

# Annual Financial Report 2022/23

Containing the council's statement of accounts  
and annual governance statement



Walsall Council

PROUD OF OUR PAST OUR PRESENT AND FOR OUR FUTURE



**Walsall Council**

# Annual financial report 2022/23

Containing the council's statement of accounts and annual  
governance statement

**Subject to Audit**

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# Introduction to the 2022/23 annual financial statements

Welcome to Walsall Council's Accounts for the year April 2022 to March 2023.

As we emerge from the Covid-19 pandemic this has been another challenging but successful year for Walsall Council.

We have faced continuing funding pressures due to increasing demand for our services, increases in our costs, reductions in our funding and the impact of the cost-of-living crisis affecting us all. Against this background we have continued to successfully deliver against our priorities as set out in the council plan:

- **Economic growth** – Enable greater local opportunities for all people, communities, and businesses.
- **People** - Encourage our residents to lead more active, fulfilling, and independent lives to maintain or improve their health and wellbeing.
- **Internal focus** - Council services are customer focused effective, efficient, and equitable.
- **Children** - Have the best possible start and are safe from harm, happy, healthy, and learning well.
- **Communities** - Enable our communities so they feel they are connected and belong here in Walsall, meeting housing needs in safe and healthy places building a strong sense of community.

And to deliver against the Council's three Proud Promises

- Improve outcomes and customer experience.
- Improve employee satisfaction and engagement.
- Improve service efficiency and performance.

I am delighted to say that the attached statements show that yet again we have delivered to our revenue budget with an underspend of £0.35 million prior to approved creation and release of earmarked reserves. The outturn position after these approved earmarked reserve movements was a slight overspend of £0.49 million. This has been achieved whilst delivering £16.67 million on savings and investing £34.73m into services.

Walsall Council has, over the last year, been successful in securing government funding to enable us to invest in our town centres. Specifically, the Council has secured £20 million of Levelling Up funding for Willenhall. This builds on the Council having successfully secured Towns Deal funding of £21.3 million each for both Walsall and Bloxwich last year. As work continues over the forthcoming years the people of Walsall will start to see the improvements that this funding will bring to improved public and green spaces through urban greening, sustainable active travel through improvement of cycling/walking routes and improving current and building new railway stations, and improved job prospects.

During January 2023 the council underwent a Corporate Peer Challenge, which is undertaken every five years. This assessment reviewed the council against five core elements and our three Proud Promises. The resulting report gave a positive reflection of the work carried out over the past five

years since the previous assessment in 2017. It also provided 11 recommendations for the council and a draft action plan for how the council is going to respond to these recommendations was presented to cabinet in March 2023.

The financial future remains uncertain given the delayed reform of Local Government Finance, the cost-of-living crisis, and the consequences of the national and global political and economic situation. The outcomes of all these changes are not yet known but will significantly affect the council's finances. We do know our funding levels for next year or for the medium term. However, the Council remains absolutely committed to deliver its priorities and on delivering vital services for its communities, residents, and businesses.

I would like to take this opportunity to thank all our staff who have worked throughout the year to deliver quality services within a challenging budget whilst providing value for money and a focus on customers.

Councillor Mike Bird  
Leader of the Council  
31 May 2023

# Narrative report

## 1. Introduction to Walsall

Walsall Council is a local government district in the West Midlands, England, with the status of a metropolitan borough covering an area of 40.14 sq. miles (103.95 km<sup>2</sup>). It is bounded to the west by the City of Wolverhampton, the south by the Metropolitan Borough of Sandwell, to the southeast by the City of Birmingham, and by the Staffordshire districts of Lichfield, Cannock Chase and South Staffordshire to the east, north and northwest respectively.

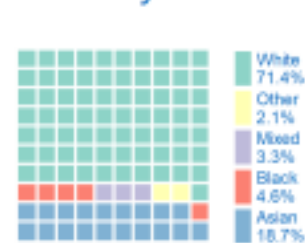
It is named after its largest settlement, Walsall. The borough also consists of five other district centres: Aldridge, Brownhills, Bloxwich, Darlaston and Willenhall; and is densely populated, especially the west of the borough. The borough benefits from extensive countryside particularly towards the east, including greenspace such as Barr Beacon, Pelsall and Brownhill Commons.

### Demographic Overview of Walsall

#### Population



#### Ethnicity



#### Walsall

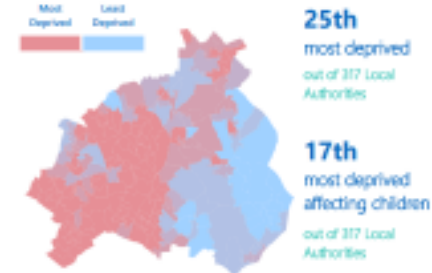
Walsall is situated within the West Midlands and is one of four Local Authorities comprising The Black Country. It contains six urban district centres: Walsall Town Centre lies at the heart of the borough, surrounded by Aldridge, Bloxwich, Brownhills, Darlaston and Willenhall. The borough covers 40sq miles and is bisected by the M6 motorway. Socio-economically, there is a stark geographic divide between the more deprived west and less deprived east.



#### Life Expectancy



#### Deprivation



#### Education



#### Housing



#### Employment



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## Council organisation and governance

The council manages its affairs to ensure the economic, efficient and effective use of resources, the safeguarding of its assets, the management of its risks and to ensure the financial resilience and stability of the organisation into the future. This is vital if the council is to continue to play a leading role in the life of Walsall's residents and provide high quality services for their benefit. The task is shared by all members and officers under the leadership of the Executive and Corporate Management Team. The Section 151 Officer has a particular role in ensuring financial stewardship.

### Political structure

Walsall is divided into 20 different wards which are each represented by 3 councillors. This means that the Council consists of 60 councillors. As at 31 March 2023 the political composition of the council was 38 Conservative, 20 Labour, 2 Independents.



Walsall Council has adopted a Leader and Cabinet system which makes all the key decisions. Overview and Scrutiny Committees (select committees) hold the Cabinet to account and can ask for decisions to be reviewed.

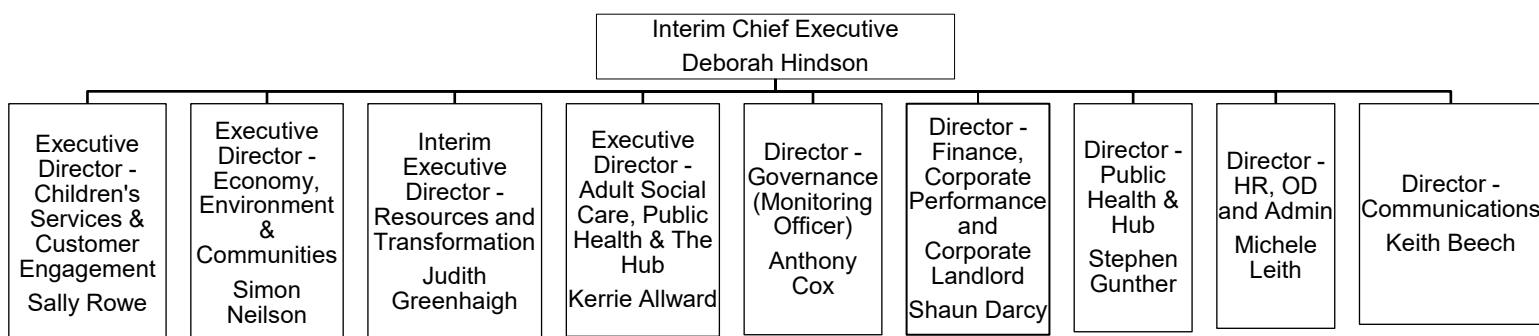
The Council approves major plans and strategies for the council following review by Cabinet. This includes the council’s budget each year.

