	Arrears (£'000)	Impairment Allowance (£'000)	%
Trade Receivables	53,609	13,292	25%
Council Tax	40,282	22,786	57%
Non Domestic Rates (Business Rates)	7,728	3,369	44%
Housing Benefit	8,926	5,793	65%
HRA	12,134	5,562	46%
Payments in Advance	22,517	-	0%
VAT	13,426	-	0%
Total	158,622	50,802	32%

Levels of impairment allowance are kept under review to ensure their continued adequacy.

If collection rates were to deteriorate, higher impairment allowances would be required, which would be charged to the CI&ES.

5. Material Items of Income and Expense

There have been no material items of income or expense to report in either the current year accounts or prior year comparators.

6. 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 are authorised for issue. Two types of event can be identified:

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

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

Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There have been no events since 31 March 2024, and up to the date when these accounts were authorised, which require any adjustments to these accounts.

7. Prior Period Adjustments

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. 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.

NOTES TO THE ACCOUNTS

8. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the council to meet future Capital and Revenue expenditure.

2023/24	Usable Reserves					Total Usable Reserves £'000	Total Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000		
Adjustments to the Revenue Resources							
<i>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:</i>							
Pensions costs (transferred to (or from) the Pensions Reserve)	(5,397)	(911)	-	-	-	(6,308)	6,308
Financial instruments (transferred to the Financial Instruments Adjustments Account)	(76)	(449)	-	-	-	(525)	525
Council tax and NDR (transfers to or from Collection Fund)	(980)	-	-	-	-	(980)	980
Holiday pay (transferred to the Accumulated Absences Reserve)	(2,341)	139	-	-	-	(2,202)	2,202
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	49,384	(67,067)	-	-	-	(17,683)	17,683
Total Adjustments to Revenue Resources	40,590	(68,288)	-	-	-	(27,698)	27,698

Continued:

NOTES TO THE ACCOUNTS

2023/24 (Continued)	Usable Reserves						Total Usable Reserves £'000	Total Unusable Reserves £'000
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied			
	£'000	£'000	£'000	£'000	£'000	£'000		
Adjustments between Revenue and Capital Resources								
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(624)	(13,239)	13,863	-	-	-	-	
Posting of HRA resources from revenue to the Major Repairs Reserve	-	(19,462)	-	19,462	-	-	-	
Statutory/Voluntary Provision for the repayment of debt (transfer from the Capital Adjustment Account)	(11,393)	(1,206)	-	-	-	(12,599)	12,599	
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(5,721)	-	-	-	-	(5,721)	5,721	
Total Adjustments between Revenue and Capital Resources	(17,738)	(33,907)	13,863	19,462	-	(18,320)	18,320	
Adjustments to Capital Resources								
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	(7,088)	-	-	(7,088)	7,088	
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	(18,798)	-	(18,798)	18,798	
Application of capital grants to finance capital expenditure	-	-	-	-	(13,478)	(13,478)	13,478	
Capital Receipts from CI&ES to Capital Grants Unapplied	(53,255)	-	-	-	53,255	-	-	
Total Adjustment to Capital Resources	(53,255)	-	(7,088)	(18,798)	39,777	(39,364)	39,364	
Total Adjustments	(30,403)	(102,195)	6,775	664	39,777	(85,382)	85,382	

NOTES TO THE ACCOUNTS

2022/23	Usable Reserves					Total Usable Reserves £'000	Total Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000		
Adjustments to the Revenue Resources <i>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:</i>							
Pensions costs (transferred to (or from) the Pensions Reserve)	50,284	5,857	-	-	-	56,141	(56,141)
Financial instruments (transferred to the Financial Instruments Adjustments Account)	(12)	(20)	-	-	-	(32)	32
Council tax and NDR (transfers to or from Collection Fund)	(14,931)	-	-	-	-	(14,931)	14,931
Holiday pay (transferred to the Accumulated Absences Reserve)	1,598	(163)	-	-	-	1,435	(1,435)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	6,742	(18,872)	-	-	-	(12,130)	12,130
Total Adjustments to Revenue Resources	43,681	(13,198)	-	-	-	30,483	(30,483)
Adjustments between Revenue and Capital Resources							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(10,320)	(20,684)	31,004	-	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	(18,409)	-	18,409	-	-	-
Statutory/Voluntary Provision for the repayment of debt (transfer from the Capital Adjustment Account)	(10,070)	(1,539)	-	-	-	(11,609)	11,609
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(5,540)	(3,054)	-	-	-	(8,594)	8,594
Total Adjustments between Revenue and Capital Resources	(25,930)	(43,686)	31,004	18,409	-	(20,203)	20,203

NOTES TO THE ACCOUNTS

2022/23 (Continued)	Usable Reserves						Total Usable Reserves £'000	Total Unusable Reserves £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	£'000		
Adjustments to Capital Resources								
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	(8,690)	-	-	(8,690)	8,690	
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	(16,834)	-	(16,834)	16,834	
Application of capital grants to finance capital expenditure	-	-	-	-	(4,721)	(4,721)	4,721	
Capital Receipts from CI&ES to Capital Grants Unapplied	(30,272)	-	-	-	30,272	-	-	
Total Adjustment to Capital Resources	(30,272)	-	(8,690)	(16,834)	25,551	(30,245)	30,245	
Total Adjustments	(12,521)	(56,884)	22,314	1,575	25,551	(19,965)	19,965	

NOTES TO THE ACCOUNTS

9. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2023/24.

The balances ring fenced for schools are also included below:

Earmarked Reserves	Opening Balance 1 April 2022	Transfer Out 2022/23	Transfer in 2022/23	Balance 31 March 2023	Transfer Out 2023/24	Transfer in 2023/24	Closing Balance 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Balances							
S31 Relief Grant	18,364	(17,966)	-	398	-	-	398
COVID Emergency Funding (S31 Business Rates Grant)	16,932	(6,041)	-	10,891	(5,092)	2,225	8,024
COVID Emergency Funding Grants	13,174	(3,402)	-	9,772	(4,591)	231	5,411
Better Care Fund	10,661	-	4,396	15,057	(536)	-	14,521
Insurance Reserve	7,231	-	1,256	8,487	(672)	-	7,815
Public Health Reserve	9,480	(1,135)	-	8,345	(957)	-	7,388
BSF PFI Sinking Fund Reserves	8,045	-	-	8,045	-	-	8,045
Sinking Fund Reserves	1,826	-	369	2,195	(85)	-	2,109
Oracle Fusion	-	-	-	-	-	-	-
Serco Contract	3,816	(188)	-	3,628	-	5,674	9,302
Adults Social Care Grant	3,746	-	162	3,908	(15)	-	3,893
Finance General Reserve	171	-	332	503	(142)	-	361
SCT Reserve (a)	45	(32)	-	13	-	-	13
Dartmouth Park HLF	265	(8)	-	257	(89)	-	167
Teaching for Public Health Network	502	(121)	-	381	-	109	490
West Midland Regional Research	2,302	(621)	-	1,681	(189)	-	1,492
Integrated Care Records	-	-	-	-	-	-	-
Private Sector Housing Reserve	442	-	1,171	1,613	-	128	1,741
Regeneration & Economy Reserve	1,590	-	787	2,377	(1,394)	1,400	2,383
Elections (Fallow year)	1,236	(466)	-	770	(202)	350	918
Borough Economy General Reserve	1,652	(779)	-	873	-	130	1,003
Aquatics Centre	100	-	-	100	-	-	100
Brexit Funding	-	-	-	-	-	-	-
Proceeds of Crime Act	833	-	8	841	-	121	962
Physical Activity Board	-	-	-	-	-	-	-
Business Rates Volatility	7,000	-	-	7,000	-	1,823	8,823
Regeneration & Growth Capital Projects Support	6,777	(1,071)	-	5,706	-	-	5,706
Aquatic Centre - Replacement	4,000	(300)	-	3,700	-	-	3,700
Oracle Fusion	3,231	-	708	3,939	-	1,850	5,789
Invest to Save Reserve	3,000	(658)	-	2,342	(665)	-	1,677
SCT Reserve (b)	2,636	(1,578)	-	1,058	(240)	-	818
Cost of Exit Packages	2,052	(600)	-	1,452	-	-	1,452
Commonwealth Games	1,793	(1,664)	-	129	(101)	-	28
ICT Refresh	1,747	(1,747)	-	-	-	-	-
Kickstart Revaluation Reserve	1,553	-	197	1,750	-	399	2,149

NOTES TO THE ACCOUNTS

Earmarked Reserves Continued	Opening Balance 1 April 2022	Transfer Out 2022/23	Transfer in 2022/23	Balance 31 March 2023	Transfer Out 2023/24	Transfer in 2023/24	Closing Balance 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Finance Corporate Improvement	1,537	(482)	-	1,055	-	-	1,055
Cemetery Reserve	1,446	-	-	1,446	(1,613)	1,446	1,279
Pay Award	1,000	-	-	1,000	-	-	1,000
Business Strategy & Change General Reserve	715	-	154	869	(569)	-	300
New Asset Register System	500	(169)	-	331	(129)	-	202
Forge Mill Farm Demolition	230	(3)	-	227	-	-	227
School Repairs Reserve	120	-	-	120	-	-	120
Post LAC Pupil Premium Grant	114	-	-	114	-	-	114
Leaders Office	100	(100)	-	-	-	-	-
Borough Economy Grant Reserve	11	-	180	191	(13)	933	1,111
Social Care Grant	-	-	2,439	2,439	(702)	-	1,737
Financial Planning Reserve	-	-	7,746	7,746	-	1,353	9,099
Climate Change Reserve	-	-	600	600	-	-	600
Dedicated Schools Grant Reserve	-	-	5,560	5,560	-	129	5,689
Serco Reserve	-	-	4,448	4,448	-	(1,983)	2,465
Business Change	-	-	-	-	-	1,700	1,700
Cost of Living	-	-	-	-	(1)	1,500	1,499
Customer Journey	-	-	-	-	-	1,500	1,500
Bed Rails Compliance Review	-	-	-	-	-	211	211
Aquatic Centre Maintenance	-	-	-	-	-	399	399
Welfare Rights	-	-	-	-	-	77	77
Travellers Site	-	-	-	-	-	7	7
Local Area Budget	-	-	-	-	-	62	62
Black Country Festival	-	-	-	-	-	10	10
ACE Grant Reserve	-	-	-	-	-	28	28
Elections – Democracy	-	-	-	-	-	175	175
Contract Risk	-	-	-	-	-	6,002	6,002
Total General Fund Earmarked Reserves	141,975	(39,133)	30,513	133,355	(17,998)	27,989	143,345
Schools Balances	40,589	(10,084)	-	30,505	-	2,808	33,313
Total Earmarked Reserves General Fund	182,564	(49,216)	30,513	163,860	(17,998)	30,797	176,658
HRA Earmarked Reserves	39,327	-	2,910	42,237	-	5,933	48,171
Major Repairs Reserve	1,308	-	1,575	2,883	-	664	3,547
Total Earmarked Reserves HRA	40,635	-	4,486	45,120	-	6,597	51,718

10. CIES - Other Operating Expenditure

2022/23 £'000		2023/24 £'000
13,207	Levies	14,092
-	Payments to the Government Housing Capital Receipts Pool	-
(6,358)	Net (Gains) and Losses on the Disposal of Non-Current Assets	(4,185)
6,849		9,907

For the financial years 2022/23 and 2023/24 local authorities with a Housing Revenue Account are able to retain 100% of their income received through the Right to Buy scheme hence there is no payment accrued to the Government Housing Capital receipts pool in 2023/24.

11. CIES - Financing and Investment Income and Expenditure

2022/23 £'000		2023/24 £'000
27,278	Interest Payable and Similar Charges	28,258
29,338	Net Interest on the Net Defined Benefit Liability (Asset)	4,094
(1,933)	Interest (Receivable) and Similar Income	(3,358)
(3,049)	Income and Expenditure in Relation to Investment Properties and Changes in their Fair Value	(2,950)
17,252	Derecognition of Schools on Conversion to Academies	-
(7,635)	Net (Gains) and Losses on Fair Value Adjustments on Investment Properties	8,777
(307)	Net (Gains) and Losses on Fair Value Adjustments on Financial Assets	(536)
60,944		34,285

12. CIES - Taxation and Non-Specific Grant Income and Expenditure

2022/23 £'000		2023/24 £'000
(116,266)	Council Tax Income	(126,631)
(136,567)	Non-Domestic Rates Income and Expenditure	(151,211)
(35,329)	Non-Ringfenced Government Grants	(42,085)
(59,205)	Capital Grants and Contributions	(75,222)
(347,368)		(395,148)

NOTES TO THE ACCOUNTS

13. Property, Plant and Equipment

The following tables show the in-year movements in valuation, accumulated depreciation and impairments over the year for Property, Plant and Equipment.

Movements in 2023/24	Council dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Assets under Construction £'000	Community Assets £'000	Surplus Assets £'000	Total Property, Plant and Equipment £'000
Cost or Valuation							
At 1 April 2023	1,281,724	773,416	53,736	110,941	25,373	29,745	2,274,935
Additions	30,138	8,371	9,986	33,862	1,350	-	83,707
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1,876	16,079	-	-	-	(887)	17,068
Revaluation increases/(decreases) recognised in the Surplus/Deficit on Provision of Services	75,551	(22,603)	-	-	-	(3,347)	49,601
Derecognition – Disposals	(9,166)	-	(1,121)	-	-	-	(10,287)
Derecognition – Other	-	(42)	(3,010)	(14)	-	-	(3,066)
Transfers	3,900	77,161	-	(83,216)	-	2,155	-
Transfers to/from Investment Property	-	(712)	-	(9,889)	-	(41)	(10,642)
Transfers to/from Assets Held for Sale	-	-	-	-	-	(455)	(455)
At 31 March 2024	1,384,023	851,670	59,592	51,684	26,724	27,170	2,400,861
Accumulated Depreciation and Impairment							
At 1 April 2023	-	(1,314)	(29,934)	(9,274)	(54)	(4)	(40,580)
Depreciation charge	(18,782)	(14,126)	(5,418)	-	-	(5)	(38,331)
Depreciation written out to the revaluation reserve	688	21,957	-	-	-	117	22,763
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	1	-	-	-	-	1
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	17,965	-	-	-	-	(67)	17,899
Transfers	-	(8,955)	-	9,009	-	(42)	13
Derecognition – disposals	129	-	1,100	-	-	-	1,229
Derecognition - Other	-	1	3,010	-	-	-	3,011
At 31 March 2024	-	(2,436)	(31,243)	(265)	(54)	(1)	(33,998)
At 31 March 2024	1,384,023	849,234	28,349	51,419	26,669	27,169	2,366,863
At 31 March 2023	1,281,724	772,102	23,802	101,667	25,319	29,741	2,234,355

NOTES TO THE ACCOUNTS

Movements in 2022/23	Council dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Assets under Construction £'000	Community Assets £'000	Surplus Assets £'000	Total Property, Plant and Equipment £'000
Cost or Valuation							
At 1 April 2022	1,218,471	703,759	96,517	102,024	18,994	23,825	2,163,590
Adjustment to opening balance	-	-	(192)	-	-	-	(192)
Revised At 1 April 2022	1,218,471	703,759	96,325	102,024	18,994	23,825	2,163,398
Additions	42,910	6,795	6,605	32,854	649	-	89,813
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,623)	54,903	-	-	-	4,688	57,968
Revaluation increases/(decreases) recognised in the Surplus/Deficit on Provision of Services	32,333	9,932	-	-	-	2,654	44,919
Derecognition – Disposals	(14,517)	-	(274)	-	-	(71)	(14,862)
Derecognition – Other	-	(17,517)	(48,920)	(78)	-	(303)	(66,818)
Transfers	4,150	15,542	-	(23,859)	5,730	(1,048)	515
At 31 March 2023	1,281,724	773,416	53,736	110,941	25,373	29,745	2,274,935
Accumulated Depreciation and Impairment							
At 1 April 2022	-	(3,777)	(74,313)	(4,406)	(54)	(4)	(82,554)
Adjustment to opening balance	-	-	192	-	-	4	196
Revised At 1 April 2022	-	(3,777)	(74,121)	(4,406)	(54)	-	(82,358)
Depreciation charge	(17,873)	(12,647)	(4,996)	-	-	(15)	(35,531)
Depreciation written out to the revaluation reserve	-	11,188	-	-	-	4	11,192
Depreciation written out to the Surplus/Deficit on the Provision of Services	17,617	3,659	-	-	-	1	21,277
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	-	-	-	(4,815)	-	-	(4,815)
Transfers	50	-	-	(53)	-	2	(1)
Derecognition – disposals	206	263	263	-	-	-	732
Derecognition - Other	--	-	48,920	-	-	4	48,924
At 31 March 2023	-	(1,314)	(29,934)	(9,274)	(54)	(4)	(40,580)
Net Book Value							
At 31 March 2023	1,281,724	772,102	23,802	101,667	25,319	29,741	2,234,355
At 31 March 2022	1,218,472	699,982	22,204	97,618	18,940	23,820	2,081,036

13a. Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets (Local Government Circular 09/2022 Statutory Override), this note does not include disclosure of gross 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.

SMBC has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

2022/23 £'000	<i>Analysis of movement on net carrying amount:</i> Net Book Value (modified historical cost)	2023/24 £'000
227,938	at 1 April	237,887
18,196	Additions	18,336
(8,247)	Depreciation	(9,016)
237,887	Balance at 31 March	247,207

14. Heritage Assets

The council will undertake a valuation exercise for the financial year ended 31st March 2028 in accordance with its policy to revalue Heritage assets formally every 10 years. The carrying value as at 31 March 2024 is £4.32m pending the conclusion of this valuation exercise.

Art Collection

An art collection displayed at Ingested Hall Residential Arts Centre was last valued in 2017/18 by Biddle & Webb who provided a valuation of £1.402m. The remainder of the council's art collection was also reviewed in 2017/18.

17th Century Furniture

The council's museums display some fine examples of 17th century furniture. The furniture collection held at Ingestre Hall Residential Arts Centre was last valued in 2017/18 by Biddle & Webb who provided a valuation of £0.184m. The remainder of the council's furniture collection was also reviewed in 2017/18.

Civic Regalia & Presentational Silver

The civic regalia and presentational silver are assets that have been donated to or purchased by the council, which currently amount to over 100 items. Valuations provided by Factorings in 2017/18 estimated the collection held at the Mayors Parlour to be worth £1.413m with the remaining collection.

Other

The council holds other miscellaneous heritage assets including a collection of Ruskin pottery which was last valued at £0.081m and the Helen Caddick Ethnographical Collection estimated to be worth £0.075m.

The council has additional heritage assets which are not disclosed in the Balance Sheet as either cost or valuation information is not available and due to the diverse nature of the assets there is a

NOTES TO THE ACCOUNTS

lack of comparable markets. The council considers that the benefits of obtaining the valuation for these assets would not justify the cost.

15. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the CI&ES.

2022/23 £'000	Income and Expenditure	2023/24 £'000
(3,874)	Rental income from investment property	(4,091)
825	Direct operating expenses arising from investment property	1,141
(3,049)	Net (gain) / loss	(2,950)

There are no restrictions on the council's ability to realise the value inherent in its investment property or on the council's right to the remittance of income and the proceeds of disposal. The council has no contractual obligations to purchase, construct or develop investment property nor to repair, maintain or enhance it.

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

2022/23 £'000	Movement in the fair value of investment	2023/24 £'000
65,610	Balance at start of the year	72,658
-	Additions	963
(72)	Disposals	(109)
7,635	Net gains / (losses) from fair value adjustments	(8,777)
(515)	Transfers	10,629
-	Other movement in the FV of Investment Property	-
72,658	Balance at the end of the year	75,364

16. Assets Held for Sale

The following table shows the movement in the valuation of Assets Held for Sale over the year.

2022/23 £'000	Assets Held for Sale	2023/24 £'000
9,630	Balance at start of year	-
-	Assets newly classified as held for sale: Property Plant and Equipment	455
-	Revaluation	-
(9,630)	Assets sold	(455)
-	Balance at year end	-

17. 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 therefore not accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include corporate software applications and licences. The council does not have any internally generated assets.

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 life assigned to the major software suites used by the council is five years.

The carrying value of intangible assets is amortised on a straight line basis. The movement on Intangible Asset balances during the year is as follows:

2022/23 £'000	Intangible Assets	2023/24 £'000
518	Balance at start of year	2,683
2,419	Purchases	6,330
(254)	Amortisation for the period	(176)
2,683	Net carrying amount at end of year	8,837
22,160	Comprising: Gross carrying amount	28,489
(19,477)	Accumulated amortisation	(19,652)
2,683		8,837

18. Current Value of Non-Current Assets

Movement in the Current Value of Non-Current Assets

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equip £'000	Assets under Construction £'000	Community Assets £'000	Surplus Assets £'000	Infrastructure Assets £'000	Total £'000
Carried at Historical Cost	-	-	28,349	51,419	26,669	-	247,207	353,644
Valued at Current Value as at:								
31 March 2024	1,384,023	796,725				27,169		2,207,917
31 March 2023		14,832						14,832
31 March 2022		25,047						25,047
31 March 2021		6,257						6,257
31 March 2020		6,374						6,374
Total Cost or Valuation	1,384,023	849,235	28,349	51,419	26,669	27,169	247,207	2,614,071

Fair Value Measurement of Investment Properties & Surplus Assets

The authority's valuer has categorised its Investment Properties and Surplus Assets into the following headings:

- Community Centres, Leased to Voluntary Bodies, Social Clubs.
- Cleared site, Compound, Potential Residential Sites, Vacant Sites.
- Depots, Industrial.
- Land.
- Planning Shops/Sites, Shops.
- Farms; and
- Offices.

When determining the fair value of these assets the valuers have used the following inputs:

- Market Rental and Sales Values.
- Yields.
- Void and letting periods.
- Size.
- Configuration, Proportions and Layout.
- Location, Visibility and Access.
- Condition.
- Lease Covenants; and
- Obsolescence.

When applied to the fair value hierarchy the valuers have concluded that:

Level 1 – Quoted Prices

There are no assets within the portfolio whose fair value have been derived through Level 1 inputs.

Level 2 – Significant Observable

The valuations for Land (including Farmland & Development), Office, Community Centres, Industrial and Retail assets have been based on the market approach using current market conditions and recent sale prices and other relevant information for similar assets. Market conditions for these asset types are such that the level of observable inputs is significant and should be categorised at Level 2.

Level 3 – Significant Unobservable

The valuers have had to draw on several their own assumptions and utilised third-party resources to derive a fair value for these assets. These assets are therefore categorised at Level 3, as the measurement technique uses significant unobservable inputs.

Fair Value Hierarchy

Details of the authority's investment and Surplus Assets and where they sit within the fair value hierarchy are shown in the following table:

NOTES TO THE ACCOUNTS

Fair Value Hierarchy 2023/24	(Quoted Prices) Input Level 1 £000's	Observable Input Level 2 £000's	Unobservable Input level 3 £000's	Fair Value 31st March 2024 £000's
Fair Value Category:				
Investment Properties:				
Car Parks	-	-	-	-
Cleared Sites	-	174	-	174
Community Assets	-	-	-	-
Compounds	-	1,472	-	1,472
Depots	-	-	-	-
Farms	-	-	-	-
Health Centre	-	3,512	-	3,512
Industrial Sites	-	7,594	-	7,594
Land	-	16,377	-	16,377
Managed Workspace	-	208	-	208
Office	-	337	-	337
Retail Sites	-	36,935	-	36,935
Shops	-	8,351	-	8,351
Vacant Sites	-	405	-	405
Total Investment	-	75,365	-	75,365
Surplus Assets:				
Car Parks	-	-	-	-
Depots	-	-	-	-
Land	-	26,548	-	26,548
Vacant Sites	-	620	-	620
Total Surplus	-	27,169	-	27,169
Total	-	102,534	-	102,534

Fair Value Hierarchy 2022/23	(Quoted Prices) Input Level 1 £000's	Observable Input Level 2 £000's	Unobservable Input level 3 £000's	Fair Value 31st March 2023 £000's
Fair Value Category				
Investment Properties:				
Cleared Sites	-	174	-	174
Community Assets	-	-	-	-
Compounds	-	1,470	-	1,470
Industrial Sites	-	7,490	-	7,490
Land	-	16,311	-	16,311
Managed Workspace	-	209	-	209
Office	-	159	-	159
Retail Sites	-	38,641	-	38,641
Shops	-	7,991	-	7,991
Vacant Sites	-	214	-	214
Total Investment	-	72,659	-	72,659
Surplus Assets:				
Car Parks	-	179	-	179
Depots	-	620	-	620
Land	-	26,290	-	26,290
Vacant Sites	-	2,652	-	2,652
Total Surplus	-	29,741	-	29,741
Total	-	102,400	-	102,400

NOTES TO THE ACCOUNTS

Reconciliation of Fair Value Measurements– Level 3

As required by the Code, the movement in Level 3 inputs within the fair value hierarchy are detailed in the following table:

Investment: Community Centres Categorised Within Level 3

31 March 2023 £000's		31 March 2024 £000's
-	Opening Balance	-
-	Transfers From Level 3 to Level 2	-
-	Closing Balance	-

It should be noted that the gains and losses arising from changes in fair value of investment properties are recognised within the Financing and Investment Income and Expenditure line of the CI&ES.