The Leader of the Council has responsibility for the appointment of the Cabinet, which consists of 10 members, and the allocation of portfolios. In 2022/23 the portfolios were as follows:

- |   |                    |
|---|--------------------|
| • Leader of the Council                   | Cllr Mike Bird     |
| • Deputy Leader and Regeneration          | Cllr Adrian Andrew |
| • Deputy Leader and Resilient Communities | Cllr Garry Perry   |
| • Education and Skills                    | Cllr Mark Statham  |
| • Adult Social Care                       | Cllr Kier Pedley   |
| • Clean and Green                         | Cllr Kerry Murphy  |
| • Children’s                              | Cllr Stacie Elson  |
| • Internal Services                       | Cllr Ken Ferguson  |
| • Health and Wellbeing                    | Cllr Gary Flint    |
| • Customer                                | Cllr Gaz Ali       |

### Management structure

Supporting the Council and Cabinet is the council’s Corporate Management Team (CMT). CMT is led by the council’s Interim Chief Executive, Deborah Hindson. The current composition is shown below.



The role of the Corporate Management Team is:

- To provide visible officer leadership to ensure the council’s vision, corporate objectives and Proud (the council’s transformation programme) promises are delivered.
- To ensure that the council acts as one organisation to identify and take opportunities to work effectively internally and in collaboration with key partners.
- To promote and ensure excellence in respect of customer service, people management, corporate governance, performance management, financial management and control, risk management and change management. To prioritise management action and allocate resources accordingly.

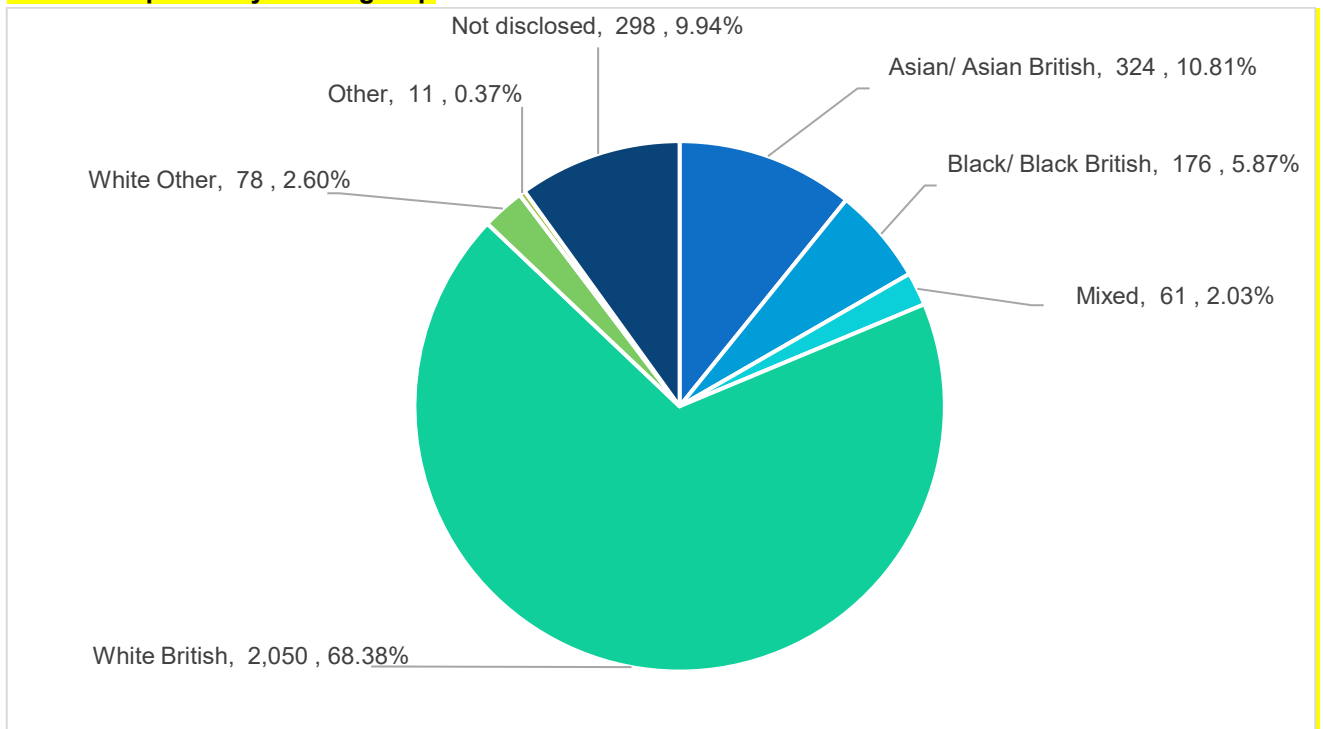
### Employee information

As at 31 March 2023 the council employed 3,015 people (2,998 people as at 31 March 2022) excluding school-based employees, split 33.06% male (33.06% 31 March 2022), 66.94% females (66.94% 31 March 2022).

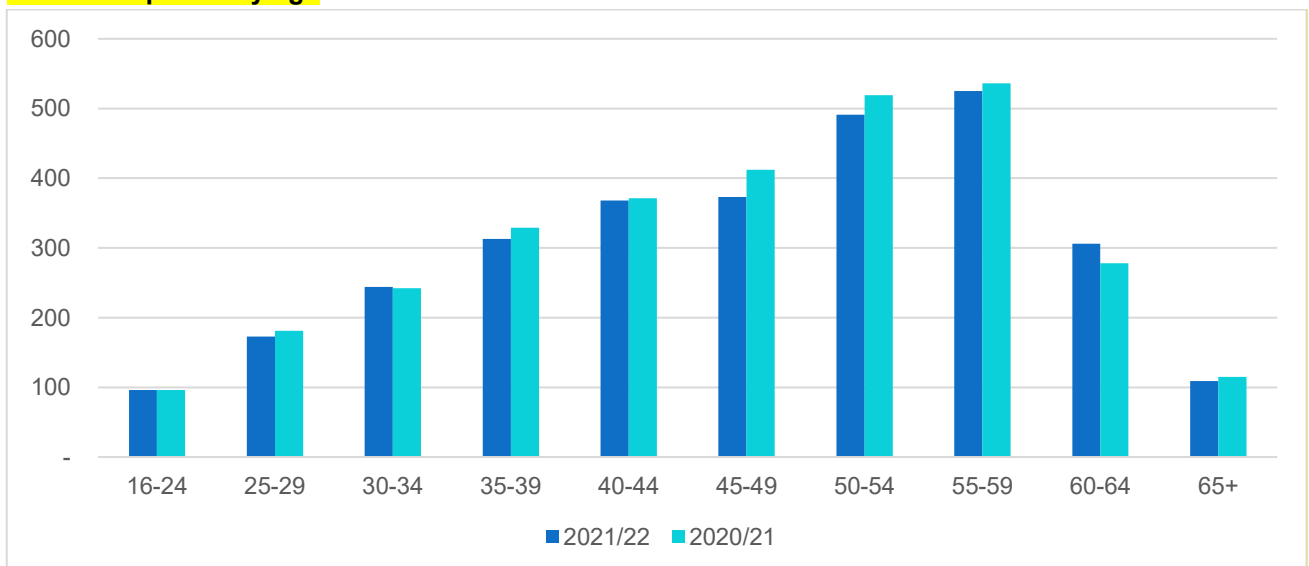
The difference in median pay (the mid-point between highest and lowest salary) between male and female employees for Walsall Council was **1.08%** for as at 31 March 2023 for all staff (full, part time and casual employees). This means that average pay for male employees was **1.08%** higher than for female employees. The national average was **15.4%**. When looking at full time employees the difference in median pay for Walsall Council is **-0.56%**. This means that the average pay for full time female employees is 0.56% higher than that for male employees. The national average was **7.9%**.

The pay multiple recommended for adoption in the public sector was the ratio between the highest paid employee and the median full time equivalent salary of the organisation. The council's current pay multiple from the highest paid to median pay is 1:7 which is the same as 2021/22. The council's current pay multiple from the median pay of Chief Officers within the Corporate Management Team to the median pay of the council is 1:5 which is the same as 2021/22.

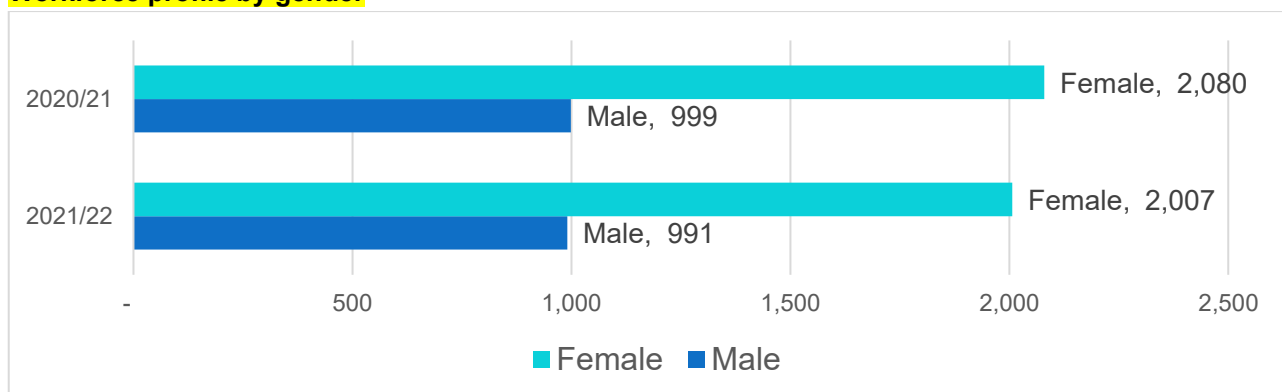
**Workforce profile by ethnic group**



**Workforce profile by age**



### Workforce profile by gender



### Council plan

The Council Plan articulates the strategic direction for the council and how it intends to measure its success. The council is committed to reducing inequalities and ensuring all potential is maximised, and its employment policies, procedures and guidelines are designed to support this vision and deliver the council's priorities.

During 2021/22, the council took time to learn, listen and understand the changed needs of the Borough, and rebuild the foundation for the longer-term view, which resulted in the revised 2022-25 Council Plan published in February 2022.

The 2022-25 Council Plan set out five areas of focus (EPICC), ten outcomes and twenty markers of success to assess progress in delivery of the plan. The EPICC give areas of focus and ten outcomes are as follows:

<p><b>Economic Growth</b></p> <p>Supporting a dynamic, resilient and diverse economy where businesses invest and everyone has the right jobs and the right housing in the right place.</p> <p>Education, training and skills enable people to contribute to their community and our economy.</p>	<p><b>People</b></p> <p>People can access support in their community to keep safe and well and remain independent at home.</p> <p>People are supported to maintain or improve their health, wellbeing and quality of life.</p>	<p><b>Internal Focus</b></p> <p>We get things right first time and make all services accessible and easy to use.</p> <p>The Council will deliver trusted, customer focused and enabling services, which are recognised by customers and our partners for the value they bring.</p>	<p><b>Children</b></p> <p>Children and young people thrive emotionally, physically, mentally and feel they are achieving their potential.</p> <p>Children and young people grow up in connected communities and feel safe everywhere .</p>	<p><b>Communities</b></p> <p>Our communities will be more resilient and supportive of each other.</p> <p>The people of Walsall feel safe in a cleaner, greener borough.</p>
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The council's values (Professionalism, Leadership, Accountability, Transparency, Ethical - PLATE) continue to shape how the council works with our local communities and influence our choices and behaviours.

Performance against delivery against outcomes was reported quarterly to Cabinet with the quarter four report also providing an annual summary of the overall performance of the 2022/23 Council Plan Markers of Success and Key Achievements for the year.

## Council services

The council is grouped into four distinct directorates described below.

### Adult Social Care, Public Health & The Hub

Adult Social Care provides care and safeguarding services for vulnerable adults and older people in the borough. Care and safeguarding are provided to the following groups:

- Adults with mental health needs
- Older people with physical or mental health needs including dementia.
- Adults with physical disability or sensory impairment
- Adults with a learning disability
- Adults with autism
- Young people with disabilities who are in transition to adult social care services
- Carers of adults and older people

The services provided include:

- Information, advice and signposting on sources of support
- Individual, family and community capacity building to achieve and retain independence
- Facilitation of access to universal services
- Preventative services that lead to regaining and retention of independence
- Reablement services that lead to regaining and retention of independence
- Client billing
- Support for carers to enable them to undertake and continue their caring role
- Out of hours emergency on call service
- Assessment of need of adults
- Allocation of personal budgets
- Validation and review of support plans

Public Health provides services that aim to improve the health of the people of Walsall and that the local health protection system works effectively. The mandatory functions public health carry out are:

- provide appropriate access to sexual health services
- ensure there are plans in place to protect the health of the population, including immunisation and screening plans, and reducing drug and alcohol misuse
- ensure NHS commissioners (Clinical Commissioning Groups) receive the Public Health advice they need
- deliver the National Childhood Measurement Programme (NCMP)
- encourage take up of NHS Health Check assessments.

The Hub consists of the following council functions:

- Communications, marketing & brand
- Policy & strategy
- Business intelligence
- Commissioning, contract management & procurement

### Children's Services & Customer Engagement

Children's Services is responsible for providing services to children and young people. It is charged with caring for and protecting the needs of children and young people, ensuring that every child in

Walsall has the chance of good quality education whilst delivering targeted and statutory services to children and their families.