The fair value of the authority's Investment and Surplus Assets are measured and reviewed annually.

The council's valuations are undertaken by external valuers in accordance with the following guidance relating to asset valuations for accounting purposes:

- **Royal Institution of Chartered Surveyors (RICS)** – Professional Standards (The Red Book)
- **International Financial Reporting Standards (IFRS)**
- **Chartered Institute of Public Finance and Accounting Code (CIPFA)** of Practice on Local Authority Accounting

The authority's valuation experts work closely with finance officers who report directly to the Director of Finance on a regular basis regarding valuation matters.

19. Financial Instruments

Categories of Financial Instruments

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

Financial Assets:

Financial Assets - Financial Instrument Balances (IFRS9)	Non-Current				Current			
	Investments		Debtors		Investments plus Cash and Cash Equivalents		Debtors	
	31 March 23 £'000	31 March 24 £'000	31 March 23 £'000	31 March 24 £'000	31 March 23 £'000	31 March 24 £'000	31 March 23 £'000	31 March 24 £'000
Amortised Cost	84	84	-	-	56,357	62,614	31,772	40,317
Fair Value through Profit & Loss	-	-	4,676	5,058	-	-	-	-
Fair Value through Other Comprehensive Income	33,089	36,184	-	-	-	-	-	-
Total Financial Assets	33,173	36,268	4,676	5,058	56,357	62,614	31,772	40,317
Non Financial Assets included on the Balance Sheet	-	-	-	-	-	-	58,904	67,502
Total Balance Sheet	33,173	36,268	4,676	5,058	56,357	62,614	90,676	107,819

NOTES TO THE ACCOUNTS

Financial Liabilities:

	Non-Current				Current			
	Borrowings		Creditors and Liabilities		Borrowings		Creditors	
	31 March 23 £'000	31 March 24 £'000	31 March 23 £'000	31 March 24 £'000	31 March 23 £'000	31 March 24 £'000	31 March 23 £'000	31 March 24 £'000
Amortised Cost	(381,414)	(353,686)	(61,390)	(57,413)	(94,124)	(91,455)	(104,754)	(118,187)
Total Financial Liabilities	(381,414)	(353,686)	(61,390)	(57,413)	(94,124)	(91,455)	(104,754)	(118,187)
Non Financial Liabilities included on the Balance Sheet	-	-	(134,949)	(138,687)	-	-	(8,058)	(7,346)
Total Balance Sheet	(381,414)	(353,686)	(196,339)	(196,100)	(94,124)	(91,455)	(112,813)	(125,533)

Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Note: Accrued interest is not required for instruments measured at EIR, as this adjustment covers a full year's interest.

Fair value has been measured by:

- Direct reference to published price quotation in an active market; and/or
- Estimated using a relevant valuation technique

The Council has a number of outstanding loans from Salix Finance Ltd, that are less than market rate (soft loans). When soft loans are received, a gain is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be saved over the life of the instrument, resulting in a higher amortised cost than the outstanding principal. Interest is debited at a marginally higher effective rate of interest than the rate payable to the loan provider, with the difference serving to decrease the amortised cost of the loan on the Balance Sheet. Statutory provisions require that where material, the impact of soft loans on the General Fund Balance is the interest payable for the financial year – the reconciliation of the amounts credited and debited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instrument Adjustment Account.

The detailed soft loans information is as follows:

31 March 2023	Salix Finance Ltd	31 March 2024
£'000		£'000
2,396	Opening Balance	1,830
-	+ New Loans Granted	-
-	- Fair Value Adjustment on Initial Recognition	-
(608)	- Loans Repaid	(608)
42	+/- Other Changes	32
1,830	Balance Carried Forward	1,254

NOTES TO THE ACCOUNTS

Soft Loan Valuation Assumption

The interest rate at which the fair values of these soft loans have been recognised is arrived at by using the authority's prevailing cost of borrowing for a comparable loan at the date of the advance.

Any gains and losses that arise on derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Investments in Equity Instruments Designated at Fair Value through Other Comprehensive Income

With the introduction of IFRS 9 the authority has designated the following equity at 31 March 2024 as FVOCI:

Description	Nominal Value	Fair Value as at 31 March 24	Change in Fair Value during 2023/24	Dividends
	£'000	£'000	£'000	£'000
Birmingham Airport - Ordinary Shares	182	33,900	3,100	-
Birmingham Airport - Preference Shares	1,766	1,766	-	-
LEP Special Purpose Vehicle - Ordinary Shares	518	518	-	-
Investments in Equity Instruments	2,466	36,184	3,100	-

Birmingham Airport Shares – The authority holds shares in Birmingham Airport which originated through a policy initiative with other authorities to promote economic generation and tourism. As the asset is not held for trading or income generation, rather a longer-term policy initiative the equity has been designated as FVOCI.

LEP Special Purpose Vehicle – The Council holds an approx. 10% shareholding in Environments for Learning Sandwell PFI Ltd for an unspecified period. The company is a special purpose vehicle set up by the Local Enterprise Partnership (LEP); it is a concession contract responsible for designing, building and operating schools within Sandwell. The shares will be treated as an equity investment and as they are not held for trading, the Council has elected to classify them as FVOCI.

Gains/Losses of Financial Instruments

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

2022/23			2023/24	
(Surplus)/ Deficit on Provision of Services £'000	Other Comprehensive Income & Expenditure £'000		(Surplus)/ Deficit on Provision of Services £'000	Other Comprehensive Income & Expenditure £'000
		Net (gains)/losses on:		
(246)	-	Financial assets measured at fair value through profit or loss	(536)	-
1,019	-	Financial assets measured at amortised cost	690	-
-	(15,656)	Investments in equity instruments designated at fair value through other comprehensive income	-	(3,100)
42	-	Financial liabilities measured at amortised cost	32	-
815	(15,656)	Total net (gains)/losses	186	(3,100)
		Interest revenue:		
(1,473)	-	Financial assets measured at amortised cost	(1,209)	-
-	-	Other financial assets measured at fair value through other comprehensive income	-	-
(1,473)	-	Total interest revenue	(1,209)	-
27,235	-	Interest Expense	28,226	-

NOTES TO THE ACCOUNTS

Fair Values of Financial Assets

For the council's shareholding in Birmingham Airport. There is no quoted market price in an active market for these shares and, therefore, the fair value has been based on an earnings approach. This valuation technique has involved the calculation of maintainable Earnings Before Interest, Taxation and Amortisation (EBITDA) based on the relevant business plan and applying multiples derived from similar listed companies.

Some of the inputs used to determine the valuation of the Birmingham Airport shares are observable, as they also include some unobservable inputs such as calculation of an earnings multiple using non-quoted information, then the instruments are classified as input level 3.

Reconciliation of Fair Value Measurements for Financial Assets Carried at Fair Value Categorised Within Level 3 of the Fair Value Hierarchy for Financial Assets

The LEP loan notes value of the remaining shares held by the authority, is valued at cost. There is no market and no reliable way of revaluing the asset held; as such the LEP loan notes are classified at input level 3 and are shown with the Birmingham Airport share value in the 'Unquoted Shares' column in the table below.

With regards to the Kickstart loans, although contractual payments are determinable, they have elements based on the property market that are not; because of this, they are classified at input level 3 and are shown in the column headed 'Other' in the table below:

The tables below detail the fair value of assets classified and reclassified by the authority at input level 3 in 2023/24 compared to 2022/23:

2023/24	Unquoted Shares	Other	Total
	£'000	£'000	£'000
Opening Balance	33,089	4,676	37,765
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
Total gains/ (losses) for the period:			
recognised in Surplus or Deficit on Provision of Services	-	479	479
recognised in Other Comprehensive Income and Expenditure	3,100	-	3,100
Disposals	(5)	(97)	(102)
Closing Balance	36,184	5,058	41,242

2022/23	Unquoted Shares	Other	Total
	£'000	£'000	£'000
Opening Balance	17,433	4,601	22,034
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
Total gains/ (losses) for the period:			
recognised in Surplus or Deficit on Provision of Services	-	253	253
recognised in Other Comprehensive Income and Expenditure	15,656	-	15,656
Disposals	-	(178)	(178)
Closing Balance	33,089	4,676	37,765

NOTES TO THE ACCOUNTS

Fair value of Assets and Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are required)

Except for the financial assets carried at fair value (described in the table below), all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost.

Their fair value can be addressed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB, new loan rates have been applied for 2023/24. An additional note to the tables sets out the alternative fair value measurement applying the new loan rates, highlighting the impact of the alternative valuation.
- For non-PWLB loans payable, PWLB new loan rates have been applied for 2023/24 to provide the fair value under PWLB debt redemption rate procedures;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial Liabilities Not Held at Fair Value

The fair values calculated are as follows:

31 March 2023			31 March 2024	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
298,192	312,772	PWLB Debt	286,713	280,871
93,876	85,380	Non PWLB Debt	83,379	68,980
41,498	41,542	Other Local Authority Debt	30,148	30,148
1,830	1,830	Salix Loans (Interest Free)	1,253	1,253
17,878	17,878	Bank Overdraft	20,817	20,817
40,141	40,141	Other Temporary Borrowing	43,648	43,648
493,415	499,543	Total Debt	465,958	445,717
65,294	84,167	PFI & Finance Lease Liabilities	61,569	76,610
82,184	82,972	Creditors	93,213	93,213
640,893	666,682	Total Financial Liabilities	620,740	615,540

Overall, the fair value is greater than the carrying amount because the council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

The Authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the premature redemption rates available from the PWLB. If a value is calculated on this basis, the carrying amount of PWLB at £286.713m would be valued at £313.632m (this is the exit price for the PWLB loans including the penalty charge). If the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB and the various banks would raise a penalty charge for early redemption higher.

NOTES TO THE ACCOUNTS

Financial Assets Not Held at Fair Value

31 March 2023		Fair Values of Financial Assets	31 March 2024	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
56,107	56,107	Short Term:	62,614	62,614
250	250	Cash Equivalents plus Short Term Investments	-	-
31,772	31,772	Credit Union Loan	40,317	40,317
88,129	88,129	Total Short Term Assets	102,931	102,931
		Long Term		
84	84	Local Enterprise Partnership	84	84
-	-	Credit Union loan	-	-
-	-	Non-Current Debtors	-	-
84	84	Total Long Term Assets	84	84
88,213	88,213	Total Financial Assets	103,015	103,015

The carrying amount and the fair value of the council's short term financial assets are the same due to the short-term nature of the transactions.

Assets held at Fair Value are not included in the above table and include the council's long-term investment in Birmingham Airport which was revalued as at the 31 March 2024 which has seen an increase of £3.100m to £35.666m (including preference shares) and the LEP Special Purpose Vehicle which is valued at £0.518m.

Fair Value Hierarchy for Financial Assets and Financial Liabilities

The fair value for financial liabilities and financial assets that are not measured at fair value included in levels 2 in the table below have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the assumptions detailed below, primarily for financial liabilities the fair value is arrived at by applying the discounted cash flow calculations based on the PWLB premiums/discount calculations.

	31 March 2024			
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£'000	£'000	£'000	£'000
Financial Liabilities held at amortised cost				
PWLB	-	286,713	-	286,713
Non-PWLB	-	157,175	-	157,175
Soft Loans	-	1,253	-	1,253
Bank Overdraft	-	20,817	-	20,817
PFI & Finance Lease Liabilities	-	61,569	-	61,569
Creditors	-	93,213	-	93,213
Total Financial Liabilities	-	620,740	-	620,740
Financial Assets at amortised cost				
Investments plus Cash & Cash Equivalents	-	62,698	-	62,698
Debtors	-	40,317	-	40,317
Total Financial Assets	-	103,015	-	103,015

NOTES TO THE ACCOUNTS

	31 March 2023			
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£'000	£'000	£'000	£'000
Financial Liabilities held at amortised cost				
PWLB	-	298,192	-	298,192
Non-PWLB	-	175,515	-	175,515
Soft Loans	-	1,830	-	1,830
Bank Overdraft	-	17,878	-	17,878
PFI & Finance Lease Liabilities	-	65,294	-	65,294
Creditors	-	82,972	-	82,972
Total Financial Liabilities	-	641,681	-	641,681
Financial Assets at amortised cost				
Investments plus Cash & Cash Equivalents	-	56,440	-	56,441
Debtors	-	31,772	-	31,772
Total Financial Assets	-	88,213	-	88,213

Nature and Extent of Risk arising from Financial Instruments

Key Risks

The council's activities expose it to a variety of financial risks.

The key risks are:

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

Overall Procedures for Managing Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash).

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the council's customers. The risk is minimised through the annual investment strategy, which is available on the Authority's website.

Credit Risk Management Practices

The authority's credit risk management is set out in the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody and Standard & Poors ratings services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

NOTES TO THE ACCOUNTS

The credit criteria in respect of financial assets held by the Council are detailed below:

- Credit ratings of Short Term F1, Long Term A, (Fitch or equivalent rating) with the lowest available rating being applied to the criteria
- Building Societies that meet the same credit ratings as banks (above)
- UK Institutions provided with support from the UK government

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the council.

Amounts Arising from Expected Credit Losses

The Authority's maximum exposure to credit risk in relation to its investments is £98.595m and is made up of long-term investments, short-term investments and cash & cash equivalents. Potential losses cannot be assessed generally as the risk of any institution failing to make interest payments or repay the 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 irrecoverability applies to all of the council's deposits, but there was no evidence at the 31 March 2024 that this was likely to crystallise.

A table to show the investments held by the Council at the 31 March 2024 is below:

Amounts as at 31 March 2023 £m	Fitch Credit Ratings (or equivalent)	Amounts as at 31 March 2024 £m
19.800	AAA	33.200
-	AA	-
10.620	A	5.615
-	BBB	-
55.239	N/A	59.780
85.659	Total	98.595

Allowances for impairment losses have been calculated (exc. LEP working capital) for investments held at 31 March 2024, applying the expected credit losses model. The expected credit loss model results in a nil value notional loss and as such, no adjustment has been made to the carrying value of these instruments in the Council's accounts.

Full provision have been set aside for the LEP working capital loan (£0.084m) due to future uncertainties and increased risk of default.

Equity investments held at Fair Value through Other Comprehensive Income are outside the scope of impairment and therefore no impairment is required in 2023/24.

The impairment requirements do not apply to the Kickstart loans categorised as assets held at Fair Value through Profit and Loss, as current market prices are considered to be an appropriate reflection of credit risk and therefore, no further impairment will be required for this investment category in 2023/24.

During the year the authority did write off the £250k loan to 6Towns Credit Union due to its winding up notice. Full provision had been made in previous years financial statements and therefore there was no charge to revenue resources during 2023/24.

NOTES TO THE ACCOUNTS

Collateral

During the reporting period the Authority has not identified any material charges of collateral held as security.

Liquidity Risk

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

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

The council does not allow credit for its customers. The past due amount in relation to its trade debtors can be analysed by age as follows:

2022/23 £'000	Financial Instruments - Aged Debt Analysis	2023/24 £'000
11,056	Less than 3 months	12,477
1,256	3 to 6 months	2,556
1,782	6 months to 1 year	2,127
9,228	More than 1 year	9,524
23,322	Total amounts overdue	26,684

Refinancing and Maturity Risk

The council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk.

The council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the council's day to day cash flow needs and the spread of longer term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity analysis of fixed rate borrowings is shown below, along with the maximum limits maturing in each period as approved by council in the Treasury Management Strategy.

NOTES TO THE ACCOUNTS

Principal Amount as at 31 March 2023	Maturity Structure of Fixed Rate Borrowing	Principal Amount as at 31 March 24	Percentage of Total Fixed Rate Debt	Approved Indicator
£m		£m		
50.391	Less than 1 year	42.254	10.7%	20%
17.254	Between 1 and 2 years	8.821	2.2%	20%
25.958	Between 2 and 5 years	17.136	4.3%	20%
42.500	Between 5 and 10 years	42.500	10.7%	25%
38.203	Between 10 and 20 years	38.203	9.7%	30%
82.646	Between 20 and 30 years	90.115	22.8%	40%
133.923	Between 30 and 40 years	116.454	29.4%	50%
20.00	Between 40 and 50 years	20.000	5.1%	70%
20.00	Above 50 years	20.000	5.1%	90%
430.875		395.483		

All amounts outstanding at balance sheet date are within the approved indicator levels.

Market Risk

Interest Rate Risk – The council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the council, depending on how variable and fixed rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

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

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and effect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The council has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a prudential indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

The council's long term debt and all investments are currently held at fixed rates of interest. Therefore, there would be no impact from an increase in interest rates, so there is no need for a sensitivity analysis. However, if interest rates had been 1% higher with all other variables held constant the fair value of the council's long-term debt would result in a decrease of £38.684m but

NOTES TO THE ACCOUNTS

this would not have any impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

Price Risk – The council does not generally invest in equity shares but does have shareholdings to the value of £35.666m in Birmingham Airport and £0.518m in the Local Education Partnership. Whilst these holdings are generally illiquid, the council is exposed to losses arising in movements in the prices of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for ‘open book’ arrangements with the companies concerned so that the council can monitor factors that might cause a fall in the value of the specific shareholdings.

The shares have all been elected/classified as FVOCI, meaning that all movements in price will impact on gains and losses recognised in the Financial Instrument Revaluation Reserve. A general shift of 5% in the general price of shares (positive or negative) would thus have resulted in a £1.809m gain or loss being recognised in the Financial Instrument Revaluation Reserve.

Foreign Exchange Risk – The council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

20. Short Term Debtors

31 March 2023 £'000	Short Term Debtors	31 March 2024 £'000
31,772	Trade Receivables	40,317
15,491	Council Tax	17,496
2,115	Non Domestic Rates	4,359
4,200	Housing Benefits	3,133
6,349	HRA	6,572
23,672	Payments In Advanced	22,517
83,599	Total	94,393
7,077	HMRC VAT	13,426
90,675	Total	107,819

The debtor figures above are net of provisions for impairment losses of £50.802m in 2023/24, (£47.039m in 2022/23). These provisions enable the write-off of arrears on housing rents, rates, community charges, Council Tax and other Business Rates debtors. Age and collectability of debt are factors that are considered when calculating yearly impairment losses.

21. Debtors for Local Taxation

The past due but not impaired amounts for local taxation (Council Tax and Non-Domestic Rates) can be analysed by age as follows:

31 March 2023			Debtor Analysis for Local Taxation	31 March 2024		
Council Tax £'000	NNDR £'000	Total £'000		Council Tax £'000	NNDR £'000	Total £'000
6,378	1,801	8,179	Less than one year	6,700	3,352	10,052
2,850	286	3,136	One to two years	3,320	855	4,175
6,260	28	6,288	More than two	7,476	152	7,628
15,488	2,115	17,603	Total	17,496	4,359	21,855

22. Cash and Cash Equivalents

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

31 March 2023 £'000	Cash & Cash Equivalents	31 March 2024 £'000
25,417	Bank current accounts	23,513
20,420	Short term deposits	33,815
45,837		57,328
(17,878)	Bank Overdraft	(20,817)
27,959	Total Cash and Cash Equivalents	36,510

23. Short Term Creditors

31 March 2023 £'000	Categories	31 March 2024 £'000
72,882	Trade Payables	85,156
18,148	Other Payables	15,404
3,904	Finance Lease Creditors	4,156
94,934	Total	104,716

24. Other Long-Term Liabilities

31 March 2023 £'000	Other Long Term Liabilities	31 March 2024 £'000
61,389	Finance Lease Creditors	57,413
173	Deferred Liabilities	185
3,147	Deferred Creditors	3,487
131,629	Pensions Liability	135,015
196,338	Other Long Term Liabilities	196,100

25. Provisions

The following table shows the movements during the year in the provisions maintained by the council. These movements have been charged or generated under the appropriate headings in the service revenue accounts. These monies represent provisions for future expenses in respect of liabilities incurred in relation to the year under review and have been split between those liabilities expected to be incurred in the next 12 months (current provisions) and those expected to occur at a later date (long term provisions).

Short Term Provisions	Termination Benefits	Insurance	Business Rates Appeals	6 Towns Credit Union Loan	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	621	2,510	4,946	250	8,327
Additional provisions	706	-	193	-	899
Amounts used	(119)	(372)	-	(250)	(741)
Unused amounts reversed	(369)	-	-	-	(369)
Balance at 31 March 2024	839	2,138	5,139	-	8,116

NOTES TO THE ACCOUNTS

Long Term Provisions	Roway Lane Rent Revaluation	Insurance	LEP Working Capital Loan	Court House	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	-	3,612	84	280	3,976
Additional provisions	114	-	-	-	114
Amounts used	-	(538)	-	(115)	(652)
Unused amounts reversed	-	-	-	-	-
Balance at 31 March 2024	114	3,075	84	165	3,438

The main provisions held are:

- Since the changes to the retained **Business Rates** scheme came into effect from 1 April 2013, the council became liable for any successful rating valuation appeals. It therefore has Collection Fund provisions set aside to mitigate this liability as well as to cover any potential liabilities arising from the local Council Tax reduction scheme.
- Considering council wide restructuring required to address efficiency savings because of central government cuts, the accounts include termination benefit provisions totalling £0.839m. These provisions reflect the known costs of all **termination benefits** approved as at 31 March 2024.
- An **insurance provision** of £5.213m for previous years' asset, employee and public liability claims held in line with recommendations made within the actuarial valuation. This provision is split between current and long-term provisions of £2.138m and £3.075m respectively.
- Further details on the **council's insurance fund** can be found within Notes to the accounts, accounting policies, (Provisions, Contingent, Liabilities and Contingent Assets).

26. Usable Reserves

Movements in the council's usable reserves are detailed in the Movement in Reserves Statement and (Note 9) to the accounts.

27. Unusable Reserves

The table below summarises the balances on the council's Unusable Reserves:

31 March 2023 £'000	Unusable Reserves	31 March 2024 £'000
(325,067)	Revaluation Reserve	(353,977)
(24,836)	Financial Instrument Revaluation Reserve	(27,936)
(1,394,702)	Capital Adjustment Account	(1,480,985)
1,022	Financial Instruments Adjustment Account	497
131,629	Pensions Reserve	135,015
(475)	Collection Fund Adjustment Account	(1,455)
8,787	Accumulated Compensated Absences Adjustment Account	6,585
(1,603,641)	Total Unusable Reserves	1,722,255

NOTES TO THE ACCOUNTS

Revaluation Reserve

The Revaluation Reserve contains the gains made by the council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets are either revalued downwards or impaired and the gains are lost, used in the provision of services and the gains are consumed through depreciation or disposed of and the gains are realised.

2022/23 £'000	Revaluation Reserve	2023/24 £'000
(263,510)	Balance at 1 April	(325,067)
(75,631)	Upward Revaluation of Assets	(66,109)
6,471	Downward Revaluation of Assets and Impairment Losses Not Charged to the Surplus/Deficit on the Provisions of Services	26,283
(69,160)	Surplus or Deficit on Revaluation of Non-Current Assets Not Posted to the Surplus or Deficit of the Provision of Services	(39,826)
4,418	Difference Between Fair Value Depreciation and Historical Cost of Depreciation	10,118
3,538	Accumulated Gains or Assets Sold or Scrapped	489
(353)	Amounts Written off to the Capital Adjustment Account	309
(325,067)	Balance as at 31st March	(353,977)

Financial Instrument Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its financial assets that, under IFRS9, have been elected as FVOCI.

2022/23 £'000	Financial Instrument Reserve	2023/24 £'000
(9,180)	Balance at 1 April	(24,836)
	Total (Gains) or Losses For Fair Value Through Other Comprehensive Income	
(15,656)	Birmingham Airport In Year Revaluation	(3,100)
(24,836)	Balance at 31 March	(27,936)

Capital Adjustment Account

This account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the council. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. *Note 8* provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

NOTES TO THE ACCOUNTS

2022/23 £'000	Capital Adjustment Account	2023/24 £'000
(1,324,520)	Opening Balance at 1 April	(1,394,702)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
44,032	Depreciation of non current assets	47,521
(61,322)	Revaluation and impairment losses/(gains) on property, plant and equipment	(67,446)
11,424	Revenue expenditure funded from capital under statute	11,150
41,726	Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	9,678
35,860		903
(7,604)	Adjusting amounts written out of the Revaluation Reserve	(11,013)
28,256	Net written out amount of the cost of non current assets consumed in the year	(10,110)
	Capital financing applied in the year:	
(8,689)	Use of the Capital Receipts Reserve	(7,089)
(16,834)	Use of the Major Repairs Reserve	(18,797)
(41,055)	Capital grants and contributions credited to the CI&ES that have been applied to capital financing	(32,742)
(4,023)	Applications of grants to capital financing from the Capital Grants Unapplied Account	(8,002)
(11,608)	Statutory provision for the financing of capital investment	(12,599)
(8,595)	Revenue Contributions to Capital	(5,721)
(90,804)		(84,950)
	Other Adjustments:	
(7,635)	Movements in the market value of Investment Properties debited or credited to the CI&ES	8,777
(1,394,702)	Balance at 31 March	(1,480,985)

NOTES TO THE ACCOUNTS

Financial Instruments Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The council uses the account to manage premiums/discounts paid/received on the early redemption of loans and differences in interest relating to soft loans and variable rate loans (LOBOs).