Services are arranged into three interlinked areas providing the following services:

### **Children's Social Care**

- Safeguarding arrangements
- Vulnerable Children, Children in Care, Transition and Leaving Care
- Corporate Parenting
- Social Work Academy
- Performance Improvement and Quality Team

### **Early Help and Partnership**

- Early intervention and prevention services
- Youth justice service
- Supporting families programme
- Parenting support
- Short breaks and respite provision
- Family Hubs programme
- Holiday Activities and Food Programme

### **Access & Inclusion**

- Education (including admissions, school estates and property, virtual schools, standards and performance of schools)
- Special education needs and disabilities (SEND) service (including assessments, educational psychologists and home to school transport)

Customer Engagement is responsible for managing and improving customer engagement and experience for all council services. Services within Customer Engagement include:

- Centralised Customer Experience Centre
- Programme of community engagements
- Reviewing and updating the customer experience
- Administration and billing of council tax and non-domestic rates
- Provision and advice on housing benefits
- Provision and advice on council tax benefits
- Provision and support for homelessness

## **Economy, Environment & Communities**

Economy, Environment & Communities is split into three operational areas: Regeneration and Economy, Place and Environment and Resilient Communities, providing a wide range of services to the people of Walsall.

The services provided under each operational area include:

### **Regeneration and Economy**

- Regeneration & Development
- Planning Policy
- Employment Growth and Skills (including post-16)
- Cultural Assets
- Strategic Housing (including Housing Standards and Improvement)

- Planning and Building Control Service
- Local Planning Authority

### **Place and Environment**

- Clean and Green Services (including Waste Management, Street Cleansing, Grounds Maintenance, Countryside Service, Fleet Services, Markets)
- Leisure (including Active Living Centres)
- Bereavement and Registration Services
- Healthy Spaces (including Parks and Open spaces)
- Highways Maintenance
- Pollution Control
- Strategic Transport
- Parking
- Road Safety
- Engineering
- Traffic Management

### **Resilient Communities**

- Localities and Partnerships
- Voluntary and Community Sector/One Walsall
- Equalities & Community Cohesion
- Libraries & Local History Centre
- Community Safety Unit
- CCTV
- Prevent
- Domestic Abuse
- Licensing Applications
- Trading Standards
- Licensing Enforcement
- Community Protection (including Anti-Social Behaviour, Statutory Nuisance and Environmental Crime enforcement)
- Environmental Health

### **Resources & Transformation**

Resources and Transformation consists of the following services:

- Human Resources
- Organisational Development and Admin & Business Support
- Health & Safety
- Governance (including Elections)
- Finance
- Corporate Performance
- Corporate Landlord
- Programme Management
- Transformation and Digital (including ICT, Information Governance and PROUD programme)

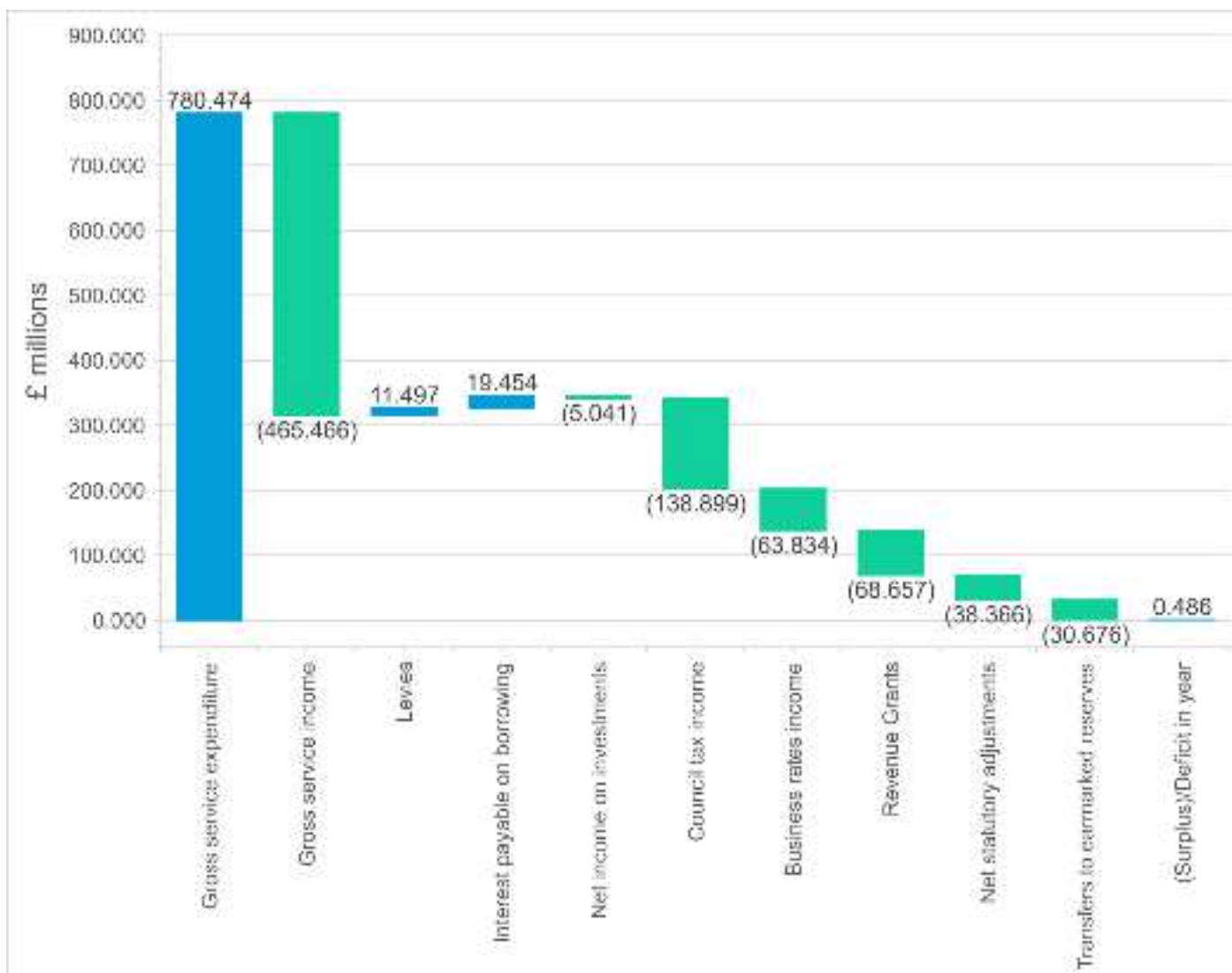
## 2. Financial performance highlights

The council's expenditure is divided into two broad categories: revenue and capital. Revenue expenditure relates to day-to-day spending such as salaries, purchase of services and materials for the provision of council services, and heating and lighting of council premises. Capital expenditure relates to the purchase/renewal of major items such as land and buildings and the construction of essential infrastructure such as roads.

### Revenue expenditure

The Council approved a net budget of £138.425 million for 2022/23 at its full meeting on 25 February 2021. This included savings of £18.865 million to be delivered through the council's Proud service transformation plans. The councillors also agreed at this meeting a 1.99% increase in council tax and 1% increase for the adult social care precept.

The 2022/23 comprehensive income and expenditure statement shows a net cost of services of £315.008 million comprised of £780.474 million expenditure and £465.466 million income. Taking other expenditure and income items such as levies, interest expenditure and income, council tax, business rates, other grants, movement to reserves and statutory adjustments into account the 2022/23 outturn position is an overspend of £0.486 million against budget as shown in the graph below. Further details of the council's performance against budget can be found in note 10 (page 37).



The split by directorate of the £0.486 million overspend is shown in the table below.

	<b>2022/23</b>
	<b>£m</b>
Adult Social Care, Public Health & The Hub	5.001
Childrens Services and Customer Engagement (excluding education)	7.231
Education	0.959
Economy, Environment and Communities	(3.361)
Resources and Transformation	(1.380)
Corporate costs	(7.964)
<b>Total (under)/overspend in year</b>	<b>0.486</b>

Services have faced significant challenges arising from increased demand and cost of living pressures and whilst overall the council has managed this within budget, there have been a number of variances against budget, as set below and as reported to Cabinet and Scrutiny throughout the 2022/23 financial year:

#### Adult Social Care, Public Health & The Hub

This relates to £4.070 million due to delays in achievement of 2022/23 savings in reducing existing older people care packages and reducing the number of clients entering the care system (front door), both of which were delayed due to additional demand on the Adult Social Care service resulting in a lack of capacity to progress the savings, and the ability of service areas outside of Adult Social Care to support the delivery e.g., Customer Access Management and Resilient Communities, due to their competing priorities. A further £1.760 million is associated with income shortfalls from Learning Disability Joint Funding arrangements and £0.870 million relating to Better Care Finance due to future proofing and integration with other systems.

A further £4.960 million additional costs have arisen due to increases in client package costs and associated income contributions, £1.250 million increase in bad debt provision and £0.750 million contractual increase in Housing 21 unitary charge. This has been partly mitigated by use of COVID funding to meet the on-going impact of the pandemic and £2.100 million use of reserves.

#### Childrens Services and Customer Engagement (excluding education)

This relates primarily to Children in Care demand overspends of £9.020 million due to general increases in prices, increases in placement costs and the number/mix of young people in care, placement moves, increases in placement costs of new starters, service demand increases and unachieved placement sufficiency savings due to the impact of demand.

There are also overspends of £0.200 million relating to increased costs of home to school transport for children in care, £0.290 million legal fees due to increased demand and complexity of cases and £0.630 million unachieved savings relating to recruitment and retention of social workers. These overspends are in part offset by use of reserves and a directorate action plan to reduce the overall impact of cost pressures. There are also underspends within Customer Engagement of £1.120 million relating to housing benefit subsidy/overpayments, additional grant income, staffing and general running costs.

#### Education

The overspend for Education relates to increased agency costs within the Special Education Needs team relating to clearing a backlog of Education and Health Care Plan cases and meeting the ongoing demand and agency costs within Educational Psychologists team due to high number of vacant posts.



### Economy, Environment and Communities

This includes a Clean and Green net underspend of £1.930 million, mainly as a result of reduced waste disposal costs, over-recovery of trade waste income and one-off use of Public Health reserve partly offset due to increased costs for vehicle fuel and hire, under-recovery of markets income, and increased staffing costs due to the delay in the restructure of the service. Leisure Services underspend of £0.695 million is due to over-recovery of Active Living Centre income and staffing underspends. Bereavement Services £0.243 million overspend is due to under-recovery of income along with increased costs of agency staff, coroners' costs, and registrar office electronic calendar software. Planning and Building Control £0.344 million overspend is due to under recovery of planning applications income, overspend on legal fees and overspend on agency staff and fixed term staff to support demand. Regulatory Services has a £0.644 million underspend arising from one-off use of Public Health reserves offset by an overspend on staffing due to a delay in the restructure and under recovery of licencing income. Communities and Partnerships has a £0.295 million net underspend on staffing due to a delay in the Resilient Communities restructure. Library Services £0.147 million has a net underspend due to vacant posts.

### Resources and Transformation

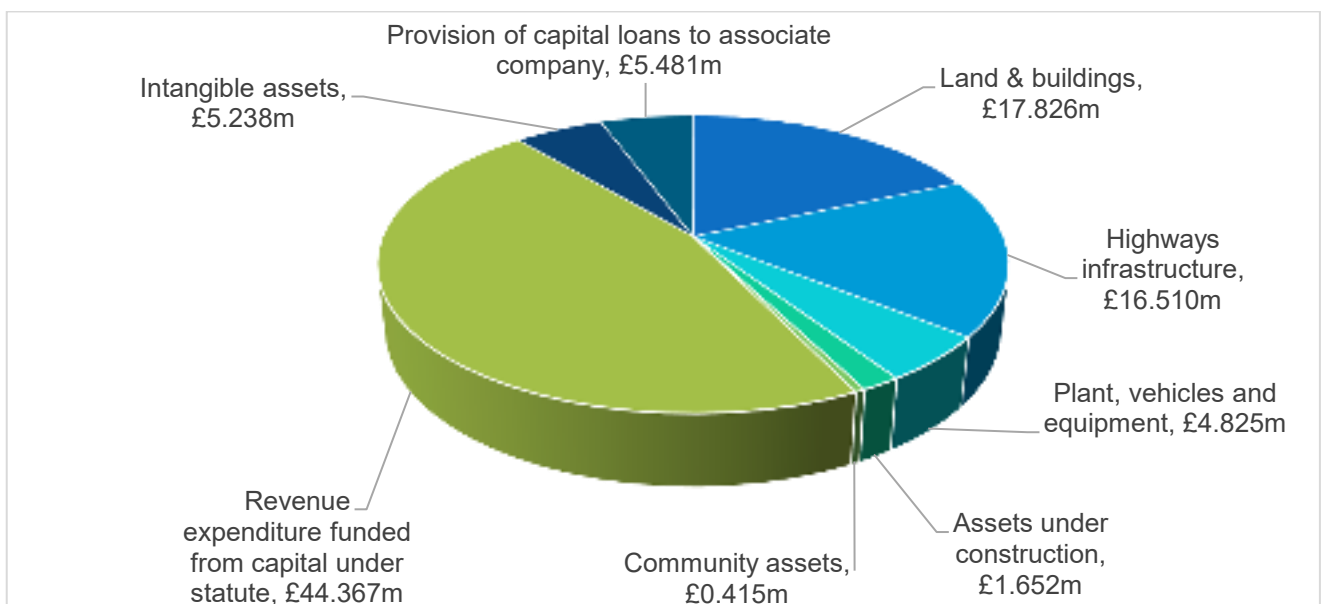
The main areas of underspend within Resources and Transformation relate to £0.340 million within Integrated Facilities Management due to over-recovery of rental income and additional income from recharges to capital, underspends on climate change, partly offset by an increase in professional fees. Finance has underspent by £0.559 million on staffing costs, additional social care income from appointeeships and income from capital schemes, part offset by One Source licence costs. Digital and Technology Services has £0.534 million of underspends on staffing and general running expenses.