2022/23 £'000	Financial Instruments Adjustment Account	2023/24 £'000
1,054	Balance at 1 April	1,022
	Proportion of premiums/discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements:	
(52)	Discounts & Premiums	(52)
	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements:	
(22)	Market Loans (LOBOs)	(505)
42	Salix Loans (EIR Adjustment)	32
1,022	Balance at 31 March	497

NOTES TO THE ACCOUNTS

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible.

2022/23 £'000	Pensions Reserve	2023/24 £'000
763,879	Balance at 1 April	131,629
(728,678)	Remeasurements of the net defined benefit liability / (asset)	(106,465)
108,959	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	43,755
(52,819)	Employer's pensions contributions and direct payments to pensioners payable in the year	(50,063)
40,288	Adjustment for IFRIC 14 – Change in the effect of the asset ceiling	116,159
131,629	Balance as at 31 March	135,015

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Non Domestic Rates income in the Comprehensive Income and Expenditure Statement (CI&ES) as it falls due from payers, compared with the statutory arrangements for paying amounts across to the General Fund from the Collection Fund.

The opening balance of (£0.457m) on this reserve has increased to (£1.455m) during the year.

Accumulating Compensated Absences Adjustment Account

This account absorbs the differences that would arise on the General Fund and Housing Revenue Account Balance by accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 December. The opening balance of £8.787m on this reserve has decreased to £6.585m during the year.

28. Cash Flow Statement

Net cash flows from operating activities include the following items:

The cash flows for operating activities include the following items:

2022/23 £ 000's		2023/24 £ 000's
1,229	Interest received	3,574
(26,244)	Interest paid	(26,055)

Adjustments to net (surplus) / deficit on the provision of services for non cash movements

2022/23 £ 000's		2023/24 £ 000's
43,778	Depreciation	47,395
(61,068)	Impairment and downward valuations	(70,440)
255	Amortisation	126
(34,940)	Increase/(decrease) in creditors	9,945
(29)	(Increase)/decrease in debtors	(16,826)
(4)	(Increase)/decrease in inventories	(63)
46,039	Movement in pension liability	(6,308)
41,726	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	9,678
(8,254)	Other non-cash items charged to the net surplus or deficit on the provision of services	7,555
27,502	Net cash flows from operating activities	(18,937)

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2022/23 £ 000's		2023/24 £ 000's
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	15,006
(31,004)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(13,864)
(59,205)	Any other items for which the cash effects are investing or financing cash flows	(75,222)
(90,209)		(74,080)

NOTES TO THE ACCOUNTS

29. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax (and rent) payers how the funding available to the authority (i.e. government grants, rents, Council Tax and Business Rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the council's directorates (services or departments). Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24	As Reported to Management £'000	Adjustments to arrive at net amount chargeable to General Fund and HRA £'000	Net Expenditure Chargeable to General Fund and HRA £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
People					
- Adults	84,595	(345)	84,250	(881)	83,369
- Schools	(673)	(13,895)	(14,568)	(5,682)	(20,250)
- Children's	98,639	(9,745)	88,894	9,939	98,832
- Public Health	1,015	(6)	1,009	(184)	825
Performance					
- Finance	22,292	(1,083)	21,209	1,031	22,239
- Corporate Management	(840)	(41)	(881)	2,247	1,366
- Law and Governance	6,801	(114)	6,687	(316)	6,371
- Assistant Chief Executive	7,162	-	7,162	(519)	6,643
- Central Items	31,666	(15,083)	16,583	284	16,866
Place					
- Housing & Communities	2,760	(293)	2,468	(82)	2,385
- Regeneration & Growth	11,753	1,737	13,490	9,010	22,499
- Borough Economy	66,611	(15,952)	50,660	32,653	83,313
Housing Revenue Account	(1,367)	(30,036)	(31,403)	(93,535)	(124,938)
Cost of Services	330,415	(84,855)	245,560	(46,035)	199,522
Other operating expenditure	-	14,092	14,092	(4,185)	9,907
Financing and Investment Income and Expenditure	(22,889)	63,350	40,461	(6,176)	34,285
Taxation and Non Specific Grant Income	(317,341)	(1,605)	(318,946)	(76,202)	(395,148)
(Surplus)/Deficit	(9,815)	(9,018)	(18,835)	(132,598)	(151,434)

Opening General Fund & HRA Balance	(225,039)
(Surplus)/Deficit on General Fund and HRA Balance in year	(18,835)
Closing General Fund & HRA Balance at 31 March 2024 *	(243,874)

NOTES TO THE ACCOUNTS

2022/23	As Reported to Management £'000	Adjustments to arrive at net amount chargeable to General Fund and HRA Restated £'000	Net Expenditure Chargeable to General Fund and HRA Restated £'000	Adjustments between Funding and Accounting Basis Restated £'000	Net Expenditure in the CIES Restated £'000
People					
- Adults	73,437	(295)	73,142	4,097	77,239
- Schools	(1,430)	(5,023)	(6,453)	12,907	6,454
- Children's	92,231	(8,426)	83,805	11,548	95,353
- Public Health	1,613	(623)	990	557	1,548
Performance					
- Finance	10,077	1,192	11,269	3,517	14,786
- Corporate Management	(519)	551	32	(1,345)	(1,313)
- Law and Governance	3,459	2,139	5,598	1,088	6,686
- Business Strategy and Change	12,433	(12,433)	-	-	-
- Central Items	(1,751)	15,457	13,706	(8,033)	5,673
- Assistant Chief Executive	-	12,590	12,590	2,032	14,620
Place					
- Housing & Communities	1,031	331	1,362	1,444	2,806
- Regeneration & Growth	12,570	1,835	14,405	4,516	18,920
- Borough Economy	67,007	(17,683)	49,324	8,414	57,739
Housing Revenue Account	(7,297)	(19,369)	(26,666)	(50,214)	(76,880)
Cost of Services	262,861	(29,757)	233,104	(9,471)	223,632
Other operating expenditure	13,246	(39)	13,207	(6,358)	6,849
Financing and Investment Income and Expenditure	(17,982)	58,366	40,384	20,560	60,944
Taxation and Non Specific Grant Income	(237,897)	(35,334)	(273,231)	(74,137)	(347,368)
(Surplus)/Deficit	20,228	(6,765)	13,463	(69,405)	(55,942)

Opening General Fund & HRA Balance (Surplus)/Deficit on General Fund and HRA Balance in year Closing General Fund & HRA Balance at 31 March 2023 *
--

(238,501)
13,463
(225,039)

* For a split of this balance between the General Fund and the HRA - see the Movement in Reserves Statement

NOTES TO THE ACCOUNTS

30. Note to the Expenditure and Funding Analysis

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

2023/24	Capital Adjustments at Directorate level Note 1 £'000	Other Adjustments at Directorate level Note 2 £'000	Total to arrive at amount charged to the General Fund & HRA £'000	Adjustments for Capital Purposes Note 3 £'000	Net change for the Pensions Adjustments Note 4 £'000	Other Differences Note 5 £'000	Total Adjustments between Funding and Accounting £'000
People:							
- Adults	(285)	(60)	(345)	93	(1,130)	156	(881)
- Schools	(7,444)	(6,451)	(13,895)	-	(3,393)	(2,289)	(5,682)
- Children's Services	(9,684)	(61)	(9,745)	11,550	(1,598)	(13)	9,939
- Public Health	(6)	-	(6)	6	(149)	(41)	(184)
Performance:							
- Finance	(792)	(291)	(1,083)	1,862	(744)	(87)	1,031
- Corporate Management	(102)	62	(41)	2,257	(11)	(1)	2,247
- Law and Governance	(99)	(15)	(114)	15	(324)	(8)	(316)
- Assistant Chief Executive	-	-	-	-	(393)	(126)	(519)
- Central Items	-	(15,083)	(15,083)	-	284	-	284
Place:							
- Housing & Communities	(219)	(74)	(293)	204	(268)	(19)	(82)
- Regeneration & Growth	(1,189)	2,926	1,737	9,537	(456)	(72)	9,010
- Borough Economy	(14,493)	(1,459)	(15,952)	33,244	(748)	157	32,653
Housing Revenue Account	(20,471)	(9,565)	(30,036)	(72,740)	(1,472)	(19,323)	(93,535)
Net Cost of Services	(54,785)	(30,070)	(84,855)	(13,969)	(10,401)	(21,665)	(46,035)
Other operating exp	-	14,092	14,092	(4,185)	-	-	(4,185)
Financing and Investment Income and Expenditure	26,461	36,889	63,350	(9,745)	4,094	(525)	(6,176)
Taxation and Non Specific Grant Income	-	(1,605)	(1,605)	(75,222)	-	(980)	(76,202)
(Surplus) or Deficit	(28,324)	19,306	(9,018)	(103,121)	(6,307)	(23,170)	(132,598)

NOTES TO THE ACCOUNTS

2022/23	Capital Adjustments at Directorate level	Other Adjustments at Directorate level	Total to arrive at amount charged to the General Fund & HRA	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments between Funding and Accounting Basis
	Note 1 Restated £'000	Note 2 Restated £'000	Restated £'000	Note 3 Restated £'000	Note 4 Restated £'000	Note 5 Restated £'000	Restated £'000
People:							
- Adults	(285)	(10)	(295)	291	3,877	(71)	4,097
- Schools	(7,217)	2,194	(5,023)	-	11,206	1,702	12,908
- Children's Services	(9,685)	1,258	(8,426)	5,945	5,618	(15)	11,548
- Public Health	(6)	(617)	(623)	6	551	-	557
Performance:							
- Finance	-	1,192	1,192	1,293	2,155	69	3,517
- Corporate Management	(71)	622	551	(1,343)	6	(8)	(1,345)
- Law and Governance	(116)	2,255	2,139	98	1,014	(24)	1,088
- Business Strategy and Change	(1,172)	(11,261)	(12,433)	-	-	-	-
- Central Items	-	15,457	15,457	-	(8,033)	-	(8,033)
- Assistant Chief Executive	-	12,590	12,590	-	2,030	2	2032
Place:							
- Housing & Communities	-	331	331	511	917	16	1,444
- Regeneration & Growth	(1,210)	3,046	1,836	2,878	1,617	21	4,516
- Borough Economy	(14,711)	(2,972)	(17,683)	5,821	2,688	(95)	8,414
Housing Revenue Account	(20,655)	1,286	(19,369)	(34,799)	3,157	(18,572)	(50,214)
Net Cost of Services	(55,127)	25,371	(29,757)	(19,299)	26,803	(16,974)	(9,471)
Other operating exp	-	(39)	(39)	(6,358)	-	-	(6,358)
Financing and Investment Income and Expenditure	26,001	32,365	58,366	(8,747)	29,338	(31)	20,560
Taxation and Non Specific Grant Income	-	(35,334)	(35,334)	(59,206)	-	(14,931)	(74,137)
(Surplus) or Deficit	(29,126)	22,361	(6,764)	(93,610)	56,141	(31,936)	(69,405)

NOTES TO THE ACCOUNTS

Adjustments made to Directorate reports

Note 1 – Capital Adjustments at Directorate Level

For resource management purposes, the council includes capital charges in its directorate reporting, however, this needs to be removed as it is not included in the net expenditure chargeable to the General Fund and HRA balances.

Note 2 – Other Adjustments at Directorate Level

Support service costs and impairment allowances are not included in the council's directorate reporting. This movement is included in the Net Cost of Services in the CI&ES.

The council does not include movements to/from its reserves and balances in its directorate reporting.

Adjustments made to the Net Expenditure Chargeable to the General Fund and HRA Balances

Note 3 – Adjustments for Capital Purposes

This column adds in depreciation, impairments and revaluation gains and losses in the directorate's line.

Other operating expenditure adjusts for capital disposals with a transfer of income on disposal of assets and amounts written off for those assets.

The statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from Financial and Investment Income and Expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and Non-Specific Grant Income and Expenditure is adjusted to recognise capital grant income.

Note 4 – Net Change for the Pensions Adjustments

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

- For services, this represents the removal of the employer pension contributions made by the council as allowed by statute and the replacement with current service costs and past service costs. For Financing and Investment Income and Expenditure - the net interest on the defined benefit liability is charged to the CI&ES.

Note 5 – Other Differences

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

- For services, this represents accumulated absences and investment properties rental income.
- For Finance and Investment Income and Expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and Non Domestic Rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses/deficits on the Collection Fund.

31. Expenditure and Income analysed by nature

This note provides detail of expenditure and income included within the CI&ES and is analysed by nature.

2022/23 £'000 Restated	Expenditure and Income by Nature	2023/24 £'000
	Expenditure:	
344,152	Employee Benefits Expenses	318,237
612,282	Other Services Expenses	663,316
(17,353)	Depreciation, Amortisation and Impairment	(19,863)
10,895	(Gain)/Loss on Disposal of Non-Current Assets	(4,185)
(7,635)	Net (Gain)/Loss on Financial Assets at Fair Value through Profit and Loss	8,777
56,616	Interest Payments	32,352
13,207	Precepts and Levies	14,092
51	Support Services Recharges	58
1,012,215	Total Expenditure	1,012,784
	Income:	
(204,723)	Fees and Charges and Other Service Income	(217,010)
(252,833)	Income from Council Tax and Business Rates	(277,842)
(605,312)	Government Grants and Contributions	(662,522)
(5,289)	Interest and Investment Income	(6,844)
(1,068,157)	Total Income	(1,164,218)
(55,942)	Deficit on Provision of Services	(151,434)

32. Agency Services

The council is classed as an agent where the amounts of grant to be distributed and the eligibility criteria is defined by central government and the council has no discretion on who would receive these amounts. As the council is acting as an agent for central government the amounts within this section are not classed as council expenditure and therefore are not contained within the council's comprehensive income and expenditure statement.

The council is classed as an agent where the amounts of grant to be distributed and the eligibility criteria is defined by central government and the council has no discretion on who would receive these amounts. As the council is acting as an agent for central government the amounts within this section are not classed as council expenditure and therefore are not contained within the council's comprehensive income and expenditure statement.

During 2022-23 the council received funding for two Energy Bill Support Schemes. These were schemes operated by central government where local authorities were required to follow an eligibility criterion set by central government. During 2023-24 the council made the following payments from these grants:

- Energy Bill Support Scheme Alternative Funding £0.118m
- Energy Bill Alternative Fuel Funding £0.003m

The unused balances of these grants were returned to the government in 2023-24.

NOTES TO THE ACCOUNTS

The Energy Rebate Grant was a one off grant received in 2021-22 and used in 2022-23. The unused balance has been returned to the government.

This is summarised in the following table:

2022/23			Grant	2023/24		
Grant Received £'000	Payments £'000	Balance Held £'000		Grant Received £'000	Payments / Repaid £'000	Balance Held £'000
-	3,299	-	Local Restrictions Support Grant	-	-	-
-	180	-	Omicron Grant	-	-	-
-	3,167	-	Restart Grant	-	-	-
-	19,188	-	Energy Rebate Grant	-	-	-
(952)	-	(952)	Energy Bill Support Scheme Alternative Funding	-	952	-
(65)	-	(65)	Energy Bill Alternative Fuel Funding	-	65	-
(1,017)	25,834	(1,017)	Total Grants and Payments Distributed by Central Government	-	1,017	-

33. Pooled Budgets

Utilising Section 75 of the National Health Act 2006, Sandwell Council has entered into a pooled budget arrangement in relation to the better care fund (BCF) with Black Country Integrated Care Board. The services are commissioned by Sandwell Council or Black Country Integrated Care Board depending upon the needs of the client and are provided by a number of methods including internal, external and voluntary sector organisations.

During 2023/24 Sandwell MBC hosted the Better Care Fund pooled budget the objectives and performance of the pooled budget are outlined below;

Better Care Fund (BCF)

Better Care Fund (BCF) came into operation on 1 April 2015 and is hosted by Sandwell MBC with contributions from the Black Country Integrated Care Board. It aims to improve the quality and cost effectiveness of services through greater integration of health, social care and voluntary/third sector provisions.

Improved Better Care Fund Grant in 2023/24 – Grant Funding of £23,020,502

The grant is only for purposes of meeting adult social care needs; reducing pressures on the NHS, including supporting timely hospital discharges; and ensuring that the local social care provider market are supported.

As part of the agreement any deficit or surplus arising on the pooled budget at the end of each financial year will be transferred in or out of a reserve held by Sandwell Council.

The standing orders and financial regulations of the pool host applies to the management of the pool fund and the financial performance of the pool for the year ended 31 March 2024 is shown below.

NOTES TO THE ACCOUNTS

Better Care Fund 2022/23 £'000		Better Care Fund 2023/24 £'000
40,915	SMBC as Lead Commissioner/Principal	45,874
13,414	ICB as Lead Commissioner/Principal	13,871
54,329	Net Expenditure	59,745
(3,490)	Income exc. Partner Contributions	(4,515)
50,838	Net Expenditure	55,230
	Partner Contributions:	
(30,713)	Sandwell & West Birmingham CCG	(31,673)
(24,521)	Sandwell MBC - I-BCF	(23,020)
(55,234)	Total Contribution	(54,693)
(4,396)	Net (Surplus) / Deficit in Year	537
(10,660)	Reserves brought forward	(15,056)
(4,396)	Net (surplus)/deficit transferred from Reserves	537
(15,056)	Total BCF Reserves	(14,519)

NOTES TO THE ACCOUNTS

34. Officers' Remuneration

Senior Employees

The following tables detail senior officers who form the Council's Management Board, including all statutory officers, whose salaries are equal to or more than £50,000 per year.

Position Title 2022/23	Salary, Fees & Allowances £	Other Emoluments £	Total Remuneration exc Pension Contributions £	Employers Pension Contribution £	Total Remuneration inc Pension Contributions £	Annualised Salary £
Kim Bromley Derry (Chief Executive) (Interim) (a)	206,550	21,924	228,474	-	228,474	268,145
Shokat Lal (Chief Executive) (b)	28,080	-	28,080	5,756	33,837	189,802
Director:						
- Adult Social Care	102,098	15	102,113	20,930	123,043	102,098
- Children and Education	114,478	-	114,478	23,468	137,946	114,478
- Finance	109,414	-	109,414	22,430	131,844	109,414
- Borough Economy	98,223	220	98,443	20,181	118,624	98,223
- Regeneration and Growth	114,478	-	114,478	23,468	137,946	114,478
- Business Strategy and Change (c)	90,930	18,855	109,785	18,641	128,425	112,506
- Law and Governance and Monitoring Officer	114,258	220	114,478	23,468	137,946	114,258
- Housing	102,098	375	102,473	20,930	123,403	102,098
- Public Health (d)	104,878	11,142	116,020	21,512	137,533	114,612
- Public Health (Acting) (e)	8,204	-	8,204	1,682	9,885	96,590

- a) The Interim Chief Executive departed on 5th February 2023 (Annualised Salary £268,145)
 b) The Chief Executive was appointed on 6th February 2023 (Annualised Salary £189,802)
 c) The Director of Business Strategy and Change departed on 20th January 2023. The post was vacant until 31st March 2022. (Annualised Salary £112,506)
 d) The Director of Public Health departed on 28th February 2023. (Annualised Salary £114,612)
 e) The Director of Public Health (Acting) was started on 1st March 2023. (Annualised Salary £96,590)

Position Title 2023/24	Salary, Fees & Allowances £	Other Emoluments £	Total Remuneration exc Pension Contributions £	Employers Pension Contribution £	Total Remuneration inc Pension Contributions £	Annualised Salary £
Shokat Lal (Chief Executive)	191,475	39	191,514	47,103	238,617	-
Assistant Chief Executive (f)	48,567	-	48,567	11,947	60,514	87,134
Executive Director:						
Brendan Arnold (Finance and Transformation) (g)	185,639	-	185,639	-	185,639	325,090
Place (h)	-	-	-	-	-	-
People (i)	-	-	-	-	-	-
Director:						
- Adult Social Care	109,457	88	109,545	26,926	136,471	-
- Children and Education (j)	108,611	2,051	110,662	26,718	137,380	118,662
- Children and Education (Interim) (k)	8,491	-	8,491	2,089	10,579	-
- Public Health	100,557	203	100,760	24,737	125,497	-
- Environment	105,671	-	105,671	25,995	131,666	-
- Housing Services (l)	46,965	-	46,965	11,553	58,518	105,455
- Dean Epton (Housing Services) (Interim) (m)	102,400	-	102,400	-	102,400	184,623
- Regeneration and Growth (n)	98,738	13	98,751	24,289	123,040	118,098
- Finance (o)	50,089	-	50,089	12,322	62,410	116,767
- Law and Governance and Monitoring Officer (p)	88,864	142,519	231,383	21,860	253,243	118,269

- f) The Assistant Chief Executive was appointed on 25th September 2023 (Annualised Salary £87,134)
 g) The Interim Executive Director of Finance and Transformation was appointed on 5th September 2023 (Annualised Salary £325,090)
 h) The Executive Director of Place Post remained vacant during 2023-24
 i) The Executive Director of People Post remained vacant during 2023-24
 j) The Director of Children and Education departed on 29th February 2024 (Annualised Salary £118,662)
 k) The Director of Children and Education (Interim) was appointed on the 1st March 2024 (Annualised Salary £100,246)
 l) The Director of Housing departed on the 10th September 2024 (Annualised Salary £105,455)
 m) The Director of Housing (Interim) was appointed on 11th September 2023 (Annualised Salary £184,623)
 n) The Director of Regeneration and Growth departed on the 31st January 2024 (Annualised Salary £118,098).
 o) The Director of Finance departed on the 4th September 2023 (Annualised Salary £116,767)
 p) The Director of Law and Governance departed on the 31st December 2023 (Annualised Salary £118,270)

NOTES TO THE ACCOUNTS

Other Employees

The number of employees whose remuneration, excluding employer's pension contributions, exceeded £50,000 is shown in the table below grouped into bands of £5,000. Please note this does not include Senior Officers detailed in the previous tables.

2022/23		Remuneration Band	2023/24	
Schools	Non Schools		Schools	Non Schools
66	117	£50,000 - £54,999	92	196
51	44	£55,000 - £59,999	54	75
23	13	£60,000 - £64,999	35	32
27	11	£65,000 - £69,999	26	6
18	7	£70,000 - £74,999	19	8
13	8	£75,000 - £79,999	13	5
8	6	£80,000 - £84,999	14	8
8	4	£85,000 - £89,999	7	5
5	7	£90,000 - £94,999	9	8
2	1	£95,000 - £99,999	6	2
1	1	£100,000 - £104,999	3	-
-	-	£105,000 - £109,999	2	1
-	1	£110,000 - £114,999	-	1
-	-	£115,000 - £119,999	-	-
-	-	£120,000 - £124,999	-	-
-	1	£125,000 - £129,999	-	-
-	-	£130,000 - £134,999	-	-
-	-	£135,000 - £139,999	-	-
-	-	£140,000 - £144,999	-	-
-	-	£145,000 - £149,999	-	-
-	1	£150,000 - £154,999	-	-
-	-	£155,000 - £159,999	-	1
-	-	£190,000 - £194,999	-	1
222	222		280	348

35. Members Allowances

The total amount paid during 2023/24 to elected members of the council in respect of basic and special responsibility allowances was £1.368m (£1.419m in 2022/23).

NOTES TO THE ACCOUNTS

36. External Audit Costs

2022/23 £'000 Restated		2023/24 £'000
-	Sandwell Metropolitan Borough Council PSAA Scale Fee 2023/24	598
-	ISA 315	13
-	Appointment of Auditor's Valuation Expert	10
177	Fees payable to Grant Thornton with regard to external services carried out by the appointed auditor for 2022/23	-
177	Total fees for appointed Auditor	621
	<u>Fees payable in respect of other services provided by Grant Thornton</u>	
-	Teachers Pension Audit 2023/24	20
20	Teachers Pension Audit 2022/23	-
-	Housing Benefit Audit 2023/24	83
83	Housing Benefit Audit 2022/23	-
-	Children's Trust Audit 2023/24	40
34	Children's Trust Audit 2022/23	-
6	Children's Trust Grant Assurance Fee 2022/23	-
20	Additional work on Value for Money (VfM) under new NAO Code	-
27	VfM Additional Risk	-
20	Oracle Implementation	-
4	Increased Audit Requirements of Revised ISAs 540 / 240 / 700	-
5	Local Risk factors (inefficiencies associated with early opinion testing)	-
4	Increased Audit Requirements of Revised ISA 315	-
4	Pension Valuation	-
2	Materiality	-
3	FRC Response	-
2	Children's Trust Consolidation	-
8	Work of External Expert	-
40	Governance Review	-
280	Total additional fees	143
457	TOTAL	764

37. Dedicated Schools Grant (DSG)

The council's expenditure on schools is funded primarily by the Dedicated Schools Grant (DSG) provided by the Education Funding Agency. An element of DSG is recouped by the department to fund academy schools in the area.