### Corporate Costs

The position in relation to Corporate Costs reflects a prudent approach to allow for a planned delay in undertaking borrowing, which reduced the cost as well as reducing counterparty risk. This together with the early repayment of two loans has resulted in a saving of £6.300 million. Central Budgets underspend of £2.500 million relates primarily to the use of reserves and release of central contingency.

## Capital expenditure

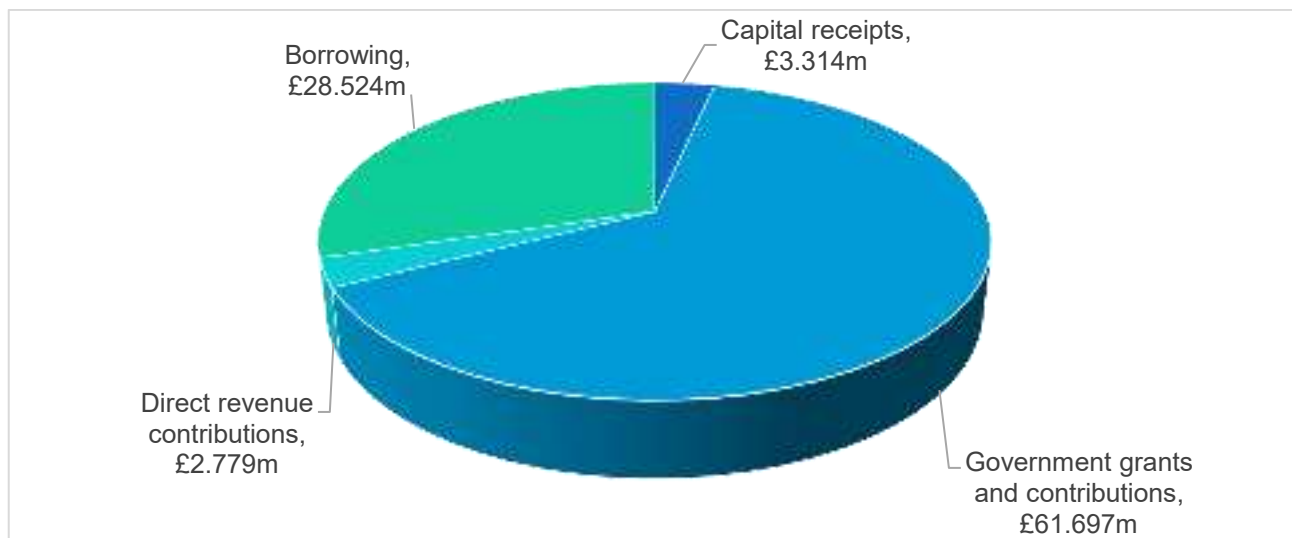
During 2022/23 the council had £96.314 million of capital investment. The split of capital investment between different asset categories is shown in the following chart.



Revenue expenditure funded from capital under statute is where the council has either:

- a) Provided capital grants to individuals or organisations where the use of the grant would be classed as capital if carried out by the council.
- b) Carried out work on assets not belonging to the council that would be classed as capital if owned by the council.

The financing of this capital investment was from a variety of sources such as borrowing, grant funding, capital receipts and revenue. The following chart outlines the funding of this investment.



## Treasury management

Walsall Council has a successful treasury management strategy that has continued to maximise investment income and minimise interest payments without undue or inappropriate exposure to financial risk.

The council places great importance on the management of the security of all investments. This risk is minimised through the annual investment strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The annual investment strategy also considers maximum amounts and time limits in respect of each financial institution.

The council ended 2022/23 with short-term investments of £58.617 million (£174.286 million 2021/22). Use of these investments will be required to fund those capital projects currently underway where completion is due beyond 31 March 2023 and for the planned use of earmarked reserves in future years.

The 2022/23 target investment income rate for all investments excluding property funds was 0.50%; however, as at 31 March 2023 the actual rate achieved was 1.82%. At the point of budget setting interest rate forecasts were suggesting gradual rises over a long period of time. As inflation continued to rise the Bank of England engaged in monetary policy tightening by raising bank rate 0.25% or 0.50% at each Monetary Policy Committee meeting during the year peaking at 4.25% by March 2023. These interest rate rises have had a direct impact on investment returns. In cash terms this means the council received £3.683 million (£1.236 million in 2021/22) of investment income. This is in addition to £1.168 million (£1.034 million in 2021/22) of dividend income from holdings in the CCLA Local Authorities Property Fund.

At 31 March 2023, the council's external long-term borrowing was £240.918 million (£293.858 million as at 31 March 2022). Short-term borrowing as at 31 March 2023 was £30.733 million (£42.686 million as at 31 March 2022). No new short- or long-term borrowing was undertaken during 2022/23.

Given the high and rising interest rate environment seen during 2022/23 the council took an opportunity to repay two long-term loans where premium levels were at reduced levels. On 25 August 2022 the council elected to make an early repayment of £20 million of long-term loans leading to an ongoing annual saving on interest payments of £0.897 million per year.

The interest costs associated with this debt represent 10.64% of the net council tax requirement for the year, at an average interest rate of 3.82% compared to the target interest rate for the year of 3.52%. The target rate was set at the beginning of the year and assumed that new borrowing would be undertaken during 2022/23 at lower interest rates than the other long-term loans in the portfolio, due to the historically low interest rates available. This borrowing was not required during 2022/23 and has subsequently adversely impacted the average interest rate incurred during the year.

### 3. Cost of Living impact

2022/23 has been a particularly challenging year, with the impact of the cost-of-living crisis and post Covid-19 reset impacting on service delivery and finances. Emerging service pressures mainly with Adult Social Care and Children's Services, as well as the impact of pay award, contracts, energy and fuel due to rising prices and inflationary increases have required action to be taken to limit the council's financial exposure. These actions continue to ensure that the budget was managed in 2022/23, with a sufficient level of reserves to mitigate existing liabilities and any potential new risks which may arise in 2023/24.

The 2022/23 budget was predicated on delivery of £18.86 million from Proud benefits from the adoption of new ways of working across the council, significantly enhancing our enabling technology capabilities, and improving our service efficiency and performance. In year service pressures, including the impact of cost of living, have had some continuing impact on the delivery of savings. £5.36 million of savings were carried forward from 2021/22, giving a total benefit figure of £24.22 million for 2022/23. Of this, £7.55 million (31.19%) of at-risk savings have been brought forward to be delivered in 2023/24. £4 million of this is expected to be delivered as full year effect of part year savings delivered in 2022/23.

### 4. Material assets acquired and other capital expenditure, material disposals in year and liabilities incurred

#### Major capital programmes

##### M6 Junction 10 improvement

Since 2020/21 the council has been working in conjunction with National Highways on the improvement of Junction 10 of the M6. The work has progressed well with the following work remaining – commissioning of the traffic signal equipment on the gyratory carriageway and other telecommunications commissioning on the motorway mainline and slip roads. The 'Open for Traffic' (OFT) date is expected to be achieved in late-September 2023 (this is when the main junction will open to pedestrians and cyclists) with full completion/handover anticipated in December 2023.