DSG is ring fenced and can only be applied to meet expenditure properly included in the school's budget, as defined in the School Finance (England) Regulations 2015. The schools budget includes elements for a range of educational services provided on a council wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Dedicated Schools Grant 2023/24	Central Expenditure	ISB	Total
	£'000	£'000	£'000
Final DSG for 2023/24 before academy and high needs recoupment			425,195
Academy and high needs figure recouped for 2023/24			(176,967)
Total DSG after academy and high needs recoupment for 2023/24			248,228
Plus: Brought forward from 2022/23			5,557
Less: Carry forward to 2023/24 agreed in advance			-
Agreed initial budgeted distribution in 2023/24	13,850	239,935	253,785
In year adjustments		(1,377)	(1,377)
Final budget distribution for 2023/24	13,850	238,558	252,408
Less: Actual central expenditure	13,174		13,174
Less: Actual ISB deployed to schools		233,545	233,545
Plus: Local authority contribution to 2023/24	-	-	-
In year carry forward to 2024/25	676	5,013	5,689
Plus/(Minus): Carry forward to 2024/25 agreed in advance			-
Carry forward to 2024/25			5,689
DSG unusable reserve at the end of 2022/23			-
Addition to DSG unusable reserve at the end of 2023/24			-
Total of DSG unusable reserve at the end of 2023/24			-
Net DSG position at the end of 2023/24			5,689

38. Grant Income

The council has received several grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the grantor. The council presents Grants Receipts in Advance for capital and revenue separately and splits them between current and long-term liabilities.

The balances at each year end are as follows:

31st March 2023 £'000	Revenue Grants Receipts in Advance	31st March 2024 £'000
2,855	Schools High Needs Grant	-
462	Schools Recovery Premium Grant	-
450	Better Care Fund	-
952	Energy Bill Support Scheme	-
-	Social Housing Decarbonisation Fund	203
-	Homes for Ukraine Grant	179
-	Police and Crime Commissioner Elections Grant	244
-	Community Discharge Grant	147
690	Other Grants	299
5,409	Total	1,072
	Capital Grants Receipts In Advance	
	Short Term:	
1,077	Renewal & Growth	1,077
-	Wednesbury (LUF)	14,755
11,117	Other Grants	13,250
350	Other Contributions	354
	Long Term:	
2,337	Section 106	1,626
9,019	Disabled Facilities Grant	8,860
1,192	Other Grants	1,024
1,121	Other Contributions	1,230
26,213	Total	42,176

NOTES TO THE ACCOUNTS

The council credited the following grants, contributions and donations to the CI&ES:

2022/23 £'000	Credited to Taxation and Non Specific Grant Income	2023/24 £'000
	Non ring-fenced government grants:	
(7,015)	New Services Grant	-
(27,528)	Section 31 Business Rates Grant	(36,710)
-	Services Grant	(4,116)
-	Business Rates Green Plant and Machinery Exemption Grant	(294)
-	Levy Surplus Grant	(854)
(786)	New Homes Bonus	(111)
(35,329)	Subtotal	(42,085)
	Capital Grants and Contributions:	
(7,943)	Local Transport Plan Grant	(8,003)
(1,070)	WMCA – Active Travel Tranche 2	(853)
(2,181)	Bridge Repair Grant	(7)
(8,882)	Schools Basic Need Grant	(10,021)
(5,114)	Schools Capital Maintenance Grant	(5,398)
(4,013)	High Needs Grant	(5,753)
(1,337)	Devolved Formula Capital Grant	(635)
(579)	Homes England Grant	(510)
(5,478)	Department of Culture Media & Sports - Aquatic Centre Grant	(2,420)
(406)	Lottery Funding	-
(17,894)	Towns Fund Grant	(33,024)
(238)	Community Infrastructure Levy	(376)
(979)	Sandwell SHG Grant	-
(177)	PSDG Grant Heat Pump Technology	(64)
-	DFT Birchley Island	(311)
-	Childcare Expansion Grant	(429)
-	Haden Hill Leisure Centre	(334)
-	Wednesbury Schemes	(295)
-	Tipton Town Regeneration	(1,060)
(509)	Other Grants	(3,422)
(2,407)	Other Contributions	(2,307)
(59,205)	Subtotal	(75,222)
(94,534)	Total Grants and Contributions Credited to Taxation and Non Specific Grant Income	(117,306)

NOTES TO THE ACCOUNTS

2022/23 £'000	Credited to Services	2023/24 £'000
	Non-Covid-19 grants and contributions	
(235,704)	Dedicated Schools Grant	(248,553)
(40,639)	Rent Rebates	(39,962)
(27,759)	Rent Allowance Subsidy	(27,322)
(25,816)	Public Health Grant	(26,658)
(16,422)	Improved Better Care Fund	(16,933)
(14,705)	Pupil Premium Grant	(15,281)
(11,422)	Grants funding REFCUS	(5,300)
(22,697)	Adult Social Care Support Grant	(35,711)
(13,535)	PFI Grants	(13,535)
(2,820)	Universal Infant Free School Meals	(2,997)
(2,402)	Post 16 Funding	(2,675)
(1,846)	Supporting Families	(1,741)
(1,151)	Benefit Admin Grant	(1,072)
(1,319)	PE Sports Grant	(1,271)
(1,831)	New Burdens Grants	(1,613)
(1,025)	Independent Living Fund	-
(6,824)	Household Support Grant	(6,970)
(1,390)	Preventing Homelessness Grant	(1,490)
(1,926)	Holiday Activities and Food Programme	(2,030)
(1,168)	Ukrainian Resettlement Grant	(378)
(1,540)	Discharge Fund Grant	(3,227)
(1,247)	Market Sustainability & Improvement Fund	(7,137)
(444)	Afghan Resettlement Grant	(1,815)
(1,338)	School Led Tutoring Grant	-
(1,017)	Additional Schools Grant	(4,956)
(645)	Unaccompanied Asylum Seeker Children	(1,189)
(584)	Family Hubs Grant	(1,779)
-	Connect the Classroom	(2,877)
-	Early Years Supplemental Grant	(1,643)
(122)	Teacher Pay Grant	(1,798)
(11,475)	Other Government Grants under £1m	(8,922)
(53,144)	Other Contributions and Donations	(56,206)
(503,957)	Subtotal	(543,043)
	Covid-19 grants and contributions	
(4,270)	Covid-19 Local Support Grant	-
(1,878)	Covid 19 Catch up Package Grant	(2,173)
(579)	Other Grants under £1m	-
(6,727)	Subtotal	(2,173)
(510,684)	Total Credited to Services	(545,216)

39. Related Parties

Under the Code, the council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. The council has identified the following as its related parties:

Central Government

Central Government has effective control over the general operations of the council. It is responsible for providing the statutory framework within which the council operates. Receipts in respect of Council Tax and Non-Domestic Rates are shown in the CI&ES. Details of other grants received are analysed in more detail in the Grant Income Note.

NOTES TO THE ACCOUNTS

West Midlands Police and Crime Commissioner and the West Midlands Fire and Rescue Authorities, levy precepts on the council. In addition, a levy from the West Midlands Integrated Transport Authority totalling £13.977m and a Flood Defence levy of £0.092m were made during the financial year.

Members

A register of Members' pecuniary and non-pecuniary interests is held and is available to view on the council's website. The register has been examined and although several Elected Members serve on outside bodies that receive some form of financial support from the council, these are not all material.

In 2023/24 payments to other organisations where Members have declared an interest totaled £1.825m and income received totaled £0.008m (excluding £2.075m Schools)

Other Organisations

The council made grants to voluntary organisations amounting to £9.927m during 2023/24.

Sandwell Futures Ltd is a Local Education Partnership (LEP) established under the Building Schools for the Future (BSF) initiative. The council made total payments of £8.914m to the LEP during 2023/24 mainly relating to the building and renovation costs of schools. The council has a 10% shareholding and a £0.084m holding of 10% loan stock in the company. The council also has a direct shareholding in Environments for Learning Sandwell PFI One Ltd (the special purpose vehicle established by the LEP) and a £0.523m holding of 10% loan stock. Interest on these investments of £0.144m has been received in 2023/24.

Sandwell Inspired Partnership Services (SIPS) was established as an Industrial and Provident Society on 1 January 2013 for the delivery of support services to schools. The council made payments totalling £0.351m to SIPS in 2023/24 and received £0.043m in relation to goods and services supplied by the council to SIPS in the same year.

Sandwell is also a constituent member, together with the other six West Midlands metropolitan districts, of the **West Midlands Combined Authority (WMCA)**. In addition to the Transport Levy the council made payments totalling £1.320m to WMCA in 2023/24 and received £0.830m in relation to goods and services supplied by the council to WMCA in the same year. The WMCA wholly owns both West Midlands Rail Limited and West Midlands Growth Company, as the council is a constituent member of the WMCA it therefore owns a proportion of both companies. There have been no direct transactions between these companies and the council.

Sandwell Children's Trust was established on 1st April 2018 to provide for Sandwell's children's social care services. The council made payments totalling £81.669m to Sandwell Children's Trust (SCT) in 2023/24 and received £5.144m in relation to goods and services supplied by the council to SCT in the same year. SCT have been consolidated into the Councils group.

40. Capital Expenditure and Capital Financing

The following table shows the movement in the Capital Financing requirement for the year:

2022/23 £'000		2023/24 £'000
808,928	Opening Capital Financing Requirement	839,968
1,463	Opening Balance Adjustment	-
810,391		839,968
	Capital Investment:	
108,009	Property, Plant & Equipment	102,043
-	Heritage assets	-
-	Investment properties	963
2,419	Intangible assets	6,330
11,424	Revenue Expenditure Funded from Capital under Statute	11,150
121,852		120,486
	Sources of Finance:	
(46,549)	Government grants & other contributions	(40,744)
(8,689)	Capital receipts	(7,089)
(8,595)	Direct revenue contributions	(5,721)
(11,609)	Minimum Revenue Provision	(12,599)
(16,834)	Major Repairs Reserve	(18,797)
(92,275)		(84,950)
839,968	Closing Capital Financing Requirement	875,504
	Explanation of movements in year:	
29,577	Increase /(decrease) in underlying need to borrow (unsupported by government financial assistance)	35,536
29,577	Increase/ (decrease) in Capital Financing Requirement	35,536

41. Capital Commitments

The Council has to plan its capital spending in advance of work proceeding. As at 31st March 2024 the Council had allocated resources to a five year programme covering the period 2024/25 to 2028/29 that amount to £550.068m. Included within the 5 year programme are amounts that are legally committed as at 31st March 2024 that amount to £8.167m.

Capital Commitments	£'000
Towns Fund – Town Hall Quarter, West Bromwich	6,852
Towns Fund – Britannia Park Play Area, Smethwick	230
Haden Hill Leisure Centre	1,085

42. Leases

Council as Lessee

The council does not have any material finance leases where it is the lessee.

The council has acquired several administrative buildings by entering operating leases.

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

31/03/2023 £'000	Lessee	31/03/2024 £'000
968	Not later than one year	857
3,099	Later than one year and not later than five years	3,099
8,051	Later than five years	7,276
12,118	Total	11,233

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

31/03/2023 £'000	Lessee	31/03/2024 £'000
	Minimum lease payments:	
144	Adult Social Care	8
74	Borough Economy	75
855	Housing, Regeneration and Growth	895
1,073		978
(74)	Less: sublease payments receivable	(75)
999	Total	903

Council as Lessor

The council does not have any material finance leases where it is the lessor.

The council leases out property under operating leases for economic development purposes to provide suitable affordable accommodation for local businesses. The future minimum lease payments receivable under non-cancellable leases in future years are:

31/03/2023 £'000	Lessor	31/03/2024 £'000
4,281	Not later than one year	4,227
11,111	Later than one year and not later than five years	10,913
156,492	Later than five years	160,528
171,884	Total	175,668

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered, such as adjustments following rent reviews.

43. Private Finance Initiatives and Similar Contracts

Riverside Housing

The Council entered into a 25-year agreement with Riverside Housing Association on 27 March 2006 for the refurbishment of council dwellings on the Harvill's Hawthorn and Millfield's estates. In addition to the planned refurbishments this scheme also includes 132 new build homes and 67 'Walls in Walls Out'.

The Council has the right to use the specified assets for the duration of the project agreement and the right to expect the provision of housing management services. At the end of the concession period the specified assets will transfer back to the Council in line with predetermined standards. Both parties have the right to terminate the contract should the contract no longer represent value for money. The Council has a right to terminate the agreement in instances of contractor default, persistent breach and voluntary termination. The unitary charge for 2023/24 was £9.6m (£8.9m in 2022/23).

The contract is now into the housing management & life cycle works phase, as the initial capital investment works including demolitions have been completed. Over the remainder of the contract, £12.249m will be spent on lifecycle works to maintain the homes at the level of decency as specified in the contract.

Rowley Campus

Under the national Building Schools for the Future (BSF) programme the Council entered into a 25-year agreement with Environments for Learning (E4L) for it to design, build, finance and operate the Rowley Campus. This is a co-location of the former St Michaels High School, Whitehead Pupil Referral Unit and Westminster Special School and became fully operational in June 2011.

The Council has a right to use the Rowley Campus for the length of the project agreement (25 years ending Qtr. 1 2036) and has the right to expect provision of a range of facilities management and lifecycle services. At the end of the project agreement the assets will revert to the Council's ownership. The contract for tested services (including caretaker services and portage, cleaning and waste management, grounds, gardens and playing fields maintenance, security services and catering) is to be market tested on the 10th anniversary of service commencement and every 5 years thereafter. The Council can issue a voluntary termination giving 20 days' notice or can terminate upon contractor default or persistent breach or breach of refinancing provisions. The contractor can also terminate upon default by the Council giving 30 days' notice.

The unitary charge payments made during 2023/24 totalled £7.1m (2022/23 was £7.2m).

Total Schools Solutions

The Council entered a 25-year contract in September 2003 with Total Schools Solutions Ltd to design, build, finance and operate 5 primary schools, replacing the Council's existing provision.

The Council has the right to use the 5 schools which were constructed under the contract (the last school being completed in 2004) for the length of the project agreement and has the right to expect the provision of a range of facilities management (FM) and lifecycle services. The schools will be handed back to the Council on the contract expiry date (quarter 4 2029) in a condition which complies with the hand back requirements as set out in the project agreement. The contract for the soft FM services (including general management, cleaning, ground maintenance, security, etc) is to be retendered every 5 years. The Council can issue a voluntary termination giving a notice of between 6 and 12 months or can terminate upon contractor default. The contractor can also terminate upon default by the Council within a period of 120 days following the default.

The unitary charge for 2023/24 was £3.2m (2022/23 was £2.9m).

NOTES TO THE ACCOUNTS

Portway Lifestyle Centre

The Council entered a 25-year contract with Sandwell Property Partnership (Lift Co) to design, build, finance and carry out facilities maintenance (hard only) at the Portway Lifestyle Centre, which became operational in September 2013.

The Council has a lease plus agreement giving it the right to utilise most of the building as a leisure centre and a small adult services day care centre. The remainder of the building is leased by Sandwell Property Partnership to a GP Service. The Council has the right to expect the provision of facilities management (FM) and lifecycle services and sublets its share of the building to Sandwell Leisure Trust, who are responsible for soft facilities management (caretaker, cleaning and security services).

The Council will have an option to buy the building at the contract expiry date (quarter 2 2038) and also has the right to exercise the option to purchase during the contract period, upon serving an option notice to the landlord. The Council has a right to terminate the agreement in instances of landlord default and where it is acting in line with the Strategic Service Development Plan under the Strategic Partnering Agreement, letting the premises to an acceptable tenant to the landlord or selling its interest in the site, so long as this does not create an economic disadvantage to the landlord.

The unitary charge for 2023/24 was £1.4m (2022/23 was £1.4m).

The table below details the movement on the liabilities held on the council's balance sheet relating to PFI and service concession contracts:

Liabilities resulting from PFI Contracts		Riverside Housing	Total School Solutions	BSF Rowley Campus	Portway	Total PFI Schemes	Total Finance Lease Liabilities
		£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024	Current	(1,423)	(859)	(1,688)	(186)	(4,156)	(4,156)
	Long Term	(13,594)	(5,094)	(30,609)	(8,116)	(57,413)	(57,413)
	Total	(15,017)	(5,953)	(32,297)	(8,302)	(61,569)	(61,569)
Balance at 31 March 2023	Current	(1,386)	(777)	(1,492)	(249)	(3,904)	(3,904)
	Long Term	(14,838)	(5,953)	(32,297)	(8,302)	(61,390)	(61,390)
	Total	(16,224)	(6,730)	(33,789)	(8,551)	(65,294)	(65,294)
Movement in Year		1,207	777	1,492	249	3,725	3,725
Analysis of Movement in Year:							
Capital Additions in year		-	-	-	-	-	-
Write down of liability		1,207	777	1,492	249	3,725	3,725
		1,207	777	1,492	249	3,725	3,725

NOTES TO THE ACCOUNTS

The table below provides a schedule of unitary payments due to be made under PFI contracts, split over their component parts:

Schedule of payments due to be made under PFI contracts	Within 1 Year £'000	Within 2 - 5 Years £'000	Within 6 - 10 Years £'000	Within 11 - 15 Years £'000	Total £'000
Riverside Housing PFI					
Liability Repayments	1,423	12,734	860	-	15,017
Interest Charges	1,717	8,846	557	-	11,120
Operating Costs	2,825	12,089	6,370	-	21,284
Lifecycle Costs	3,683	6,533	2,033	-	12,249
	9,648	40,202	9,820	-	59,670
Total School Solutions PFI					
Liability Repayments	859	4,397	697	-	5,953
Interest Charges	1,253	4,211	427	-	5,891
Operating Costs	977	4,058	629	-	5,664
Lifecycle Costs	121	498	128	-	747
	3,210	13,164	1,881	-	18,255
BSF Rowley Campus PFI					
Liability Repayments	1,688	8,396	14,510	7,703	32,297
Interest Charges	2,594	9,182	7,010	1,317	20,103
Operating Costs	2,364	9,458	11,822	4,819	28,463
Lifecycle Costs	469	2,011	4,388	1,074	7,942
	7,115	29,047	37,730	14,913	88,805
Portway PFI					
Liability Repayments	186	777	1,101	6,237	8,301
Interest Charges	730	2,765	3,072	2,410	8,977
Operating Costs	321	1,284	1,605	1,418	4,628
Lifecycle Costs	138	674	1,097	607	2,516
	1,375	5,500	6,875	10,672	24,422
Total Payments	21,348	87,913	56,306	25,585	191,152

The table below shows the movement on the carrying amount of the PFI assets held within the council's balance sheet:

	Council Dwellings (Riverside) £'000	Buildings (Total Schools) £'000	Buildings (Rowley Campus) £'000	Land & Buildings (Portway) £'000	Total £'000
Balance as at 1 April 2023	48,110	31,317	52,100	14,933	146,460
Additions	1,634	161	543	53	2,391
Revaluations	1,999	310	1,990	(1,298)	3,001
In Year Depreciation	(698)	(594)	(1,158)	(279)	(2,730)
Depreciation Written Out	688	594	-	279	1,562
Other Movements	(731)	-	-	-	(731)
Balance as at 31 March 2024	51,001	31,788	53,476	13,688	149,953

Serco Limited Waste Contract

The council entered a 25-year contract with Serco Limited on 9 November 2010 to cover the delivery of waste and cleansing services across the borough.

At the commencement of the contract Sandwell MBC transferred its fleet of waste disposal vehicles over to Serco Limited at nil value. However, for the duration of the contract Serco Limited will be

NOTES TO THE ACCOUNTS

solely responsible for the replacement of the vehicle fleet to ensure they are of a standard to provide the services required by the contract. All vehicles transferred by the council and subsequently purchased by Serco Limited will be solely used for the delivery of this contract for the assets' entire lives. Ownership of these assets will revert to the council at the end of the agreement.

The council-owned depot located at Shidas Lane is to be leased to Serco Limited for the duration of the contract for which a peppercorn rent is payable. Serco Limited have also developed a new waste disposal site on behalf of the council on a site previously purchased by SMBC, under a standard construction contract. This asset was financed from the council's capital programme and was fully operational at 31 March 2013.

The vehicle fleet, council-owned depot and waste disposal site are all held on the Councils balance sheet.

Upon default by the council, Serco Limited may terminate the contract by giving 30 days' notice. The termination notice must be served within 30 days of the contractor becoming aware of the default. The council may terminate the contract where the contractor fails to rectify defaults notified to them by the council, or on the occurrence of persistent breach of the contract. The council made payments of £28.637m in 2023/24 to Serco Limited (£29.829m in 2022/23).

The table below provides a schedule of liability payments due to be made over the remaining life of the contract:

Schedule of payments due to be made under PFI contracts	Within 1 Year £'000	Within 2 - 5 Years £'000	Within 6 - 10 Years £'000	Within 11 - 15 Years £'000	Total £'000
SERCO					
Operating Costs	33,180	145,938	211,484	69,777	460,379
Lifecycle and Other Costs	1,766	6,957	9,580	3,244	21,547
	34,946	152,895	221,064	73,021	481,926

The table below provides the value of assets held under service concession arrangements at each Balance Sheet date and an analysis of the movement in those values:

31/03/2023 £'000		31/03/2024 £'000
3,344	Balance as at 1 April	3,818
986	Replacement asset (start of period)	4,187
(315)	Depreciation	(413)
(197)	Other Adjustments	-
3,818	Balance as at 31 March	7,592

As at the 31st March 2024 the Council had £2.4m (£4.4m at 31st March 2023) of prepayments relating to the contract with Serco Limited.

44. Impairment Losses

During 2023/24 no material Impairment Losses have been identified in relation to the Council's Non-Current assets.

Reversal of impairment losses recognised in previous years amounting to £103.406m were recognised in 23/24.

The Councils Valuers carried out impairment reviews where deemed appropriate to determine if there were any material changes in property values from the 1 April 2023 to 31 March 2024.

NOTES TO THE ACCOUNTS

The Valuers have concluded that there have been no circumstances in the local property market, since the start of the year, that would require additional impairment adjustments to be applied to the value of Council Dwellings, General Land & Buildings or Investment properties.

The Council has undertaken an analysis of its PPE and Investment assets applying accumulated property indices to individual assets within each property group to determine if there has been a material movement in value since the assets were last valued within their rolling valuation cycle.

45. Termination Benefits

The council terminated 29 employee contracts (excluding schools) in 2023/24 to meet the ongoing challenges of the difficult economic climate and budget reductions, incurring liabilities of £1.272m.

The following table summarises the exit packages that the council has provided for:

(Exit Packages) Band	Total Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band (£'000)		Details of Termination Packages - Cost of Prior Year's Included in Current Year	
	2022/23	2023/24	2022/23	2022/23	2022/23	2023/24	2022/23	2023/24	Numbers	Cost ('000)
									2023/24	2023/24
£0 - £20,000	-	-	24	17	24	17	236	103	1	5
£20,001 - £40,000	-	-	11	4	11	4	324	117	-	-
£40,001 - £60,000	-	-	9	3	9	3	459	168	1	44
£60,001 - £80,000	-	-	5	-	5	-	357	-	-	-
£80,001 - £100,000	-	-	5	-	5	-	455	-	1	81
£100,001 - £150,000	-	-	8	2	8	2	1,017	256	1	118
£150,001 - £200,000	-	-	3	2	3	2	475	355	1	153
£201,000 - £250,000	-	-	1	-	1	-	230	-	-	-
£250,001 - £300,000	-	-	-	1	-	1	-	272	-	-
£300,001 - £350,000	-	-	1	-	1	-	309	-	-	-
TOTAL	-	-	67	29	67	29	3,862	1,272	5	402

A provision of £0.621m was created for 2022/23 leavers for whom costs were not yet incurred and known future leavers as at 31 March 2023 at the end of 2022/23. Of this £0.118m was utilised, £0.369m was released back to services and £0.133m re-provided for in 2023/24.

Further costs of £1.048m not included in the 2022/23 provision have been incurred. This has been funded by Directorates.

Agreements were made in 2023/24 for 2 employees to leave the council in future years at an estimated cost of £0.194m, a provision has therefore been created for this amount.

Further provision of £0.511m has been created for 2023/24 leavers for whom costs have been estimated but not yet incurred.

As at 31/03/2024, the council holds a total provision of £0.839m.

Schools terminated the contracts of 38 posts in 2023/24, incurring liabilities of £0.383m.

46. Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The council participates in three pension schemes:

Teachers

The teachers employed by the council are members of the Teachers Pension Scheme (TPS) which is a defined benefit multi-employer scheme operated by the Department for Education (DFE). The scheme is managed by the Teachers Pensions Agency under the Teachers Pensions Regulations 1997. The Teachers Pensions Fund is accounted for as a defined contribution scheme in line with the requirements of IAS19 since the scheme is notionally funded and for which underlying liabilities cannot be identified on a consistent basis.

In 2023/24 the council paid £17.144m (2022/23 £16.610m) to the DFE in respect of teachers' pension costs. This represents 23.68% of teacher's pensionable pay. Estimated contributions for 2024/25 are £18.001m which is again representative of a contribution rate of 23.68%. In addition, the council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2023/24 these amounted to £3.118m (2022/23 £2.832). A liability is shown on the balance sheet and the movement in reserves statement in respect of the council's obligation to pay added years benefits.

NHS Pensions

On 1 April 2013, NHS employees transferred to the council into a new Public Health directorate. These employees have maintained their membership to the NHS Pension Scheme, which is an unfunded defined benefit scheme. The scheme is however accounted for as a defined contribution scheme since the council is not able to identify reliably its share of the underlying liabilities.

In 2023/24 the council paid £0.038m (2022/23 £0.029m) to the NHS Pension Scheme in respect of former NHS staff retirement benefits, representing 14.38% of pensionable pay. Estimated contributions for 2024/25 are £0.040m based on a contribution rate of 14.38%.

Other Employees

Other employees of the council contribute to the Local Government Pension Scheme (LGPS) which is a defined benefit scheme. In 2023/24 the council paid an employer's pension contribution of £45.718m (2022/23 £38.680m) based on 24.6% of employee's pensionable pay into the West Midlands Metropolitan Authorities Pension Fund, which provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations. Contributions for 2024/25 were estimated at £46.725m based on 24.6% of pensionable pay.

The capital cost of awarding discretionary additional benefits relating to the year 2023/24 was £1.022m (2022/23 £2.738m). These costs have been met from revenue.

Transactions Relating to Retirement Benefits

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by the employee, rather than when the benefits are eventually paid as pensions. However, so that the charge required against council tax is based on cash payable in the year, the real cost of retirement benefits is reversed out in the Movement in Reserves Statement.

The following transactions have been made in year:

NOTES TO THE ACCOUNTS

2022-23		2023-24	
Local Government Pension Scheme £'000	Teachers Pension Scheme £'000	Local Government Pension Scheme £'000	Teachers Pension Scheme £'000
<u>Comprehensive Income and Expenditure Statement</u>			
Cost of Services:			
82,323	-	39,317	-
843	-	344	-
(3,545)	-	-	-
Financing and Investment Income and Expenditure			
28,456	882	2,582	1,512
108,077	882	42,243	1,512
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services			
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account			
Remeasurement of the net defined benefit liability comprising:			
76,202	-	(51,952)	-
(15,650)	(355)	(11,214)	(240)
(923,203)	(5,373)	(101,705)	(734)
132,752	6,949	54,564	4,816
40,288	-	(40,288)	-
-	-	156,447	-
(689,611)	1,221	5,852	3,842
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement			
Movement in Reserves Statement			
(108,959)	-	(43,755)	-
Actual amount charged against the General Fund Balance for pensions in the year:			
48,782	-	45,718	-
1,204	2,832	1,227	3,118
(58,973)	2,832	3,190	3,118
Net Movement in Reserves			

*Under IFRIC14, an asset ceiling limits the amount of the net pension asset that can be recognised to the lower of (1) the amount of the net pension asset or (2) the present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan. An

NOTES TO THE ACCOUNTS

adjustment has been made in the Accounts to apply this asset ceiling, as calculated by the actuary, as the year end results showed a net asset in the pension scheme.

Further information regarding other employee's pensions can be found in the West Midlands Authorities Superannuation Fund's Annual Report, which is available upon request from:

West Midlands Pension Fund, Civic Centre, St Peter's Square, Wolverhampton, WV1 1SL.

The assets and liabilities attributable to the council for both the LGPS and the TPS as at 31 March 2024 have been provided by the Funds' Actuary and are detailed below:

Reconciliation of present value of the scheme liabilities

2022-23		2023-24	
Local Government Pension Scheme £'000	Teachers Pension Scheme £'000	Local Government Pension Scheme £'000	Teachers Pension Scheme £'000
2,478,922	34,096	1,772,044	33,366
		Opening Balance at 1 April	
82,323	-	39,317	-
67,328	882	83,769	1,512
11,790	-	12,320	-
		Remeasurement (gain) / loss:	
(15,650)	(355)	(11,214)	(240)
		- Actuarial gains and losses arising on changes in demographic assumptions	
(923,203)	(5,373)	(101,705)	(734)
		- Actuarial gains and losses arising on changes in financial assumptions	
132,752	6,949	54,564	4,816
		- Experience (gain) / loss	
(56,184)	-	(67,911)	-
		Benefits paid	
(1,204)	(2,832)	(1,227)	(3,118)
		Unfunded Benefits paid	
843	-	344	-
		Past service costs / Curtailment	
(5,674)	-	-	-
		Settlements	
1,772,044	33,366	1,780,301	35,602
		Closing Balance at 31 March	

Scheme History	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Present Value of Liabilities					
Local Government Pension Scheme (funded)	(2,070,007)	(2,667,105)	(2,465,543)	(1,760,084)	(1,769,210)
Local Government Pension Scheme (unfunded)	(14,869)	(14,767)	(13,379)	(11,960)	(11,091)
Teachers Pension Scheme (unfunded)	(39,994)	(36,783)	(34,096)	(33,366)	(35,602)
Total Present Value of Liabilities	(2,124,870)	(2,718,655)	(2,513,018)	(1,805,410)	(1,815,903)
Fair Value of assets in the local government pension scheme					
	1,334,232	1,614,919	1,759,242	1,714,069	1,837,335
Surplus / (Deficit) in the scheme:					
Local Government Pension Scheme (LGPS)	(750,644)	(1,066,953)	(719,680)	(57,975)	57,034
Teachers Pension Scheme (TPS)	(39,994)	(36,783)	(34,096)	(33,366)	(35,602)
Net asset/(liability) before consideration of asset ceiling	(790,638)	(1,103,736)	(753,776)	(91,341)	21,432
Effect of the asset ceiling on Net Asset/(Liability)	-	-	-	(40,288)	(156,447)
Revised Balance Sheet Net Pension Liability	(790,638)	(1,103,736)	(753,776)	(131,629)	(135,015)

NOTES TO THE ACCOUNTS

Reconciliation of fair value of the scheme (plan) assets:

2022-23 Local Government Pension Scheme £'000		2023-24 Local Government Pension Scheme £'000
1,759,242	Opening Balance at 1 April	1,714,069
47,142	Interest Income	81,187
(84,472)	Return on assets less interest	51,952
-	Administration expenses	-
(2,129)	Settlements	-
38,680	Employer contributions	45,718
11,790	Contributions by scheme participants	12,320
(56,184)	Benefits paid	(67,911)
1,714,069	Closing Balance at 31 March	1,837,335

The liabilities show the underlying commitments that the council has in the long run to pay retirement benefits. The total liability of £1,816m has a substantial impact on the net worth of the council as recorded in the Balance Sheet in a negative overall balance of £88.322m, however statutory arrangements for funding the deficit mean that the financial position of the council remains healthy. The deficit on the LGPS will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The Local Government Pension Scheme's assets comprise of the following asset categories:

2022/23 £'000	Asset Category	2022/23 £'000
1,056,606	Equities	873,207
351,962	Bonds	624,249
120,282	Property	117,583
131,738	Alternatives	135,250
53,481	Cash	87,046
1,714,069	Total	1,837,335

Basis for Estimating Assets & Liabilities

Pension fund liabilities for both schemes 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. Hyman Robertson LLP, an independent firm of actuaries, has assessed the liabilities of both schemes. The main assumptions used in their calculations have been:

NOTES TO THE ACCOUNTS

2022-23		2023-24	
Local Government Pension Scheme	Teachers Pension Scheme	Local Government Pension Scheme	Teachers Pension Scheme
Mortality Assumptions:			
Longevity at 65 for current pensioners			
20.7 years	20.7 years	20.6 years	20.6 years
23.5 years	23.5 years	23.3 years	23.3 years
<ul style="list-style-type: none"> • Men • Women 			
Longevity at 65 for future pensioners			
21.5 years	21.5 years	21.3 years	21.3 years
25.0 years	25.0 years	24.7 years	24.7 years
<ul style="list-style-type: none"> • Men • Women 			
Financial Assumptions:			
3.95%	-	3.75%	-
Rate of Increase in Salaries (LGPS)			
2.95%	2.95%	2.75%	2.75%
Rate of CPI Inflation			
2.95%	2.95%	2.75%	2.75%
Rate of Increase in Pensions			
4.75%	4.75%	4.85%	4.85%
Discount Rate			

Changes in Assumptions on Conversion of Schools to Academies

The assets and liabilities of 3 schools were transferred out of the scheme during 2022/23 and, in line with IAS 19, remeasurement of the profit and loss items from the date of any special event for the remainder of the accounting period was considered. These transfers were not deemed to be significant and therefore there has not been any remeasurement of the profit and loss items. No schools were transferred in 2023/24.

47. Contingent Assets and Liabilities

Contingent Liabilities

There are presently 3 active civil litigation claims (10 in 2022/23) and 1 active employment tribunal cases (7 in 2022/23).

Equal Pay

The Council has in the past received several claims for back pay arising from the Equal Pay Initiative. All of these claims were settled and there are none currently outstanding. Therefore, no provision for Equal Pay has been set in 2023/24.

Municipal Mutual Insurance Ltd (MMI)

Municipal Mutual Insurance Ltd (MMI), through which the council had part of its insurance, ceased writing new insurance business in 1992 and is currently using its available resources to meet outstanding claims. MMI may not know the full extent of its liability claims as it may take several years for them to arise, however the company has continued to settle claims in an orderly manner. To prevent the costs associated with an insolvent run off, the company entered a scheme of arrangement with its creditors, which was triggered in 2012/13. A levy amounting to 15% of the total claim payments was previously issued to all the members of the scheme and has since been settled by the Council. The scheme administrator then issued a further 10% levy to all scheme members and this also has been settled by the Council.

Contingent Liability – Unlodged Appeals

Following the 2017 revaluation of properties, a new appeal process was introduced called Check, Challenge and Appeal. The new system was designed to stabilise the volume of appeals and thus provide more certainty to council finances. However, due to problems with the new system the number of businesses appealing their new rating valuation has so far been low. Given the lack of information available from the VOA for claims relating this period, the council has relied on information from our rating experts, Analyse Local, to estimate the potential loss of income in respect of future successful valuation appeals.

Analyse Local has provided a threats report identifying potential appeals of £0.516m. Using information from Analyse Local on the historic proportion of threats that have actually progressed to check and challenge we have included £0.184m of these threats within our appeals provision. We have excluded the remaining £0.332m because it is not possible to estimate with reliability the outflow of cash required to settle these unlodged appeals due to the uncertainty of the appeal being lodged, the eventual settlement date, the new processes in place, the backlog of appeals and impact of Covid-19.

Contingent Assets

The council has placed tax claims for postage, landfill tax and compound interest with legal counsel. No values can be placed on these claims at this time. The periods and nature of the supplies recoverable will be part of the ruling in the lead cases.

A provision has not been made within the 2023/24 accounts, as the exact amount of the potential asset involved cannot be accurately determined at this time.

Housing Revenue Account

2023/24

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants.

Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

HOUSING REVENUE ACCOUNT

2022/23 £'000	HRA Income and Expenditure Statement	2023/24 £'000
	<u>Income:</u>	
(120,426)	Dwelling Rents	(127,084)
(1,789)	Non-Dwelling Rents	(2,341)
(4,537)	Charges for Services & Facilities	(3,877)
(5,713)	PFI Grant	(5,713)
(132,465)	Total Income	(139,015)
	<u>Expenditure:</u>	
51,177	Repairs & Maintenance	47,657
29,422	Supervision & Management	30,215
2,675	Rent, Rates, Taxes & Other Charges	2,490
4,767	PFI Contract	5,794
(32,779)	Depreciation & Impairment of Non-Current Assets	(72,740)
323	Movement in Impairment Allowance for Bad Debts	661
55,586	Total Expenditure	14,077
(76,880)	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Account	(124,938)
(6,183)	(Gain) or loss on sale of HRA Non Current Assets	(4,080)
(9)	(Gain) or loss on revaluation of HRA Non Current Assets	(108)
1,627	PFI Interest payable and similar charges	1,776
2,700	Pensions Interest Costs	561
20,429	Interest payable and similar charges	24,127
(893)	Interest and Investment Income	(2,088)
-	Movement on Impairment Losses	-
(586)	Capital grants and contributions receivable	(3,379)
(59,795)	(Surplus) / Deficit for the year on HRA services	(108,129)

HOUSING REVENUE ACCOUNT

2022/23 £'000	Movement on Housing Revenue Account Balance Statement	2023/24 £'000
(39,327)	Balance on the HRA at the end of the previous reporting period	(42,237)
(59,795)	(Surplus)/deficit for the year on the Income and Expenditure Statement	(108,129)
55,308	Adjustments between accounting basis and funding basis under statute	101,530
(4,485)	Net increase/(decrease) before transfers to or from reserves	(6,599)
1,575	Transfers to/(from) Major Repairs Reserve	664
(2,910)	(Increase)/decrease in year on the HRA	(5,935)
(42,237)	Balance on the HRA at the end of the current reporting period	(48,171)

Note to the Statement of Movement on the HRA Balance

2022/23 £'000	HRA Income and Expenditure Statement	2023/24 £'000
	Items included in the HRA Income & Expenditure Statement but excluded from the Movement on HRA Balance for the year	
32,779	Depreciation & impairment of Non-Current Assets	72,740
6,183	Gain or loss on sale of HRA Non-Current Assets	4,080
9	Gain or loss on revaluation of HRA Non-Current Assets	108
586	Capital grants and contributions receivable	3,379
(7,776)	Pension Reserve	911
163	Accumulated Compensated Absences Account	(139)
31,943		81,078
	Items not included in the HRA Income & Expenditure Statement but included in the Movement on HRA Balance for the year	
19	Amortisation of premiums, discounts & LOBOs	449
1,539	PFI Finance Lease Creditor	1,206
3,054	Capital expenditure funded by the HRA	-
16,834	Net transfer to / (from) Major Repairs Reserve	18,797
1,919	Pension Reserve	-
23,366		20,452
55,309	Net additional amount required by statute to be credited to the HRA Balance for the year	101,530

HOUSING REVENUE ACCOUNT

Notes to the HRA Accounts

1. Housing Stock as at 31 March

Total No. 31 March 2023	Dwelling Type	Pre 1945	1945 to 1964	1965 to 2000	Post 2000	Total No. 31 March 2023
	<u>0 Bedroom</u>					
2	Bungalow			2		2
42	Flat		18	24		42
	<u>1 Bedroom</u>					
3	Houses	-	1	2	-	3
6,220	Flats	217	1,392	4,420	132	6,161
1,367	Bungalows	383	317	665	-	1,365
	<u>2 Bedroom</u>					
3,137	Houses	1,556	824	510	242	3,132
4,858	Flats	124	2,344	2,238	106	4,812
184	Bungalows	5	49	56	73	183
	<u>3 Bedroom</u>					
11,104	Houses	6,430	2,782	1,631	150	10,993
542	Flats	49	207	229	-	485
12	Bungalows	1	1	9	1	12
	<u>4 Bedroom</u>					
650	Houses	404	145	35	73	657
2	Bungalows	-	-	2	-	2
	<u>5 Bedroom</u>					
11	Houses	8	4	1	1	14
	<u>6 Bedroom</u>					
3	Houses	2	1	1	1	5
	<u>7 Bedroom</u>					
1	Houses	-	-	-	1	1
	<u>8 Bedroom</u>					
1	Houses	-	-	1	-	1
28,139	Total Stock	9,179	8,085	9,826	780	27,870

The housing stock at 31 March 2024 includes 963 council dwellings (974 at 31 March 2023) included within the Riverside Housing PFI contract, which are included on the council's Balance Sheet.

HOUSING REVENUE ACCOUNT

2. Balance Sheet Movement in HRA Non-Current Assets

	Council Dwellings	Land & Building	Intangible	Equipment	Surplus Assets	Assets under Construction	Investment Properties	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
As at 1 April 2023	1,281,724	1,254	1,019	9,869	6,430	17,157	60	1,317,513
Adjustment to balance b/f				-4,054		-847		-4,901
Additions	30,138	-	1,569	266	-	27,060	-	59,033
Revaluations - RR	1,876	1	-	-	-3534	-	-	-1,657
Revaluations - CI&ES	75,551	4	-	-	-1319	-	108	74,344
Disposals	-9,166	-	-	-	-	-	-108	-9,274
Transfers	3,900	-	-	-	823	-3,618	60	1,165
As at 31 March 2024	1,384,023	1,259	2,588	6,081	2,400	39,752	120	1,436,223
Depreciation & Impairment								
As at 1 April 2023	-	-37	-258	-6,022	-	-53	-	-6,370
Adjustment to balance b/f				4,054				4,054
In Year Depreciation*	-18,782	-19	-49	-612	-	-	-	-19,462
Impairment Losses / Reversals - CI&ES	17,965	1	-	-	-	-	-	17,965
Impairment Losses / Reversals - RR	688	-	-	-	-	-	-	688
Disposals	129	-	-	-	-	1	-	130
As at 31 March 2024	0	-56	-307	-2580	0	-52	0	-2995
As at 31 March 2024	1,384,023	1,203	2,281	3,501	2,400	39,700	120	1,433,228
As at 31 March 2023	1,281,724	1,217	761	3,847	6,430	16,257	60	1,310,296

The council entered into a 25 year PFI contract in March 2006 with Riverside Housing Association for the refurbishment of 1,095 dwellings of which 963 of these assets are included in the table above as they form part of the council's assets held within the Balance Sheet.

Due to the large number of dwellings held by the council it is not practical to account for each property individually and so all assets that fall into this category are grouped together under the heading of Council Dwellings and are accounted for at this higher level. When additions to the stock are made, these are revalued based on the beacon and social use factor of 40%. Where previous revaluation gains exist any revaluation losses relating to new additions are offset against these gains. In 2023/24, no losses relating to new additions were offset against revaluation gains from previous years.

3. Vacant Possession and Existing Use Valuations

The opening vacant possession value of council dwellings as at 1 April 2023 was £3,322.933m, which represents the value that the council would receive if all dwellings were sold on the open market. The existing use value as at the same date was £1,281.724m and included a regional social housing discount factor of 40%. The difference shows the economic cost to Government of providing council housing at sub market rents.

The closing vacant possession value of council dwellings as at 31 March 2024 was £3,460.059m and the balance sheet value as at 31 March 2024 was £1,384.023 which also includes a regional social housing discount factor of 40%.

4. Major Repairs Reserve

The major repairs reserve is attributed with an amount equivalent to the full depreciation charges made during the year to the HRA. These funds are then available to finance capital expenditure on HRA assets with the balance of funds as at 31 March within the Major Repairs Reserve being available for HRA capital purposes.

2022/23 £'000		2023/24 £'000
1,308	Opening Balance as at 1 April	2,882
17,873	Depreciation on Dwellings to the MRR during year	18,782
535	Depreciation on other Non Current Assets	681
-	Amounts transferred to HRA	-
(16,834)	Capital expenditure on land, houses & other property within HRA	(18,797)
2,882	Closing Balance as at 31 March	3,548

5. Capital Expenditure

Capital expenditure on land, houses and other property within the HRA during 2023/24 has been financed as follows:

2022/23 £'000		2023/24 £'000
53,405	Capital Expenditure	59,032
	Sources of Funding:	
29,783	Prudential Borrowing	30,240
2,058	Grants	3,379
16,834	Major Repairs Reserve	18,797
3,054	Revenue Contribution	-
1,677	Usable Capital Receipts	6,616
53,405	Total Funding	59,032

6. Capital Receipts

Net Capital Receipts received from the disposal of land, houses and other property within the HRA during 2023/24 are summarised below:

2022/23 £'000		2023/24 £'000
112	Land & Buildings	125
20,572	Council Houses	13,343
20,684	Total Capital Receipts	13,468

7. Depreciation Charge

As required by the Code, the council has charged depreciation on all HRA properties, including non-dwellings. In 2023/24 depreciation for council dwellings has been calculated on a straight-line basis using different asset lives appropriate to each significant component. Depreciation for neighbourhood offices have been calculated on a straight-line basis, based on the asset's useful economic lives.

A summary of depreciation charged into the Housing Revenue Account is detailed below:

2022/23 £'000		2023/24 £'000
17,218	Dwellings	18,083
655	PFI Dwellings	698
19	Neighbourhood Offices	19
511	Equipment	612
5	Assets Not Held for Sale	-
-	Intangible	49
18,408	Total Depreciation	19,461

8. Revaluation and Impairment Losses

The Code requires a charge to be made to the Housing Revenue Account in respect of revaluation and impairment losses.

The Code also requires that previous years losses should be reversed if the circumstances giving rise to the loss change. Due to an increase in the value of Housing Stock there were £93.52m previous year losses reversed during 2032/24 relating to HRA properties.

9. Rent Arrears

Arrears of rent due from tenants of council dwellings are shown below:

2022/23 £'000		2023/24 £'000
6,194	Current Tenants	5,911
5,100	Former Tenants	5,874
11,294	Total Arrears	11,786

HOUSING REVENUE ACCOUNT

10. Provisions & Reserves

The Council has set aside money to allow for the possibility that a proportion of the outstanding rent arrears, leaseholder debts and court fees will not be paid. That money is known as Housing Debt Impairment Allowance in accordance with the Code. The movement on which is shown below:

2022/23 £'000		2023/24 £'000
5,014	Provision b/fwd 1 April	5,130
(207)	Write Off / On Charged to Provision	(229)
323	Additional Provision	661
5,130	Provision c/fwd 31 March	5,562

11. Government Subsidy

The Council entered a 25-year PFI agreement with Riverside Housing for the management and maintenance of 1,095 properties at the beginning of the contract. Each year, the HRA receives a subsidy credit from the government to assist with the funding of this agreement, the movement on which is shown below:

2022/23 £'000		2023/24 £'000
(5,713)	PFI Credit Receivable	(5,713)
(5,713)	Total Government Subsidy Payable / (Receivable)	(5,713)

12. Housing Revenue Account Balance

The HRA carries a level of general reserves to assist with the funding of one-off items of expenditure, that fall outside of the day to day repairs and management of the housing stock. Most of these reserves are earmarked for specific purposes, however, there does remain a level of uncommitted resources for future projects. The movement on which is shown below:

2022/23 £'000		2023/24 £'000
42,238	HRA Surplus as at 31st March	48,171
	Less Earmarked Balances:	
(7,400)	- Working Balance	(7,400)
(8,387)	- Contingencies	(8,387)
(15,000)	- Capital Investment	(15,000)
(181)	- Carry Forward Commitments	(181)
11,270	Uncommitted HRA Resources	17,203

Collection Fund

2023/24

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

COLLECTION FUND

Accounting Policies

1. Income and Expenditure

The accounts have been prepared on an accrual's basis. This means sums due to or from the Collection Fund, are included whether the cash has been received or paid in the year.

The above policy is not followed when dealing with the apportionment of the surplus or deficit on the fund to precepting authorities.

2. Council Tax/NNDR Bad Debt Provision and NNDR Provision for Valuation Appeals

A provision is created when a sum of money is set aside to meet future specific expenses which are likely or certain to be incurred, but the amount of which cannot yet be determined accurately.

The Collection Fund provides for bad debts on arrears based on prior year experience and the current year's collection rates.