##### Future High Streets Fund

The Future High Streets Fund scheme is focused on creating a 'coherent transport gateway' that better connects the bus station and rail station and will span over the heart of Park Street. The cost of this scheme is estimated to be approximately £40.5 million, £11.440 million is funded from Government grant with the remaining being funded by the council. This is an increase of £4 million on the cost disclosed in 2021/22 due to cost inflation and increased scope of project.

### Walsall and Bloxwich Town Deals

Walsall Council, with the support of key project stakeholders successfully submitted Town Deal Investment Plans for Both Bloxwich and Walsall into Central government's Towns Fund. Following the development, independent appraisal, and approval of Business Cases for eleven projects across the two towns, £42.6 million of government funding was secured.

Building on this success, Cabinet approved match funding/underwriting totalling £5.5 million and officers secured an additional £17.7 million of external funding, creating a Town Fund programme that's currently worth approximately £66 million. Work continues at pace to implement these projects and includes, but is not limited to, content design, land and property acquisitions and planning applications; together with associated delivery and staffing arrangements etc. The combined overall capital expenditure profile forecast for the Towns Fund programme will meet Central government's expectations and falls within the spend targets for the 2022/23 financial year.

### Phoenix 10

The council is working in partnership with Homes England on the remediation of the Phoenix 10 site following which the site will then be developed providing substantial new employment floorspace and significant job creation. Henry Boot Developments (HBD) has been appointed as development partner by Walsall Council and Homes England. HBD has instructed John F Hunt Regeneration to undertake the site remediation with this phase beginning in April 2022, and are due to complete mid-2024.

The site has recently been rebranded as SPARK and is now being marketed by HBD's joint agents with a view to securing occupiers. The total cost of this project is estimated to be £43 million, £35 million funded by a grant from the Black Country Local Enterprise Partnership and the remainder by Homes England.

### Willenhall Framework Plan: Moat Street and Villiers Street (Phase 1)

Willenhall has been identified as an area for strategic intervention to support a targeted programme of activity to regenerate the area. The planned opening of the new railway station and promotion of the Walsall to Wolverhampton Inclusive Growth Corridor provides an opportunity to promote Willenhall as a priority for housing delivery and sustainable growth.

Cabinet supported the Willenhall Framework Plan at its meeting in February 2022 and approved the use of Compulsory Purchase Powers in-principle (where land cannot be acquired by agreement) to facilitate delivery of the Phase 1 housing project at Moat Street / Villiers Street as well as agreeing budget to support land assembly. Since that time negotiations with landowners regarding acquisition have continued while a development partner procurement process has commenced, and an outline planning application has been submitted to the Local Planning Authority. In addition, the council has been awarded £14.9 million from Central government's Levelling Up Fund (Round 2) and £3.2 million from West Midlands Combined Authority's (WMCA) Land & Property Investment Fund (LPIF) to form part of the project funding package.

### Middlemore Lane waste transfer station and household recycling centre

The council is at present in the process of constructing a new waste transfer station and household recycling centre. With a suitable site having been acquired, Morgan Sindall Construction Ltd are at present drafting the architectural designs. The construction contract for the waste transfer centre and household recycling centre is due to be awarded in September 2023.

## Material asset disposals in year

During 2022/23 there were two school academy conversions: Greenfield Primary School and Mary Elliot Special School. This resulted in a net disposal loss to the council of £11.048 million. In addition to the academy conversions the council also disposed of a further 8 properties along with 2 freehold reversions totalling £1.410 million and bringing in £2.174 million of capital receipts.

## Pensions liabilities

The West Midlands Pension Fund is formally valued every three years (triennial) by an independent actuary to set future contribution rates with the most recent valuation as at 31 March 2022 being published on 31 March 2023. However, the value for the pension fund reported within these accounts is an accounting valuation, as defined by International Accounting Standard 19 – Employee Benefits and is carried out on an annual basis. It is therefore prepared on a different basis to the formal Pension Fund valuation. The IAS19 valuation shows that the council has net future pension liabilities of approximately £92 million as at 31 March 2023 (£601 million as at 31 March 2022).

The significant reduction in the value of the pension scheme liabilities is due to changes in the financial assumptions shown on page 59, resulting from current economic climate affecting inflation and bond prices.

The primary change in assumption responsible for the significant decrease in net future pension liabilities is the discount rate used in valuing the pension scheme liabilities. This assumption is based on corporate bond yields that have risen over the year. Between 31 March 2022 and 31 March 2023 the discount rate increased by 2.05%, which reduced pension liabilities by £538.950 million.

It must be noted that pension fund valuations are based on a moment in time and are subject to financial conditions during the year. As such whilst economic conditions are volatile, this will lead to volatility within pension valuations as clearly demonstrated in 2022/23.

The formal pension fund valuation carried out on 31 March 2022 was in part to assess the current funding level of the pension scheme to determine the required contribution rates for the next three years, 2023-2026. The funding level is the percentage cover that the schemes assets can cover pension liabilities and was assessed to be as at 31 March 2022 103%. This was an improvement of 9% from the previous assessed funding level as at 31 March 2019 of 94%.

The current funding strategy of the West Midlands Pension Fund is to ensure that the scheme remains fully funded (100%) in 17 years with current contribution rates being set accordingly. The next triennial valuation will be as at 31 March 2025 and will set contribution rates for the period 2026-29.

## 5. Looking forward

The council's budget is a financial representation of the organisation's plans for the forthcoming financial year and beyond. In times of economic uncertainty, it is imperative that the council plans over the medium term. The council's budget reported to full Council on 23 February 2023 looks to the medium term 2023/24 to 2026/27 and aligns with the Council Plan 2022-25. The Council Plan 2022-2025 has been informed by an updated Joint Strategic Needs and assets Assessment (JSNA), several internal strategies, internal and external surveys, Community Safety Needs Assessment, and the Local Economic Needs Assessment. The budget plan aligns to Council Plan outcomes.

In 2023/24 and beyond, the council will continue to need to meet demands and challenges arising from the pandemic, along with the increasing impact on our residents, businesses, and stakeholders of the cost-of-living crisis. The medium-term financial plan is under review, in preparation for

2024/25+ budget setting. The council is also continuing to use learning from new ways of working implemented as part of our Proud transformation programme, including in response to new ways of working arising from our response to the pandemic to further align resources with an improved outcomes based budgeting focus, aligned to the Council Plan 2022-25, Commissioning Strategy and the Proud promises and ways of working to drive Value for Money principles through the process, reviewing what the council is spending, why the council is spending it, how does it contribute to the council's outcomes and can the council do this in a better way or can the council re-prioritise funds between targets to achieve improved overall performance.

The Local Government Finance Settlement for 2023/24 confirmed that there would not be any changes to the current funding formula and that the Review of Relative Needs and Resources and changes to Business Rates Retention for 2023/24 would not be introduced. These changes are still under review by government, but it is currently unknown as to when they will be introduced, and if there will be changes to the original proposals. This coupled with only a one-year settlement for 2023/24, leaves considerable uncertainty in respect of the amount of income the council will receive in government funding from 2024/25 onwards.