3. Collection Fund Statement

2022/23				2023/24		
Council Tax £'000	NDR £'000	Total £'000		Council Tax £'000	NDR £'000	Total £'000
141,823	-	141,823	Income	151,320	-	151,320
808	-	808	- Council Tax Payers	1,046	-	1,046
-	96,713	96,713	- Council Tax Hardship Relief Grant	-	102,448	102,448
-	-	-	- Business Rates Payers	-	10,656	10,656
-	-	-	- Transitional Protection Payment	-	-	-
-	17,201	17,201	Contribution towards previous year's estimated Collection Fund Deficit	-	-	-
142,631	113,914	256,545	Total Income	152,366	113,104	265,470
			Expenditure			
			Precepts:			
117,968	-	117,968	- Sandwell MBC	127,008	-	127,008
14,040	-	14,040	- West Midlands Police Crime Commissioner	15,548	-	15,548
5,092	-	5,092	- West Midlands Fire & Rescue Authority	5,605	-	5,605
			Non Domestic Rates:			
-	-	-	- Central Government	-	-	-
-	93,222	93,222	- Sandwell MBC	-	109,560	109,560
-	942	942	- West Midlands Fire & Rescue Authority	-	1,107	1,107
-	415	415	- Cost of Collection Allowances	-	419	419
-	353	353	- Transitional Protection Payment	-	-	-
			Provisions:			
7,511	3,966	11,477	- Bad Debts	4,645	82	4,727
-	(1,842)	(1,842)	- Appeals	-	195	195
66	-	66	Distribution of Estimated Collection Fund Surplus	59	53	112
144,677	97,056	241,733	Total Expenditure	152,865	111,416	264,281
(2,046)	16,858	14,812	Collection Fund Surplus / (Deficit) in year	(499)	1,688	1,189
1,610	(15,993)	(14,383)	Opening Balance at 1 April	(436)	865	429
(436)	865	429	Closing Balance at 31 March	(935)	2,547	1,612

Notes to the Collection Fund

General

The collection fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate collection fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of council tax and non-domestic rates (NDR) and distribution to local authorities, preceptors and the government. 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 NDR. The administrative costs associated with the collection process are charged to the general fund. Collection fund surpluses for both council tax and NDR are declared by the billing authority are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For Sandwell, the council tax precepting bodies are the West Midlands Police and the West Midlands Fire and Rescue Service (WMFS). The NDR precepting body is the WMFS.

From the 2017/18 financial year the council begun participating in a 100% business rates retention pilot with Birmingham City Council, City of Wolverhampton Council, Walsall Council, Sandwell Council, Coventry City Council and Solihull Council, (known as the West Midlands Metropolitan Authorities) with each billing authority retaining 99% of NDR received and the remaining 1% to the WMFS. As a result of the pilot, central government support grants are reduced to the council. Instead, income generated through NDR, Council Tax and self-generated income is needed to fund essential council services in Sandwell. This gives Sandwell Metropolitan Borough Council a financial incentive for the council to work with local businesses to create a promising local environment for growth since the council is more reliant on the income generated by the future growth in business rates revenues. The pilot operates on a no financial detriment principle. In other words, authorities cannot be worse off financially than they would otherwise have been had they not participated in a pilot.

The national code of practice followed by local authorities in England stipulates that a collection fund income and expenditure account is included in the council's accounts. The collection fund balance sheet meanwhile is incorporated into the council's consolidated balance sheet.

1. Income from Non-Domestic Rates

The council collects non-domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government.

Central government set a baseline level of business rates income for each authority, identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to central government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect, Sandwell received a top up to the General Fund in 2023/24 to the value of £39.928m which is included within the Comprehensive Income and Expenditure Statement.

The total amount collectable by the council in 2023/24 is calculated by applying the non-domestic multiplier to the total rateable value as shown in the table below:

Non-domestic multiplier	2023/24 £
Total rateable value as at 31 March	295,742,775
Non domestic multiplier	0.499

COLLECTION FUND

The share of Business Rates payable were originally estimated as £109.559m to be retained by the council and £1.106m to West Midlands Fire Service. These sums have been paid and charged to the Collection Fund in year.

The total income from business rate payers collected in 2023/24 was £102.448m.

2. Council Tax

Council tax derives from charges raised according to the value of residential properties, which have been classified in 8 valuation bands (A-H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the collection fund by the council for the forthcoming year and dividing this by the council tax base (i.e. the equivalent numbers of band D dwellings).

The council calculated a council tax base of 76,765 for 2023/24 as compared to the 2022/23 base of 74,858. The tax base for 2023/24 has been calculated as follows:

Council tax base	Band D Equivalents Number
Band A	24,503
Band B	25,908
Band C	15,823
Band D	6,558
Band E	3,169
Band F	689
Band G	90
Band H	24
	76,765

In 2023/24 the council set Band D Council Tax at £1,654.52.

3. Collection Fund Provisions

The Collection Fund provides for bad debts against arrears of both Council Tax and NDR. It also includes a provision for outstanding NDR rating appeals, which if successful will be a liability to the Collection Fund. The summary below includes full details of these provisions and the council's share of this liability; the remaining liability being met proportionately by the preceptors.

2022/23					2023/24			
Bad Debts		Appeals			Bad Debts		Appeals	
Council Tax	NDR	Council Tax	NDR		Council Tax	NDR	Council Tax	NDR
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
13,107	2,015		6,770	Balance as at 1 April	19,180	4,795		4,946
(352)	(1,146)	-	-	Write Offs in Year	(373)	(1,507)	-	-
6,438	3,926	-	(1,824)	Increase / (Decrease) to provision in year	3,979	81	-	193
19,193	4,795	-	4,946	SMBC Balance as at 31 March	22,786	3,369	-	5,139

The CT opening share of bad debts has reduced by £0.013 due to the change in the SMBC share from 85.72% to 85.66%

Group Accounts

2023/24

GROUP ACCOUNTS

The Group Comprehensive Income and Expenditure Statement combines the income and expenditure figures of the Council with the Council's share of operating results of those entities in which it has a financial interest.

Restated 2022/23	Restated 2022/23	Restated 2022/23		2023/24	2023/24	2023/24
Gross Expenditu re £'000	Gross Income £'000	Net Expenditu re £'000		Gross Expenditu re £'000	Gross Income £'000	Net Expenditu re £'000
161,870	(84,631)	77,239	People	186,693	(103,324)	83,369
302,482	(296,028)	6,454	Adult Social Care Services	295,284	(315,534)	(20,250)
130,548	(35,234)	95,314	Schools	147,268	(44,494)	102,774
28,348	(26,800)	1,548	Children's Services	28,545	(27,720)	825
			Public Health			
			Performance			
102,914	(88,128)	14,786	Finance (Inc SIU)	102,334	(80,095)	22,239
(743)	(570)	(1,313)	Corporate Management	2,054	(688)	1,366
13,510	(6,824)	6,686	Law & Governance	13,800	(7,428)	6,371
14,985	(365)	14,620	Assistant Chief Executive	6,842	(198)	6,643
6,512	(839)	5,673	Central Items	20,273	(3,407)	16,866
			Place			
12,484	(9,678)	2,805	Housing & Communities	15,430	(13,045)	2,385
31,762	(12,841)	18,921	Regeneration & Growth	33,427	(10,928)	22,500
77,166	(19,427)	57,739	Borough Economy	107,169	(23,856)	83,313
55,585	(132,465)	(76,880)	Housing Revenue Account	14,077	(139,015)	(124,938)
937,425	(713,833)	223,592	Cost of Services	973,198	(769,733)	203,464
		6,849	Other Operating Expenditure (Note 10)			9,907
		60,945	Financing and Investment Income and Expenditure (Note 11)			34,285
		(347,368)	Taxation and Non Specific Grant Income (Note 12)			(395,148)
		(55,982)	(Surplus) / Deficit on Provision of Services			(147,491)
		(69,160)	(Surplus) / deficit on revaluation of non current assets			(39,826)
		(15,656)	(Surplus) / deficit on revaluation of available for sale financial assets			(3,100)
		(688,390)	Remeasurements of the net defined benefit liability/(asset)			9,694
		(773,206)	Other Comprehensive Income and Expenditure			(33,232)
		(829,188)	Total Comprehensive Income and Expenditure			(180,723)

Note: Figures for 2022-23 have been restated to reflect the Council reporting according to the Organisation Restructure Change in 2023-24, to allow like-for-like comparison.

GROUP ACCOUNTS

The Group Balance Sheet shows as at 31 March the assets and liabilities of the group, through combining the Council's assets and liabilities with its share of the assets and liabilities of those entities in which it has a financial interest.

31 March 2023 £'000		Note ref	31 March 2024 £'000
2,472,242	Property Plant & Equipment	13	2,614,071
4,320	Heritage Assets	14	4,320
72,659	Investment Properties	15	75,365
2,683	Intangible Assets	17	8,837
33,173	Long Term Investments	19	36,267
4,676	Long Term Debtors	-	5,058
2,589,752	Long Term Assets		2,743,918
10,520	Short Term Investments		5,287
-	Assets Held for Sale	16	-
1,719	Inventories	-	1,782
78,029	Short Term Debtors	G4	96,356
55,512	Cash & Cash Equivalents		68,604
145,780	Current Assets		172,028
(17,878)	Bank Overdraft	22	(20,817)
(94,124)	Short Term Borrowing	19	(91,455)
(98,941)	Short Term Creditors	G5	(115,449)
(8,327)	Provisions	25	(8,116)
(5,409)	Revenue Grants Receipts in Advance	38	(1,072)
(12,544)	Capital Grants Receipts in Advance	38	(29,436)
(237,223)	Current Liabilities		(266,345)
(3,976)	Provisions	25	(3,439)
(381,414)	Long Term Borrowing	19	(353,686)
(196,338)	Other Long Term Liabilities	24	(196,100)
(13,669)	Capital Grants Receipts in Advance	38	(12,740)
(595,397)	Long Term Liabilities		(565,965)
1,902,912	Net Assets		2,083,636
306,249	Usable Reserves	MIRS 27	372,301
1,603,641	Unusable Reserves		1,722,255
(6,977)	Group Income & Expenditure Reserve		(10,920)
1,902,912	Total Reserves		2,083,636

GROUP ACCOUNTS

The Group Cashflow Statement shows the change in the year of cash and cash equivalents of the Council and those entities in which it has a financial interest.

2022/23				2023/24		
Sandwell MBC £'000	Sandwell Children's Trust £'000	Group Total £'000		Sandwell MBC £'000	Sandwell Children's Trust £'000	Group Total £'000
55,942	40	55,982	Net surplus / (deficit) on the provision of services	151,434	(3,942)	147,492
27,502	(2,169)	25,333	Adjustments to net (surplus) / deficit on the provision of services for non cash movements	(18,937)	5,542	(13,395)
(90,210)	-	(90,210)	Adjustments for items included in the net (surplus) / deficit on the provision of services that are investing and financing activities	(74,080)	-	(74,080)
(6,766)	(2,129)	(8,895)	Net cash flows from Operating Activities	58,417	1,600	60,017
			Investing Activities:			
(107,187)	-	(107,187)	Purchase of property, plant and equipment, investment property and intangible assets	(107,582)	-	(107,582)
(10,270)	-	(10,270)	Purchase of short and long term investments	(10,000)	-	(10,000)
31,004	-	31,004	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	13,864	-	13,864
74,788	-	74,788	Other receipts from investing activities	91,185	-	91,185
(11,665)	-	(11,665)	Net cash flows from Investing Activities	(12,533)	-	(12,533)
			Financing Activities:			
254,968	-	254,968	Cash receipts of short and long term borrowing	274,956	-	274,956
(3,231)	-	(3,231)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(3,724)	-	(3,724)
(259,748)	-	(259,748)	Repayments of short and long term borrowing	(308,462)	-	(308,462)
242	-	242	Other receipts from financing activities	(101)	-	(101)
(7,769)	-	(7,769)	Net cash flows from Financing Activities	(37,332)	-	(37,332)
(26,200)	(2,129)	(28,329)	Net increase / (decrease) in cash and cash equivalents	8,552	1,600	10,152
54,158	11,804	65,962	Cash and cash equivalents at the beginning of the reporting period	27,959	9,675	37,634
(26,200)	(2,129)	(28,329)	Net movement in cash and cash equivalents	8,552	1,600	10,152
27,959	9,675	37,633	Cash and cash equivalents at the end of the reporting period	36,511	11,275	47,786

GROUP ACCOUNTS

The Group Movement in Reserves Statement shows the movement in the year on the different reserves held by the Council, together with the movement in the Council's share of those entities in which it has a financial interest.

Movement in Reserves	Total General Fund Balance	Housing Revenue Account	Housing Revenue Account - Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves	Group Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2023	182,801	42,237	2,883	36,181	42,146	306,249	1,603,641	1,909,891	(6,977)	1,902,913
Movement in Reserves During 2023/24										
Total Comprehensive Income and Expenditure	49,659	108,129	-	-	-	157,788	33,232	191,020	(3,942)	187,078
Adjustments between Group Accounts and Council Accounts	(6,353)	-				(6,353)	-	(6,353)	0	(6,353)
TOTAL	43,305	108,129	-	-	-	151,434	33,232	184,666	(3,942)	180,724
Adjustments between accounting basis & funding basis under regulations (Note 8)	(30,403)	(102,196)	664	6,775	39,777	(85,383)	101,617	-	-	-
Increase / Decrease in Year	12,902	5,933	664	6,775	39,777	66,051	134,849	184,666	(3,942)	180,724
Balance at 31 March 2024 carried forward	195,703	48,170	3,547	42,956	81,923	372,301	1,738,489	2,094,556	(10,920)	2,083,637

GROUP ACCOUNTS

Movement in Reserves	Total General Fund Balance	Housing Revenue Account	Housing Revenue Account - Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves	Group Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2022	199,176	39,327	1,308	13,867	16,595	270,273	810,469	1,080,742	(7,008)	1,073,734
Opening Balance Adjustment									(9)	(9)
Movement in Reserves During 2022/23										
Total Comprehensive Income and Expenditure	(5,263)	59,794	-	-	-	54,531	773,207	827,738	40	827,778
Adjustments between Group Accounts and Council Accounts	1,411					1,411	-	1,411	0	1,411
TOTAL	(3,852)	59,794	-	-	-	55,942	773,207	829,149	40	829,189
Adjustments between accounting basis & funding basis under regulations (Note 8)	(12,521)	(56,884)	1,575	22,314	25,551	(19,965)	19,965	-	-	-
Increase / Decrease in Year	(16,373)	2,910	1,575	22,314	25,551	35,977	793,172	829,149	40	829,189
Balance at 31 March 2023 carried forward	182,801	42,237	2,883	36,181	42,146	306,249	1,603,641	1,909,891	(6,977)	1,902,913

1. **Accounting Policies**

The Group Financial Statements summarise the Council's and its Group's transactions for the 2023/24 financial year. The Group Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 supported by International Financial Reporting Standards (IFRS).

Members within the Group have been classified as subsidiaries and have been consolidated into the Group Financial Statements on a line by line basis where appropriate. Details included in respect of the classification can be found within Note 2.

Notes to the Group Financial Statements have been presented where the figures are materially different from those of the Council entity accounts. Where there are no material differences, the Notes to the Council entity accounts provide the required disclosures.

Accounting policies of the individual members of the Group have been aligned to the Council's accounting policies.

The accounting policies applied to the Group Financial Statements are consistent with those set out in (Note 1) to the Council entity accounts, with additional policies specific to the Group set out below.

2. **Consolidated Group Entities**

Sandwell Children's Trust

On 1st April 2018 Sandwell Children's Trust (SCT) went live following the transfer of the Children's Social Care functions (whilst statutory responsibility still sits with the council).

The council has considered the guidance in IFRS 10 and have concluded that SCT is a subsidiary and that group accounts will be prepared for the following reasons:

- SCT is a 100% wholly owned company;
- The council is the primary funder of SCT;
- The council has a director and elected member on the board of SCT; and
- The expenditure for SCT amounts to approximately £82m which is a material sum compared to the council's net cost of services of £179m.

Its accounts have therefore been consolidated into the group accounts on a line by line basis.

GROUP ACCOUNTS

3. **Basis of Consolidation**

The following statements consolidate the accounts of the Council with those of its subsidiaries, associates and joint venture. Transactions between the Council and its group entities are eliminated on consolidation. Details of the inter-company transactions are set out in the Related Parties Note to the single entity accounts.

Group Comprehensive Income and Expenditure Statement (GCI&ES) – provides the details of the income and expenditure recognised in year by the group, in a specified format, in accordance with generally accepted accounting practices.

Group Movement in Reserves Statement (GMiRS) – provides a reconciliation of the movement in year on the different reserves held and how the balance of resources generated or used in the year reconciles to the Council's statutory requirements for raising Council Tax.

Group Balance Sheet – shows the value of assets and liabilities recognised by the group at 31 March and the level of reserves, split into usable and unusable.

Group Cash Flow Statement – shows how the group generates and uses cash during the year and the impact this has on the balances of cash and cash equivalents.

4. **Short Term Debtors**

The table below shows amounts owed to the Council's group undertakings at the end of the year that are due within 12 months.

2022/23 £'000	Debtor Analysis	2023/24 £'000
19,125	Trade Receivables	28,854
23,672	Prepayments	22,517
35,231	Other Receivable Amounts (Council Tax, Business Rate and HMRC)	44,986
78,029	Total	96,356

5. **Short Term Creditors**

The table below shows amounts owed by the Council's group undertakings at the end of the year that are due within 12 months.

2022/23 £'000	Short Term Creditors	2023/24 £'000
76,889	Trade Payables	95,889
18,148	Other Payables	15,404
3,904	Finance Lease Creditors (Note 40)	4,156
98,941	Total	115,449

Glossary

2023/24

GLOSSARY

Accruals – Income and expenditure are recognised as they are earned or incurred, not as money is received or paid (see Debtors and Creditors)

Accumulated Compensated Absences – Employee benefits, such as annual leave, which are earned on an accruals basis and which would result in a payment being made to the individual for any balance untaken.

Amortisation - A routine decrease in value of an intangible asset, or the process of paying off a debt over time through regular payments.

Balance Sheet - A statement of the assets, liabilities and other balances at the end of an accounting period. The Balance Sheet combines all the accounts of an authority, excluding trust funds, as they are not at the disposal of the council.

Call Accounts – Investment accounts within which the council deposits surplus funds in order to generate interest where funds can be withdrawn with no advance notice.

Capital Adjustment Account - This account contains the resources set aside to meet the cost of past expenditure. These include capital receipts, released grants and contributions and sums set aside for debt redemption. It also contains any balances from revaluation of assets pre 1 April 2007.

Capital Charge - A charge to service revenue accounts to reflect the cost of non-current assets used in the provision of services. This reflects only depreciation.

Capital Commitment - Future Capital expenditure that has been committed on long term assets over a period.

Capital Expenditure - Expenditure on acquisition, improvement or enhancement of either the council's or third-party assets are defined as capital expenditure. Expenditure, which merely maintains the value, e.g. repairs and maintenance is charged to revenue.

Capital Receipts Unapplied - Proceeds received from the sale of non-current assets which have not yet been used to finance capital expenditure or repay debt. Capital receipts can only be used to fund capital expenditure.

Cash Equivalents – Funds invested in call accounts and 30 day notice accounts which are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash Flow Statement - A summary of cash movement (actual or anticipated incomings and outgoings) in an accounting period (month, quarter, year).

Cash Overdrawn - This represents the cash overdrawn position at the balance sheet date including both capital and revenue.

CI&ES – Comprehensive Income & Expenditure Statement

Code - The rules and regulations governing the information and layout of the council's Statement of Accounts.

Collection Fund - A fund administered by the council recording receipts from Council Tax and payments to the General Fund and other public authorities. It also records receipts of non-domestic rates collected on behalf of Central Government.

GLOSSARY

Community Assets - Assets that the council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Creditor - An amount owed by the council for work done, goods received or services rendered but for which payment has not been made.

CSE – Child Sexual Exploitation

Current Assets - An asset where the value changes because the volume held varies from day to day e.g. inventories. It is reasonable to expect that these assets will either be consumed or realised during the next accounting period e.g. cash and bank balances, debtors.

Current Liabilities - An amount which will become payable or could be called in within the next accounting period e.g. creditor, cash overdrawn.

Debtor - A sum of money due to the council but not received at the balance sheet date.

Deferred Creditors - These are amounts owing by the council where payment is to be made in instalments over a predetermined period of time in excess of one year.

Deferred Debtors - These are amounts due to the council where payment is to be made by instalments over a predetermined period of time in excess of one year.

Deferred Government Grants & Contributions - Grants and contributions received towards the cost of capital expenditure. These are credited to revenue over the life of the asset created to match depreciation charged on the asset.

Depreciation - The measure of the consumption of a non-current asset in delivery of a service charged to the revenue account.

DRC - Depreciated Replacement Cost. A method of valuation which provides the current cost of replacing an asset with its modern equivalent.

Emoluments - These are payments received from employment, usually in the form of wages, salaries or fees.

Exceptional Items - These are material items, which derive from events or transactions that fall within the ordinary activities of the council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Extraordinary Items - These are material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the council and which are not expected to recur. They do not include exceptional items nor do they include prior period items merely because they relate to a prior period.

Fair Value - The fair value is the estimated value of all assets and liabilities - The price that would be received to sell an asset or paid to transfer a liability.

Finance Lease - A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance.

GLOSSARY

General Fund - The General Fund contains all the financial transactions of the council (with the exception of the Collection Fund and Housing Revenue Account).

Government Grants - These represent assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the council.

Heritage Assets – Those assets which are primarily held and maintained for knowledge and cultural purposes.

Housing Revenue Account - Housing authorities are required to keep a separate Housing Revenue Account which includes the expenditure and income arising in connection with the provision of housing accommodation by a local authority. The balance represents the accumulated surplus. The account is ring fenced, meaning it cannot either give or receive subsidy from the General Fund.

IAS – International Accounting Standards.

IFRIC – International Financial Reporting Interpretations Committee.

IFRS – International Financial Reporting Standards.

Income Statement - An accounting of sales, expenses and net profit for a given period. An income statement shows the movement of Income and Expenditure over a given month, quarter or year.

Inventories - The value of raw materials and stores the council has procured to use on a continuing basis, but which have not been used at the balance sheet date.

Investment Properties - Applies to the accounting for property (land and/or buildings) held to earn rentals or for capital appreciation or both.

Investments - The lending of surplus revenue balances to provide additional income, excluding funds invested in call accounts and 30 day notice accounts.

Impairment Loss - The amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Lessee – a person who holds the lease of a property; a tenant.

Lessor - a person who leases or lets a property to another; a landlord.

Levy – A mechanism to impose an obligation to pay tax.

Liability - An amount held by the council which is due to an individual or organisation which will be paid at some time in the future. Liabilities include both monies borrowed but not yet repaid and payments due to creditors.

Liquidity – Cash, cash equivalents and other liquid assets that can be easily converted into cash (liquidated).

Long Term Borrowing - The total amounts borrowed from external lenders for capital purposes but not repaid at the balance sheet date.

GLOSSARY

Materiality - An item is material if its omission, non-disclosure or mis-statement in financial statements could be expected to lead to a distortion of the view given by the financial statements.

Minimum Revenue Provision - Sums set aside from revenue to repay borrowing used to finance past capital expenditure.

Net Book Value - The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost - The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value - The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Current Asset - A tangible asset with a benefit beyond one financial year, which has a realisable value e.g. land, buildings and plant.

Non-Operational Assets – Non-current assets held by the council but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets would be investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Leases - Leases other than a finance lease.

Operational Assets – Non-current assets held and occupied, used or consumed by the council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Payments in Advance - Amounts actually paid in a given accounting period prior to the period for which they were payable.

Pooled Budget - A type of partnership with another organisation in which the local authority contributes an agreed level of resource (into a single pot) to help commission/deliver specific services.

Precept – Tax levied by West Midlands Fire and Rescue Authority and the West Midlands Police and Crime Commissioner which is collected on their behalf by the council as the rating authority.

Provisions - Amounts set aside in the accounts for any liabilities of uncertain timing or amount that have been incurred, the movements in year being charged or credited to the appropriate service heads in the Service Revenue Accounts. In order for a sum to be recognised as a provision, certain criteria must be met, as specified in IAS 37.

PWLB - Public Work Loan Board.

QC – Queen's Counsel, a senior barrister.

Receipts in Advance - Amounts actually received in a given accounting period prior to the period for which they were receivable.

Reserves - Amounts earmarked in the accounts for purposes falling outside the definition of provisions can be classified as reserves. The movements in year being charged or generated as an appropriation to the Movement In Reserves Statement rather than directly to Service Revenue Accounts.

GLOSSARY

Revaluation Reserve - This account contains all the unrealised gains from the revaluation of non-current assets since it was established on 1 April 2007. All unrealised gains prior to this date are held in the Capital Adjustment Account.

Revenue Accounts Balance - The Revenue Account records an authority's day-to-day expenditure and income on such items as salaries and wages, running costs of services and the financing costs of non-current assets. The balance represents the accumulated General Fund Surplus including working balances.

Revenue Expenditure Funded from Capital Under Statute (REFCUS) - Capital expenditure on a third-party asset, which does not add value for the council. These are usually written off in the year they are incurred. Examples of this expenditure are improvement grants and disabled facilities grants.

SONIA - Sterling Overnight Index Average rate; the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

Temporary Loans - This represents money borrowed for an initial period of less than one year.

Useful Life - The period over which the council will derive benefits from the use of a non-current asset.

VA Schools / VC School - Voluntary Aided Schools / Voluntary Controlled School.

Work in Progress - The cost of work done on an uncompleted project at the year-end, which has not been recharged to the appropriate account at the balance sheet date.

Appendix 1- Annual Governance Statement

2023/24

Annual Governance Statement 2023/24



Foreword

We are pleased to present Sandwell Metropolitan Borough Council's Annual Governance Statement for 2023/24.

While we have recently come out of government intervention, we remain committed to our continued improvement and transformation in all that we deliver.

The Council is now working within a much stronger governance system, we acknowledge that it will continue to take time and hard work to become fully established.

We have therefore taken the opportunity provided by the legal requirement to produce an Annual Governance Statement to review our systems, to record the progress we have made and to be honest about the progress we still need to make.

We also welcomed the engagement of our Commissioners, Audit and Risk Assurance Committee and our external auditors Grant Thornton in scrutinising and challenging our systems and encouraging and supporting us to improve them further.



Councillor Kerrie Carmichael
Leader of the Council

Kerrie Carmichael

Date:



Shokat Lal
Chief Executive

A handwritten signature in black ink, appearing to be "Shokat Lal".

Date:



1. Introduction

1.1 This Annual Governance Statement (the “Statement”) is a public facing assessment of the effectiveness of Sandwell Metropolitan Borough Council (the Council’s) governance framework during 2023–24. The Statement contains three main elements:

- (i) An explanation of the Council’s governance framework and context;
- (ii) The Council’s review of the effectiveness of the governance framework in the reporting period based on internal and external data and assessments; and
- (iii) The Council’s assessment of significant governance issues facing the Council and its action plan to manage and mitigate those issues.

1.2 Delivering good governance is a process of continuous review and improvement. This Statement provides a “snapshot” of the effectiveness of governance at the point of publication within the Council’s ongoing programme to review and improve its governance.

1.3 This Statement meets the Council’s duty to prepare and approve an annual governance statement under regulation 6 (1) of the Accounts and Audit (England) Regulations 2015. The Statement will be approved by the Council’s Audit and Risk Assurance Committee under its delegated powers and signed by the Committee’s Chair and the Chief Executive.

Scope of responsibility

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

1.5 In discharging this overall responsibility, the Council is responsible for putting in place robust arrangements for the governance of all its functions and the effective discharge of its duties and obligations, including the implementation of appropriate arrangements for the management and mitigation of risk. These arrangements are set out in this statement.

1.6 This statement is prepared to comply with the requirements of regulation 4(3) of the Accounts and Audit Regulations 2015 in relation to the publication of an annual governance statement to accompany the statement of accounts.



2. Governance

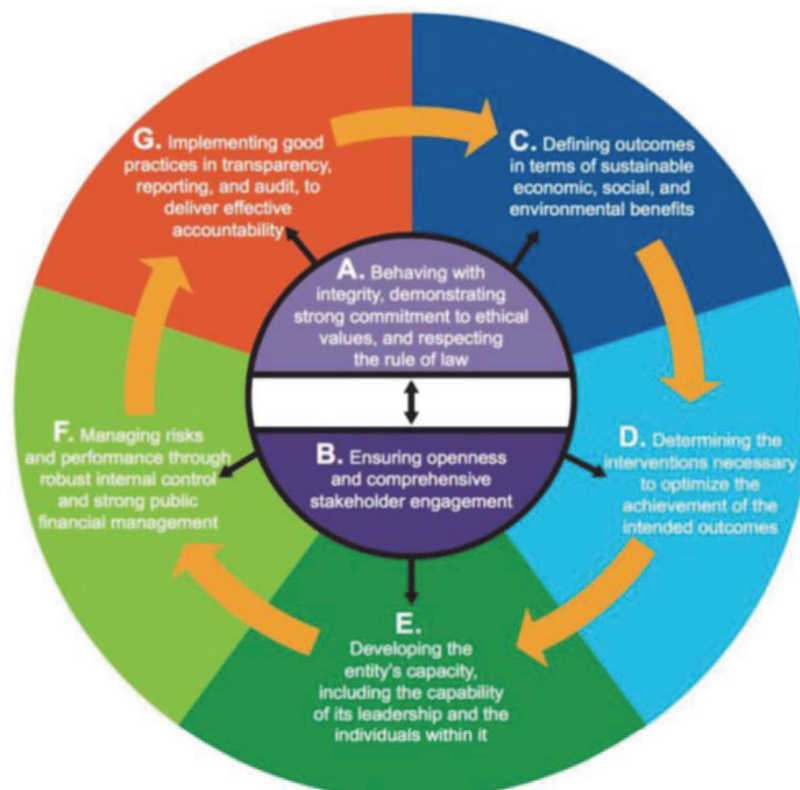
2.1 **Governance is the term used to describe the system by which the Council directs and controls its functions and relate these to its communities. It is about how the Council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.**

2.2 Good governance is vital in contributing to effective:

- (i) leadership and management;
- (ii) performance and risk management;
- (iii) stewardship of public money; and
- (iv) public engagement and outcomes for our citizens and service users.

2.3 Conversely, weak, or poor governance is likely to have a detrimental impact on the the Council's ability to deliver best value.

2.4 The Council has a Local Code of Corporate Governance, in line with the latest principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers) (SOLACE) Framework 'Delivering Good Governance in Local Government.' These principles have been adopted in this statement and details of how they operate in the Council are set out below



2.5 The Council would advise that job titles and responsibilities referenced within this statement have, since the period this statement covers, been subject to review and update. For purposes of clarity, the following table sets out titles used within the statement and the current designated post for purpose of this responsibility.

2023/24 Job title	2024/25 Job title
Director of Finance and Resources	Executive Director of Finance and Transformation
Director of Law and Governance	Monitoring Officer - Assistant Director, Legal and Assurance



3. Governance and Control Frameworks

3.1 The Council's governance framework comprises:

- (i) a suite of governance and strategic policies and documents;
- (ii) its systems and processes of governance; and
- (iii) the Council's culture and people that direct and control the authority and its activities and through which it engages with and accounts to Sandwell's communities.

3.2 The Council's governance framework enables it to:

- (i) monitor and measure the achievement of its strategic objectives;
- (ii) deliver and measure assurance of best value;
- (iii) act ethically and openly; and
- (iv) manage risk to a reasonable level recognising that no governance framework can eliminate all risk or give an absolute assurance of effectiveness.

Extent of control and influence

3.3 This statement reflects the governance framework in place across the wider Group (the Council and companies within the substantive control of the Council) including Sandwell Children's Trust Limited (SCT) – this is a trading subsidiary company wholly owned by the Council and was set up on 1 April 2018, following a government Statutory Direction under Section 479A of the Education act 1996) to deliver children's social care services. The Council is the primary funder to the Company, with a Council director and elected member represented on the Trust's Board of Directors.

3.4 There is a Service Delivery Contract (including a Service Support Agreement) between the Council and the Trust which sets out the contractual and governance arrangements between the parties.

3.5 In addition to the above, there is also a range of key services that are delivered through partnerships on behalf of the Council including with Serco, Sandwell Leisure Trust and Riverside Housing. Contracts are in place and monitored for these arrangements.



Governance Framework

3.6 The Governance Framework outlines the Council's culture and values and comprises the systems and processes by which the Council is directed and controlled and details those activities through which it accounts to, engages with, and leads the community.

3.7 It enables the Council to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services and ultimately the desired outcomes.

3.8 Risk management and internal control are a significant part of the Council's Corporate Governance Framework and are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of risk management and internal control are based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

3.9 The Governance Framework has been in place at the Council for the year ended 31 March 2024 and up to the date of the approval of the delayed Statement of Accounts.

Policy Framework

3.10 The **Council's Vision 2030 'Big Plans for a Great Place'** outlines ten Ambitions for the long-term future of the Borough of Sandwell –

1. Sandwell is a community where our families have high aspirations and where we pride ourselves on equality of opportunity and on our adaptability and resilience.
2. We have excellent and affordable public transport that connects us to all local centres and to jobs in Birmingham, Wolverhampton, the airport and the wider West Midlands.
3. Sandwell is a place where we live healthy lives and live them for longer and where those of us who are vulnerable feel respected and cared for.
4. We now have many new homes to meet a full range of housing needs in attractive neighbourhoods and close to key transport routes.
5. Our workforce and young people are skilled and talented, geared up to respond to changing business needs and to win rewarding jobs in a growing economy.



6. Our distinctive towns and neighbourhoods are successful centres of community life, leisure and entertainment where people increasingly choose to bring up their families.

7. Our children benefit from the best start in life and a high-quality education throughout their school careers with outstanding support from their teachers and families.

8. Sandwell has become a location of choice for industries of the future where the local economy and high performing companies continue to grow.

9. Our communities are built on mutual respect and taking care of each other, supported by all the agencies that ensure we feel safe and protected in our homes and local neighbourhoods.

10. Sandwell now has a national reputation for getting things done, where all local partners are focused on what really matters in people's lives and communities.



3.11 The Council had developed a corporate plan '**The Sandwell Plan – Big Plans**' for a Great Place that set out what the Council would do to deliver Vision 2030 and the 10 Ambitions over the next five years and was based upon six strategic outcomes. The driving theme behind the Plan was One Team: One Council, to reflect a culture of the organisation through strong leadership in an honest, open and transparent environment.

3.12 In 2024 the Council produced a new "Council Plan 2024-2027". The plan centres around four strategic themes:

- Growing up in Sandwell
- Living in Sandwell
- Healthy in Sandwell
- Thriving Economy in Sandwell

All underpinned by One Council One Team



4. Decision-making

The Constitution

4.1 The Council has a Constitution which sets out its rules for decision making and the checks and balances in place to ensure decision making is lawful, subject to scrutiny and is open and transparent, including but not limited to:

- (i) An **ethical framework** with Codes of Conduct for both Councillors and officers and obligations to register and declare private interests and gifts and hospitality;
- (ii) Clear delineation of the **separation of powers** between those exercised by the Leader and Cabinet and by Full Council and the powers delegated to committees by Full Council set out in their terms of reference;
- (iii) **Access to information rules** requiring decision making and other formal meetings of Councillors are held with advance notice in public and public access to all relevant documentation, unless the Council can demonstrate it is in the public interest to withhold the information;
- (iv) **Financial Regulations**, which provide the framework for managing the authority's financial affairs;
- (v) **Contract Standing Orders** to govern how the Council procures goods, services and works from external contractors; and
- (vi) A protocol on how Councillors and officers should work together (the "**Member-Officer Protocol**");

4.2 The Full Council and the Leader and Cabinet have also agreed a **Scheme of Delegation** of executive and non-executive powers to officers. Corporate Directors are required to agree a scheme of delegation for the exercise of powers to officers within their directorates. The Leadership Team (see below) has agreed standard delegations to officers at tiers 3 and 4 of the officer structure.

4.3 In addition to the Constitution, the Council must comply with the general law as it governs local authorities and as interpreted by the courts. The constitutional rules are supplemented on an operational level by the Council's clear framework for forward planning of decisions and workflows to ensure high quality evidence-based decision-making. The Constitution can be found on www.sandwell.gov.uk and includes the scheme of delegation.

4.4 Information on the councils executive arrangements, scrutiny and audit functions are set out in Appendix 1.



Councillors

4.5 The borough is made up of 24 wards each represented by 3 Councillors, giving a total of 72 Councillors. Councillor conduct and behaviour is required to comply with a local code of conduct and the Nolan Principles (See Appendix 2). Councillor behaviours and practices are underpinned by three overarching principles:

(i) **Respect for others.** Councillors should promote equality by not discriminating unlawfully against any person and by treating people with respect, regardless of their sex, sexual orientation, gender reassignment, race, religion and belief, disability, age, marriage and civil partnership. They should respect the impartiality and integrity of the Council's statutory officers and its other employees.

(ii) **Duty to uphold the law.** Councillors should uphold the law and, on all occasions, act in accordance with the trust that the public has entrusted in them.

(iii) **Stewardship.** Councillors should do whatever they are able to do to ensure that the Council uses its resources prudently and in accordance with the law.

Officers

4.6 **The Council has appointed officers to discharge powers that must be assigned to an individual officer, collectively known as statutory officers. There are three principal statutory officers for governance purposes (known as the "golden triangle"):**

(i) **Head of Paid Service** is the Chief Executive, who is responsible for all Council staff to deliver the Council's services and functions;

(ii) **Section 151 Officer** is the Director of Finance and Resources, who is responsible for ensuring the proper administration of the Council's financial affairs and ensuring value for money; and

(iii) **Monitoring Officer** is the Director of Law and Governance, who is responsible for ensuring legality and promoting high standards of public conduct.

4.7 Both the s.151 Officer and Monitoring Officer have a statutory duty to suspend a Council decision being made if they consider it is likely to result in unlawful expenditure in the case of the s.151 Officer or an unlawful decision in the case of the Monitoring Officer. The s.151 Officer must also ensure the Council sets a balanced budget each year and reports on the robustness of the Council's finances as part of the annual budget.



4.8 Other key statutory officers include:

- (i) **Director of Children's Services**, who is responsible for the safeguarding of all children and young people;
- (ii) **Director of Adult Social Services**, who is responsible for safeguarding of vulnerable adults and meeting the needs of all adults with social care needs; and
- (iii) **Director of Public Health**, who has overall responsibility for the Council's duties to assess, protect and improve the health and wellbeing of the people in its area.

Strategic Leadership Team

4.9 The Strategic Leadership Team (SLT) is the Council's senior officer group led by the Chief Executive and comprises the Council's Directors and other key officer invitees as required. SLT has overall responsibility and accountability for the vision and culture of the organisation, the implementation and development of political strategies and priorities, the organisation and management of staff and delivery against the Council's priorities. Whilst SLT as a body has no formal delegated decision-making powers, its members agree to exercise their delegated powers in a consistent way across the Council and the rationale for doing so.

4.10 SLT plays the leading role in setting the culture of the authority and modelling standards of behaviour and performance, including ensuring it seeks and listens to feedback from staff and their representatives (trade unions).

4.11 All Directors are accountable for service performance and compliance with Council policies, procedures and internal control systems in their directorate. Each provides an annual letter and undertaking to the s.151 officer on financial control. This is used for ongoing monitoring and to support future self-assessment against the CIPFA Financial Management Code.

4.12 The Council has a framework for the training and development of members and officers at all levels to ensure it has the capacity to meet the demands of delivering the Sandwell Plan 2024-2027.

4.13 SLT, the Leader and Cabinet work collaboratively to deliver the Council's priorities and progress the development of policy through forward planning and cabinet reports. There are weekly joint briefing meetings and individual directors work with their respective Cabinet lead members, including consultation on the exercise of delegated powers and the development of future Cabinet reports within the portfolio. Outcomes from these meetings are fed into SLT and Cabinet and joint meetings to ensure cross-cutting issues are identified and addressed.



5. Putting the principles into practice in Sandwell

5.1 Sandwell Council is confident that its governance arrangements are robust. Following central government intervention and the appointment of independent Commissioners the Council has reviewed, with the assistance of external specialist organisations, its corporate arrangements and has implemented a schedule of changes. The Council recognises, however, that improvement and progress will need to continue and evolve in order that we continue to respond to extensive change and to meet rising government and customer expectations about the quality and responsiveness of services.

5.2 During 2023/24 the Council had an Improvement Plan in place that was monitored monthly by Leadership Team and quarterly by Cabinet, Audit and Risk Assurance Committee and Budget and Corporate Scrutiny Management Board. The Council reported its progress to Central Government every six months. Significant progress had been made to deliver the actions within the Improvement Plan and the Council's progress has been recognised by the Commissioners and by our external reviewers (Grant Thornton, CIPFA and the Local Government Association (LGA)).

5.3 At the Cabinet meeting in March 2024, it was reported that following the latest Grant Thornton review in October 2023, the External Auditors were satisfied that the Council had made appropriate progress against the three statutory recommendations, and these had been lifted. Also, at the same Cabinet meeting it was noted that following the latest report to the Secretary of State in December 2023, government ministers concluded that the Statutory Directions would be lifted, and the Council has now come out of intervention because of the improvements that had been made.

5.4 The Council acknowledges the amount of work ahead to continue the Council's improvement. Key areas of focus are organisational culture, customer journey, transformation and delivering the Medium-Term Financial Strategy. As indicated above, the Council's governance framework is consistent with the seven core principles of the CIPFA / SOLACE framework.

5.5 Key elements of Council systems and processes form part of the Group's Governance Framework and the table below sets out the evidence relied upon that provides assurance that the CIPFA/ SOLACE framework has been complied with –



Core Principles of the CIPFA/ SOLACE Framework	Governance Framework Providing Assurance	Assurances Received and Review of Effectiveness	Issues Identified for action
<ul style="list-style-type: none"> • Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law. • Ensuring openness and comprehensive stakeholder engagement. • Defining outcomes in terms of sustainable economic, social and environmental benefits. 	<ul style="list-style-type: none"> • The Constitution (including the Head of Paid Service, Monitoring Officer and Chief Financial Officer • Director of Public Health • Corporate Plan • Corporate Performance Management Framework and regular public reporting • Medium term financial plan • Strategic risk register • Scrutiny Function • Codes of conduct • Schemes of delegation 	<ul style="list-style-type: none"> • Government ministers concluding that the Statutory Directions would be lifted, and the council subsequently coming out of intervention. This reflects significant and ongoing work to and build and maintain positive and constructive member/officer relationships. • The External Auditors lifting their three statutory recommendations • Annual Statement of Accounts (delayed) 	<ul style="list-style-type: none"> • Governance review and maintain positive and constructive • Member/Officer relationships • Management compliance with regulations and procedures • Organisational structure and efficiency



Core Principles of the CIPFA/ SOLACE Framework	Governance Framework Providing Assurance	Assurances Received and Review of Effectiveness	Issues Identified for action
<ul style="list-style-type: none"> • Determining the interventions necessary to optimise the achievement of the intended outcomes. • Developing the entity's capacity, including the capability of its leadership and the individuals within it. • Managing risks and performance through robust internal control and strong public financial management. • Implementing good practices in transparency, reporting and audit to deliver effective accountability. 	<ul style="list-style-type: none"> • Ethical Standards and Member Development Committee • Audit and Risk Assurance Committee • Internal and external audit • Independent external reviews (Ofsted, ICO) • Code of Corporate Governance • Whistleblowing and Anti-Fraud and Corruption Strategy • Information Governance Board • Procurement and Contract Procedure Rules and Financial Regulations • Modern.gov - Committee management information system • Children's Trust Strategic Partnership, Operational Partnership and Improvement Board • Customer Complaints and compliments system (My Sandwell portal) • Schools Forum • Health and Safety 	<ul style="list-style-type: none"> • External Audit – Audit Findings Report (delayed as a result of the above) • Annual Internal Audit Report • Audit and Risk Assurance Committee Annual Report • Member and Executive Development Programmes • Ofsted Annual Report of HMCI of Education, Children's Services and Skills • Annual Local Government Ombudsman report • Annual Fraud Report • Sandwell Safeguarding Adult's Board and Children's Board Annual Reports • Annual Scrutiny Report • Investors in People • Ofsted monitoring visits • Sandwell Children's Trust Ltd Statement of Internal Control • Staff surveys • Self-Assessment – Financial Management Code 	<ul style="list-style-type: none"> • Housing transformation • Use of interim post holders and consultants • Governance and monitoring arrangements for overseeing group and associated companies

5.6 In reviewing the Council's priorities and its implications for its governance arrangements, the Council carries out an annual review of the elements that make up the governance framework to ensure it remains effective.



6. Key changes and challenges

6.1 The key changes to the Governance framework during 2023/24, or after the year end but prior to this statement being finalised include:

- A new senior management structure was approved by Full Council in October 2023. As of January 2025, recruitment to the posts of Executive Director – Finance and Transformation and Executive Director – Place had been completed and individuals had taken up their posts in May 2024. Recruitment to the remaining post of Executive Director – People is presently paused pending a review of market conditions.
- An Improvement Plan approved by Full Council in January 2022 in response to recommendations made by Grant Thornton following a Value for Money Governance Review. Recommendations from an LGA Corporate Peer Challenge, A CIPFA Financial Management Review and Statutory Directions from Government were subsequently added to expand the plan.
- A comprehensive new assurance framework established to monitor and embed the improvements. This includes new arrangements to capture evidence and reporting through relevant member bodies including the Audit and Risk Assurance Committee and the Budget and Corporate Scrutiny Management Board.
- At the Cabinet meeting in March 2024, it was reported that following the latest Grant Thornton review in October 2023, the External Auditors were satisfied that the council had made appropriate progress against the three statutory recommendations, and these had been lifted. Also, at the same Cabinet meeting it was noted that following the latest report to the Secretary of State in December 2023, government ministers concluded that the Statutory Directions would be lifted, and the Council has now come out of intervention as a result of the improvements that had been made.
- Comprehensive Assurance Frameworks developed around the Improvement Plan have provided the foundation for sustained improvement and have demonstrated robust assurance to Government that the Council it is now meeting its statutory Best Value obligations.
- The Council has completed a review of its Scrutiny arrangements. A change programme arising from the review has been implemented and progress is being embedded and monitored.
- A holistic review of governance arrangements commenced in March 2022, following the review of corporate decision making by the Council's external auditor and the Local Government Association.



- The Council's new Monitoring Officer since their designation in January 2024 has expanded and refreshed this review in order to ensure robust and effective governance arrangements are in place. This work takes the form of a full review of the Constitution based on a move to a clearer, improved form and approach, combined with consolidation of internal structures. Taken collectively these actions are designed to ensure effective accountability across all aspects of decision-making and operation, whilst ensuring agility of operation and practice within the organisation.
- A Towns Deal Superboard was dissolved and three local boards were established to oversee the delivery of the Towns Fund Programme and the projects within the town deal areas, respectively. The Council acts as the accountable body for project and programme funding and member oversight achieved through reports to both Cabinet and Scrutiny Management Board.
- An Equalities Commission was set up to provide further understanding and assurance on equalities across the Council. A dedicated Equality, Diversity and Inclusion service was established in 2022 to support delivery of the Commission's ambitions. The EDI (Equality, Diversity and Inclusion) Strategic Roadmap and Action Plan was introduced in 2022. Cyclical monitoring and reporting arrangements now operate to assess ongoing implementation, engaging Cabinet, Cabinet Members and Scrutiny Board Members.
- A comprehensive Corporate Performance Management Framework is in operation and continues to be developed as the Council's matures and embeds a positive approach to performance and accountability and ensures a continued sustainable model as the Council moves beyond intervention.
- Improved maturity and recognition of current and emerging strategic risks combined with appropriate actions to ensure the Council responds in a timely manner. Examples include the establishment of a Cyber Board to ensure that the Council has awareness of, identifies, monitors, and manages any cyber related risks. The Council has also adopted a Climate Change Strategy 2020-2041 recognising the strategic and operational challenges presented by climate change and more extreme weather events.
- Development and approval of a Climate Change Strategy 2020-2041 for Sandwell.



- Statutory Officers Group was established to provide a forum for the Chief Executive and Head of Paid Service, Director of Law and Governance and Monitoring Officer and Section 151 Officer to discuss issues and matters arising in relation to their respective statutory roles, functions, duties, powers and responsibilities. The group continues to meet with political group leaders and secretaries with a focus on the Council's governance infrastructure.
- The launch of 'My Councillor' portal – a platform to efficiently progress Councillor casework across the Council. This continues to provide members with an electronic casework system and is scheduled to be reviewed as part of the Council's commitment to improving relationships with its customers.
- The Council's Contract Procedure Rules and Financial Regulations were reviewed and revised following feedback from an independent CIPFA review. Changes were approved by Council in September and November 2022.
- Self-assessment against the CIPFA Financial Management Code.



7. 2023/24 Review of Effectiveness

7.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework including the system of internal control.

7.2 The review of effectiveness is informed by the work of Councillors and senior officers within the Council who have responsibility for the development and maintenance of the governance framework, Internal Audit's annual report, the Audit and Risk Assurance Committee, the Ethical Standards and Member Development Committee, the Governance and Constitution Review Committee, the Scrutiny function and reports made by the Council's external auditors and other review agencies and inspectorates (all of which are publicly available through the Council's website).

7.3 A key component of the review of effectiveness is through the work of the Council's Audit and Risk Assurance Committee and during the year the Committee continued helping to ensure that the Council had a modern, effective and risk focussed Committee. The Committee maintained its focus on the Council's risk management arrangements, gaining an increased assurance that the Council was managing its strategic risks effectively and maintained a strong working relationship, through regular meetings with the Council's External Auditors Grant Thornton, the Internal Auditors and Senior Officers.

Commissioners' Progress Reports

7.4 Commissioners' monitored the Council's progress in addressing the key issues identified by external reviews in 2021/22 through the delivery of the Improvement Plan, as well as seeking evidence to determine if the improvements made were sustainable. Regular meetings took place between Commissioners, the Chief Executive, Leadership Team and statutory officers. Commissioners also met with the Leader, Cabinet Members as required. The Commissioners reported to the Secretary of State on the Council's progress every six months.

7.5 In their July 2023 report, Commissioners concluded that there was cautious optimism for the improvement journey of the Council. Commissioners found the Council's leadership at political and officer level, had shown grip and determination to improve at pace and that if the level of focus, energy and commitment observed was maintained, then the required progress would be made. Commissioners in turn signalled their beginning to step back from the Council and have challenged Sandwell to demonstrate its ability to take forward its improvement independently.

7.6 In their fourth and final report in December 2023, Commissioners noted that there has been considerable progress at the Council since their third report. They believed that there was no evidence to suggest the Council is failing its Best Value Duty. Government ministers accepted the recommendation of Commissioners and concluded that the Statutory Directions would be lifted.



Internal Audit

7.7 Internal Audit reviewed itself against the governance arrangements set out in the CIPFA Statement on the Role of the Head of Internal Audit and the Council can confirm that the arrangements conform to these requirements and general compliance with the Public Sector Internal Audit Standards.

7.8 The Internal Audit Opinion for 2023/24 given in their annual report, was that Internal Audit were able to provide reasonable assurance that the Council had adequate and effective governance, risk management and internal control processes.

7.9 They also noted that they had issued five limited assurance reports during the year. Similarly, there had continued to be delays in the finalising and signing-off of the Council's Statement of Accounts. This had a subsequent effect in delaying the receipt of the the Annual External Auditor's Reports which can be used to help inform the annual internal audit opinion and to produce the Annual Governance Statement in a timely manner.

7.10 During the 2023/24-year Internal Audit completed 24 pieces of work where a level of assurance was given, these were split as follows.

Level of Assurance	Number of Reviews
Substantial	6
Reasonable	13
Limited	5
None	-

7.11 The Councils internal management and operational structures demonstrate an increasing maturity and awareness in responding to pre-planned and reactive audit activities. Robust and effective actions are consistently taken in response to individual audits adding greater assurance to oversight arrangements and improving the effectiveness of subsequent monitoring of audit recommendations.



External Audit

7.12 In August 2024, the audit of the council's 2021/22 Statement of Accounts was completed, and an unqualified audit opinion was issued by the external auditor, Grant Thornton, on the accounts. Following publication of the audited Statement of Accounts for 2021/22, the council has been working on the draft Statement of Accounts for the year ending 31 March 2023, and this work was substantially complete and expected to be shortly presented to the auditor. The auditor commenced work on detailed audit testing of 2022/23 transactions and working papers in August 2024.

7.13 The statutory deadlines for publishing unaudited accounts for 2022/23 and 2023/24 were 31 May 2023 and 31 May 2024 respectively. However, there have been significant delays in finalising financial statements relating to previous financial years, due to technical accounting issues, resource issues and delays in carrying out audit work, and this has led to a resulting delay in producing the Statements of Accounts for 2022/23 and 2023/24.

7.14 The issues faced by the Council are being experienced by local authorities across the country, with a significant backlog in the publication of audited accounts of local bodies. In order to deal with the backlog of outstanding unaudited accounts across local bodies, on 31 July 2024, the Ministry of Housing, Communities and Local Government (MHCLG) announced their intention to implement a series of 'backstop' deadlines, by which audits of outstanding accounts must have been completed. The Government's plan is that secondary legislation will be laid to set a statutory backstop of 13 December 2024 for the publication of audited accounts for all financial years up-to-and-including 2022/23.

7.15 The legislation will include five further backstop dates up to and including financial year 2027/28 in order "to allow full assurance to be rebuilt over several audit cycles". The backstop dates are:

- Financial years up-to-and-including 2022/23: 13 December 2024
- Financial year 2023/24: 28 February 2025
- Financial year 2024/25: 27 February 2026
- Financial year 2025/26: 31 January 2027
- Financial year 2026/27: 30 November 2027
- Financial year 2027/28: 30 November 2028



7.16 To comply with the anticipated backstop legislation, time would not allow for a full audit to take place of both sets of the council's outstanding accounts. Therefore, it is likely that the auditor will apply the backstop for both financial years. As full audits are unlikely to be able to take place due to limitation of time,

7.17 The auditors audit reports are likely to be issued as a disclaimer of opinion. Effectively this means that the auditor will have been unable to gain the assurance necessary to give an unmodified audit opinion by the anticipated statutory backstop date. In plain terms, a disclaimer means that the auditor has been unable to form an opinion. In this instance, the reason for this will be the limitation of scope imposed by statute (not by the local authority). A disclaimer due to the backstop does not of itself indicate a local authority failing.

7.18 The Government recognises that due to time constraints, not all audits will be completed in full by the proposed 13 December 2024 and 28 February 2025 backstop deadlines. Where this is case, MHCLG expects that auditors will issue 'disclaimed' or 'modified' audit opinions. Auditors are likely to issue hundreds of 'disclaimed' audit opinions and disclaimed opinions will potentially continue for some bodies for a number of years.

7.19 The Government has stated that "local bodies should not be unfairly judged based on disclaimed or modified opinions, caused by the breakdown in the system and the introduction of backstop dates that are largely beyond their control".

7.20 The Government has also stated that if any bodies fail to comply with a backstop date, they would be required to publish an explanation, send a copy to the Secretary of State, and publish audited accounts as soon as practicable. The Government also intends to publish a list of bodies and auditors that do not meet the proposed backstop dates.

7.21 Although compliance with the expected backstop legislation will mean that full audits will not take place, partial audits of both the 2022/23 and 2023/24 accounts will still include income and expenditure, debtors and creditors and key balance sheet areas.

7.22 The auditor will prioritise areas of the accounts which would impact on the General Fund balances, with the aim that they can provide the Council with assurance over its useable reserves. The auditor has stated, however, that it is highly likely that they would be unable to undertake sufficient procedures on capital to provide the Council with assurance over these areas and that their opinion would likely be qualified in relation to the property, plant and equipment (PPE) disclosures on the balance sheet and the capital related unusable reserve.



7.23 Audit of all aspects affecting the General Fund and useable reserves will, however, provide assurance on those items and allow the Council to keep control of them, and it will leave the Council most suitably prepared to start the 2024/25 closedown process on 1 April 2025, with 2023/24 closing balances of useable reserves agreed.

7.24 This will leave the Council in a good position going into the 2024/25 audit, to ensure that the audit is carried out in a timely manner so that unqualified audit opinions can resume for the Council as soon as possible. If, during the audits, the auditor identifies weaknesses in the Council's arrangements for accounts closedown, they will report these in the usual way in their Audit Findings Report, which they will produce at the conclusion of the audits.

CIPFA's Statement on the Role of the Chief Financial Officer in Local Government

7.25 The Council is required to confirm whether its financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government. The Statement sets out five principles which define the core activities and behaviours that belong to the role of the CFO and the organisational arrangements needed to support them.

7.26 The Director of Finance left the Council in September 2023 and an interim s.151 Officer was appointed in September 2023. The interim s.151 Officer left the Council in May 2024, and a new Executive Director of Finance and Transformation took up their role under the new senior management structure. A review of the role of the Council's s.151 Officer against the CIPFA Statement on the Role of the Chief Finance Officer will be undertaken.

7.27 The Chief Finance Officer has been involved in preparing this statement and is satisfied that no matters of significance have been omitted from it.

Managing the risk of Fraud and Corruption

7.28 The Council has embedded effective standards for countering fraud and corruption through the adoption of and adherence to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. The Code is based on five principles and having considered these, the Council is satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.



Sandwell Children's Trust Limited

7.29 The Sandwell Children's Trust became fully operationally on 1 April 2018. The Trust while owned by the Council has day-to-day operational independence with regards to its management and the delivery of children's social care services and is managed by a board of non-executive and executive directors. The Trust's accounts are audited separately by their own external auditors. For 2023/24, and at the time this statement was prepared this audit was still underway. Once this has been completed and an opinion has been provided, this will also feed into this statement.

7.30 The Trust's Internal Auditors provided reasonable assurance that the Trust had adequate and effective governance, risk management and internal control processes.

7.31 The statutory duty to provide children's social care services, however, remains with the Council. As such, comprehensive governance arrangements including Operational and Strategic Partnership Boards and a Service Delivery Contract and are in place to enable the Council to monitor progress of the Trust, consider performance and operational issues on a regular basis and hold the Trust Board to account.

7.32 Following their inspection of Children's Services in May 2022 Ofsted concluded that services 'require improvement to be good'. This represented significant progress as Children's Services had been rated inadequate by Ofsted for more than a decade. They praised improved governance and effective relationships between the Council and Trust, noting that the new Chief Executive at the Trust had worked effectively with senior leaders to set a clear strategic pathway which had already changed the culture and begun to improve services for vulnerable children and families. However, their report did highlight areas for further improvement, particularly around supporting children out of neglectful situations quicker, and planning the transition into care more effectively.

7.33 In July 2023 Ofsted and the Care Quality Commission undertook an Area SEND inspection of the Sandwell Local Area Partnership. The inspection outcome was that the local area partnership's arrangements lead to inconsistent experiences and outcomes for children and young people with special educational needs and/or disabilities (SEND). They highlighted that the local area partnership must work jointly to make improvements and made a number of recommendations. In response, an action plan has been developed to respond to and implement the improvement recommendations, which are subject to ongoing monitoring

The Financial Management Code

7.34 The Council has undertaken a self-assessment exercise against the new Financial Management Code. The Code includes the following core principles by which authorities should be guided in managing their finances:



- Organisational leadership – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- Accountability – financial management is based on medium-term financial planning, which drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- Financial management is undertaken with transparency at its core using consistent, meaningful and understandable data, reported with appropriate frequency and with evidence of periodic officer action and elected member decision making.
- Adherence to professional standards is promoted by the leadership team and is evidenced.
- Sources of assurance are recognised as an effective tool mainstreamed into financial management and include political scrutiny and the results of external audit, internal audit and inspection.
- The long-term sustainability of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

7.35 The self-assessment found the Council to be in compliance with the Code. However, there were a limited number of matters where areas for improvement were identified. As a result of this, an action plan was prepared and its ongoing implementation will be reviewed during 2024/25.

Constitution Review

7.36 The ongoing review of the Council’s constitution and decision-making processes has continued during 2023/24. The review to date has introduced changes to Cabinet, Executive Member and Officer delegation, a refresh of the Financial Regulations and Procurement and Contract procedure Rules; a review of the Scrutiny function around pre decision making and policy development; update to the Council’s decision-making arrangements including the forward plan and report templates and report writing.

7.37 The Council’s new Monitoring Officer has reviewed work undertaken to date and has since expanded the scope of this review to encompass the form, content and style of the entire Constitution to ensure sector best practice is embedded, with a particular focus on clarity, consistency and robustness of controls, whilst maintaining agility of decision-making. All elements of the constitution will have been reviewed by the end of 2025. The review is being overseen by the Governance and Constitution Review Committee with the opportunity for all Councillors to be involved in the construct of any changes.

7.38 New Member and Executive Development Programmes have been delivered that have informed by the needs of Members and focus on their development, training and support requirements from both a corporate and personal Councillor perspective. The Council has a newly elected Councillor induction programme which is subject to annual review and refresh to best meet the needs of those new to the Councillor role.



7.39 The form and content of development programmes take account of national sector best practice with ongoing engagement with the Local Government Association (LGA), Centre for Governance and Scrutiny (CfGS) and similar sector forums to ensure training is appropriate, whilst ensuring all Councillors have access to and are engaged in regional and national networks, again ensuring best practice and knowledge are shared.



8. Significant Governance Issues

8.1 Based on the outcome of several external reviews, as already referenced throughout this statement, culminating in the Council's Improvement Plan, this is a summary of the key areas where issues were identified, and action is being taken to make the necessary improvements.

Improvement Plan

8.2 In December 2021 Grant Thornton issued their Value for Money Governance review making several recommendations, including three statutory recommendations alongside several key and improvement recommendations. The three statutory recommendations were:

- It is imperative that senior officers and senior members take effective corporate grip of long-standing service issues highlighted by the findings in this report (including SLT, SCT, the waste service, the ERP system and Lion Farm) and prioritise corporate effort in managing the issues identified and embed the solutions into the Council.
- The Council must ensure that the learning in relation to commercial decisions, procurement and contract management highlighted in this report are understood through the organisation.
- Senior leadership, both officers and members, must demonstrate that they can continue to work together effectively, that they operate in line with the Council's values, codes, policies and procedures and that there is zero tolerance to inappropriate behaviours. This includes changing the organisational culture in relation to complaints so that they restore balance and proportionality.

8.3 Following this review, alongside other external reviews, an Improvement Plan was produced and agreed by the Council in June 2022. The implementation of the recommendations in the Improvement Plan was recognised as the key driver in enabling the Council to improve its governance processes going forward.

8.4 The Improvement Plan was regularly refreshed through a documented Change Control process. This enabled the Plan to be a living document and incorporate key areas for improvement, such as those arising from the external reviews follow up visits. It also enabled actions to be closed when completed, or transition from implementation to monitoring/assurance activity. These changes were implemented on a quarterly basis and reported to Cabinet.

8.5 As part of the governance and assurance arrangements the Council has developed a new Council Plan 2024-2027 to incorporate the ongoing activity from the Improvement Plan so that the Council could move towards a single plan covering all key strategic priorities.



8.6 Following the end of Government intervention in March 2024, the Improvement Plan programme ended as a separate governance process.

8.7 Sustained improvement activity has now been embedded into existing arrangements. Where actions on the Improvement Plan remain 'open' at the close of the programme, these have been mapped to existing plans and governance arrangements (for example - local, business, and corporate plans) and recorded in an Assurance Plan. This Assurance Plan will be built into the quarterly corporate performance management reporting arrangements for 2024/25 to ensure continued oversight of key workstreams whilst ensuring that the Council continues its improvement journey.

Governance Review and Reset

8.8 The governance landscape for the Council comprises the constitution, wrap around policy suite, inward and outward facing forums, boards and member / officer boards, the procedures processes and systems through which decisions are applied and implemented, and associated systems which monitor compliance.

8.9 The effectiveness of structures and processes are key components of governance. These include member committees and bodies together with a wide range of internal officer boards. Both elements have evolved over several years and have not been subject to strategic review and reset during that period.

8.10 An initial review of the current governance landscape highlighted what could be seen as a confusing and complex environment. This is formed of multiple structures with often overlapping responsibilities aligned with historic operating structures. The review identified bureaucracy, unclear reporting lines and accountability, and slow decision-making results.

8.11 Therefore, the Council is to establish a Governance Board to oversee and develop the Council's governance arrangements, which will:

- have overall responsibility for ensuring that the principles within the Code of Corporate Governance are adhered to;
- ensure that the Council's values are kept to the fore in all decisions and actions;
- ensure good decision making takes place through availability of information and clear accountabilities;
- have robust strategic risk management processes in place to protect the Council, colleagues, and for the residents, businesses and communities of Sandwell; and
- comply with the Council's regulatory obligations.

8.12 The Council has a Protocol for Member/Employee Relations. The protocol seeks to reflect the principles underlying the respective Codes of Conduct which apply to Members and Officers.



8.13 The shared objective of these Codes is to enhance and maintain the integrity (real and perceived) of local government and the Codes, therefore, demand very high standards of personal conduct. Much work has been undertaken in recent times to improve this, and work will continue to further develop this.

8.14 There is a need to strengthen management compliance with regulations and procedures. Through a variety of routes, including the work of the internal and external auditors, instances were identified where management had not consistently met this requirement. The need to do so will be constantly re-enforced and will form a key part of the governance review.

8.15 With several key and senior officers leaving the Council, alongside constrictions in the recruitment marketplace, the Council has had to bring in a number of interim officers and consultants in specialist areas in order to help achieve its objectives. There is a need to ensure that by using such an approach, that this translates to successful outcomes. There also needs to be a move to recruit permanent officers into these posts as soon as possible.

8.16 The Council has a Transformation Programme consisting of 11 themes as shown below:

Adult Social Care

Children & Education

Customer Focus

Fleet Review

Governance & Decision Making

Housing

Oracle Fusion

Property & Assets

Strategic Leisure Review

Values Realisation

Service Delivery Models

8.17 This transformation programme is dynamic and continuously evolving. It extends beyond financial imperatives but aligns with and supports the transformation savings identified in the Medium Term Financial Strategy. The programme is underpinned by a series of over arching objectives centred around efficiency of operation and structure, customer experience and providing the strategic and operational frameworks to enable the Council to be brilliant at the basics and build towards becoming an outstanding Council.

8.18 There is a Corporate Transformation Board charged with oversight of the delivery of the Transformation Programme. This is under pinned by a number of programme working groups and lead officers who report through to the board. The way in which the overarching board and wider programme operates is currently in the process of being refreshed in order to ensure a consistent project management approach is followed across each theme.

8.19 Several significant issues were highlighted with regards to the Council's Housing Service. This included out of date stock condition surveys and a self-referral to the Regulator of Social Housing with regards to building safety compliance checks. In October 2024 the Regulator of Social Housing published a Regulatory Judgement in relation to the recently adopted Consumer Standards, which apply to all registered providers of social housing. The regulator reached a conclusion that there were serious failings in delivering the outcome of the Safety and Quality Consumer Standard, and that significant improvement was needed.

8.20 There were also delays and large contract overspends on several major capital housing projects. This aligns with longer term issues experienced with ensuring integration of Housing Services within the wider organisation, including consistency of policy, practice, and procedure. Interventions have been identified by the Council's Strategic Leadership Team and continue to be applied to Housing Services to ensure compliance.

8.21 Several plans have now been put in place to help remedy these issues as part of the Housing Transformation Programme. Identified actions and resourcing requirements are detailed within the plans with structured monitoring of delivery and compliance in place as an additional assurance mechanism. An update on this programme was presented to the Council's Audit and Risk Assurance Committee in September 2024.

8.22 There is also a need for the Council to review its governance and monitoring arrangements for overseeing group and associated companies. This includes those operating at arms-length where they continue to play a key shared role in the Council's provision of services.

8.23 An action plan to address the above issues is included at Appendix 3 to this Statement.

November 2024



To the best of our knowledge, the governance arrangements, as outlined above have been effectively operating during the year except for those areas identified as requiring improvement. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our annual review.



**Councillor Kerrie
Carmichael**
Leader of the Council



Shokat Lal
Chief Executive



Appendix 1 – Political Leadership and Scrutiny

1. The Leader and Cabinet

1.1 The Council has adopted the strong ‘leader and cabinet’ form of executive arrangement under the Local Government and Public Involvement in Health Act 2007 with a Cabinet of up to ten Councillors, meeting in public to make executive decisions on matters of strategy and borough-wide significance.

1.2 Each Cabinet Member also has a portfolio of responsibility for the delivery of services, which are aligned to each of the 10 Vision Ambitions, for which they are accountable.

1.3 The Leader has agreed a scheme of delegation of executive powers under which:

(i) The Leader and Cabinet make significant decisions collectively, save in cases of urgency.

(ii) The Leader and/or a Cabinet member makes all key decisions with a value over £500,000 or where there is a significant effect on two or more wards.

(iii) A Scheme of Delegation of all other “non-key” decisions are delegated to officers with powers dependent on their seniority and areas of responsibility.

2. Full Council and Decision Making

2.1 The Constitution and the statutory framework governing local authorities reserve specific decision-making powers to the Full Council of all the Councillors. Most importantly, this includes the power to set the annual budget and Council tax and agree major policies. The Leader and Cabinet must make decisions within the budget and policy framework set by the Full Council.

2.2 Full Council appoints committees to make decisions in specific areas, such as planning, licensing and audit. Each committee has terms of reference setting out their delegated powers. Full Council and committees also delegate powers to officers. Full Council agrees its Scheme of Delegation of Powers to officers at every annual Council meeting in May.

3. Audit and assurance

3.1 The Audit and Risk Assurance Committee is critical to the oversight of good governance as its remit includes receiving assurance on the Council’s financial management, internal control and anti-fraud measures, including the approval of the Council’s statement of accounts which includes this Statement.



Appendix 1 – Political Leadership and Scrutiny

4. Overview and Scrutiny

4.1 Full Council must appoint one or more member bodies to discharge statutory overview and scrutiny functions. The Council has 5 Scrutiny Management Boards –

- (i) Budget and Corporate Scrutiny Management Board
- (ii) Children's Services and Education Scrutiny Board
- (iii) Economy, Skills, Transport and Environment Scrutiny Board
- (iv) Health and Adult Social Care Scrutiny Board
- (v) Safer Neighbourhoods and Active Communities Scrutiny Board

4.2 Each Scrutiny Management Board agrees an annual work plan focusing on strategic priorities and adopts a "critical friend" approach towards the Leader and Cabinet. The most effective scrutiny occurs pre-decision and the Council's Overview and Scrutiny committees now each have a pro-active work programme. However, if a Scrutiny Management Board wishes to review a Cabinet decision after it has been made, it can exercise its power of call in.

4.3 Each Scrutiny Board may make recommendations to the Leader and Cabinet on the decision, who are required to reconsider their decisions taking account of any scrutiny recommendations.



Appendix 2 – Conduct, standards and behaviour

1. Councillors

1.1 The Council has a clear ethical framework based on the Standards of Conduct in Public Life (the Nolan Principles). The Monitoring Officer is the Council's lead officer for maintaining high standards of conduct in the authority reporting to the Ethical Standards and Member Development Committee. The Committee has an independent (non-voting chair) and a further independent person appointed under the Localism Act 2011 to provide advice to the Monitoring Officer, the Committee and individual Councillors subject to complaints.

1.2 There is a Code of Conduct for Councillors, including obligations to register and declare specific private interests at meetings (and not participate where required) and to declare gifts and hospitality from third parties. Councillors are required to receive training on the Code of Conduct and ethical standards.

1.3 The Council has a complaints procedure for the consideration of complaints that a Councillor has breached the Code of Conduct. The Monitoring Officer is responsible for handling complaints and may require a complaint to be investigated. The Monitoring Officer may refer an investigation to a hearing by the Ethical Standards and Member Development Committee to determine whether a Councillor has breached the Code of Conduct and, if so, the sanction.

1.4 A Code of Conduct for employees and disciplinary policy is in place with an obligation to declare and register private interests and gifts and hospitality from third parties.

1.5 The Council's Ethical Standards and Member Development Committee has an annual work plan and receives a regular report on the Ethical Framework providing details of the declarations and conduct in the reporting period to identify issues and patterns for the Monitoring Officer and Full Council to consider.

1.6 The Council is committed to creating and maintaining an anti-fraud culture and high ethical standards in the administration of public funds. Commercial relationships between the Council and third-party organisations or individuals are subject to a robust due diligence process.

2. Officers

2.1 The Council's officers are employed to advise Councillors on matters of policy and strategy and to implement decisions at operational level using delegated powers (agreed under the Scheme of Delegation). Officers manage the Council's staff and all other aspects of day-to-day operations. The Council's management structure can be found in the Constitution.

2.2 The Council's Member Officer Protocol provides practical guidance on how Councillors and officers work together positively, respecting their different roles in delivering the Council's priorities. The Protocol provides guidance on the boundaries between the roles and responsibilities of Councillors and officers and can be found on the council's website.



Action Plan – Annual Governance Statement 2023/24

Appendix 3

Ref	Governance issue	Action	Responsible Officer	Implementation Date
1	Governance review and reset	Establish a process to fully map the council's governance arrangements, to understand and evaluate what changes are necessary, and in doing so to enable these to be delivered sustainably to ensure the smooth, efficient, and effective operation of the organisation.	Monitoring Officer	June 2025
2	Member/Officer Relationships	To continue to develop strong Member Officer working relationships in line with the Protocol for Member/Employee Relations.	Monitoring Officer	June 2025
3	Management compliance with regulations and procedures	Establish a council wide assurance and accountability framework for senior management to ensure compliance with regulations and procedures.	Chief Executive Executive Director – Finance & Transformation Monitoring Officer	September 2025
4	Organisational structure and efficiency	To complete the senior management restructure, and to ensure that it is operating in an effective manner and meeting the requirements of new and emerging executive orders.	Chief Executive Assistant Chief Executive Executive Director Finance & Transformation Executive Director Place Monitoring Officer	June 2025

Ref	Governance issue	Action	Responsible Officer	Implementation Date
5	Transformation Programme	To continue to monitor and deliver the various elements within the Transformation Programme.	Chief Executive Executive Director Finance & Transformation Executive Director Place Director of Adult Social Care Director of Education & Childrens Services Director of Public Health Monitoring Officer – Assistant Director Legal & Assurance	Ongoing with regular review
6	Housing transformation	To ensure that the actions and resourcing requirements within the Housing Transformation Plan, and from the outcome of the Regulator of Social Housing’s judgement, are monitored and delivered in accordance with agreed timescales.	Executive Director – Place	December 2027
7	Use of interim postholders and consultants	Review current arrangements for the use of all key interim post holders and consultants to ensure that outcomes against cost are clearly defined and are being delivered. Ultimately to move to recruit into key posts.	Chief Executive Executive Director Finance & Transformation Executive Director Place Director of Adult Social Care Director of Education & Childrens Services Director of Public Health Monitoring Officer – Assistant Director Legal & Assurance	June 2025
8	Governance and monitoring arrangements for overseeing group and associated companies.	There is a need for the Council to review its governance and monitoring arrangements for overseeing group and associated companies. This includes those operating at arms-length where they continue to play a key shared role in the Council’s provision of services.	Executive Director – Finance & Transformation Monitoring Officer	May 2025