Alongside reductions in funding, the council also faces increasing cost pressures due to both increasing demand and cost of living increases.

The following summarises initiatives, demand and other pressures that have and will continue to have financial implications for the council over the coming years:

- The existing and future unknown impact of the cost-of-living crisis on council services, including the volatility in inflation (RPI increase of 14% and CPI 10.7% announced for November 2022). This will impact all services through pay, energy, street lighting, fuel, borrowing rates, contracted services, and take up of council services as a result of less disposable income etc.
- The residual impact of Covid-19, including ongoing cost pressures and reductions in income because of an ongoing reduced take up of council services.
- Changes in core government grant funding, for example:
  - Impact of the review of full business rate retention (BRR) and revaluation.
  - Impact of the future review of Relative Needs and Resources (formerly the Fair Funding Review) to include the setting of new baseline funding allocations, subject to confirmation.
  - Uncertainty of core government funding beyond 2023/24, subject to confirmation.
  - Continuation or otherwise of other specific grants e.g., Public Health, Improved Better Care Fund, Supporting Families, Social Care grant, Market sustainability etc.
- Increases and changes in demand:
  - From an ageing population, increases in care package costs and the ongoing impact of Covid-19 have put a strain on local authority systems both in financial and operational terms. For example, Adult Social Care packages and placements costs have risen by £17.63 million from £68.70 million in 2017/18 to £86.33 million in December 2022/23 – an increase of 25.66%.
  - Children and young people in care - March 2018, there were 930 children and young people receiving care or support from the local authority (644 children in care / 286 other support) with an average cost per placement of £735 per week for children in care and £141 per week for other support. In comparison, as at the end of November 2022, numbers had risen to 1,108 (650 children in care / 458 other support) with average costs of £1,631 per week for children in care and £340 per week for other support. Placement costs have risen by 125% in the past four years whilst children in care numbers have increased by 19%. The biggest impact on costs has been within external residential placements which have risen from an average cost of £3,802 per week in March 2018 to £6,224 in November 2022. The number of children has also increased from 32 in March 2018 to 75 in November 2022. The

rise in placement costs is mainly due to changes in legislation, increased numbers of complex cases and shortage in placements.

- Government's continued reliance on individual council's ability to raise income through council tax increases, rather than providing national ongoing funding to support social care pressures, etc.
- Welfare reform, including universal credit.
- The impact of the delayed adult social care reforms.
- Increased corporate costs, including costs in relation to pay and pensions.

## 6. Sustainability reporting

The council declared a climate change emergency on 16 September 2019 and committed to becoming a net zero carbon authority by 2050. In 2020, the West Midlands Combined Authority (WMCA) pledged to reach net zero carbon emissions no later than 2041 publishing "WM2041 – A Programme for Implementing an Environmental Recovery."

On 21 October 2020 Cabinet approved a climate emergency action plan to address the commitments of the declaration passed in 2019. The first phase of the action plan covers 'scope 1' and 'scope 2' emissions using best practice guidance as set by the greenhouse gas protocol. The plan's themes are strategy, energy, waste & consumption, transport, nature, and resilience & adaptation.

On 18 October 2022 Cabinet agreed to amend the target from the authority being net zero by 2050, to the whole borough being net zero by 2041, in line with the WMCA target. The broader action plan will be developed with local partners, and will include scope 1, 2 and 3 emissions for the council.

The council continues to play a key role collaborating with regional partners to tackle climate change and works within the framework established by the UK parliament.

### Strategy

The councils' climate action taskforce meets on a quarterly basis and reports progress annually to Cabinet in October. All Cabinet reports include a section on climate change to ensure environmental impacts are embedded into decision making. Climate change is included on the council's strategic risk register. The council is in the process of recruiting a small team to lead the council's programme starting with the climate change programme manager for which successful interviews have taken place. Annual monitoring is going to be picked up from 2023 by the Business Information Unit using the Local Government Association climate emissions accounting tool. There is still a need for climate change to be recognized in the Council Plan.

### Energy

A strategic asset plan for 2021 to 2025 has recently been adopted, which includes an energy strategy to minimise demand, improve efficiency and reduce carbon emissions. A net zero pathway should be in place by July 2023 following an audit of the council's properties. Public Sector Decarbonisation Scheme (PSDS) grant funding of £3.7 million has been confirmed for design work to improve the energy efficiency in the Council House and Civic Centre, a procurement exercise will follow. The council is about a third of the way through implementation an £11 million project to upgrade 23,000 streetlights to LED, which will reduce energy consumption by 70%. Significant levels of funding have been achieved from various programmes to retrofit insulation and make homes more energy efficient.

## Waste & consumption

Following the implementation of the Environment Act and associated regulations, the council will be refreshing its waste strategy with the intention reducing waste by 10% and of reaching a 65% recycling rate by 2035. The council is upgrading its waste infrastructure with projects to improve its household waste and recycling centres and construct a new material recycling facility as part of regional joint venture, design work is now underway with the build tenders due to out in autumn 2024.

## Transport

The council has collaborated with partners across the combined authority area on a new Local Transport Plan (LTP). This will include significant improvement to public transport infrastructure including new train stations in Darlaston and Willenhall due to open winter 2023/24, and the implementation of a hydrogen bus fleet. Significant government funding has been awarded to increase the number of EV charge points.

## Nature

The council is continuing to deliver a range of projects to enhancing the borough's parks and green spaces to increase meadow, wetland, and green areas in Walsall. In the last two years 42ha of planting has taken place. The Purple Horizons project won the WMCA best biodiversity project delivered by a local authority.

## Resilience & adaptation

The council's business continuity plans are updated annually. Business continuity is included on the council's corporate risk register. The Walsall multi-agency flood plan is being updated and will be out for consultation in the near future.

## 7. Structure of accounts

The annual statement of accounts is a statutory publication required under the Accounts and Audit Regulations 2015. They are prepared in accordance with the Chartered Institute for Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) on a going concern basis. The Code specifies the principles and practices of accounting required to give a true and fair view of the council's financial position at the end of the year and the transactions of the council during the year.

The layout of the 2022/23 Statement of Accounts is comprised of:

- Core Financial Statements and associated notes
- Group Accounts
- Supplementary Financial Statements and Notes for the Collection Fund

These are explained in more detail below.

### a. Statement of responsibilities for the statement of accounts

This section explains the respective responsibilities of the council and the chief finance officer (CFO) in relation to the annual accounts. The council is responsible for ensuring that there are proper arrangements in place for financial administration, ensuring that value for money is achieved and approving the annual accounts. The CFO is responsible for selecting and applying accounting policies, keeping accurate and timely accounting records, taking reasonable steps for the prevention and detection of fraud, and complying with proper accounting practice as defined by the Code.



## b. Core financial statements

### Comprehensive income and expenditure statement (CIES)

This statement records the council's income and expenditure for the year on an accounting basis applying generally accepted accounting practices (as amended by the Code). The top half of the statement provides an analysis by directorate, the net cost of services. The bottom half of the statement deals with corporate transactions and funding. This is different to the amount funded from taxation as required by statutory regulations. The funding position is shown in the expenditure and funding analysis.

### Movement in reserves statement (MIRS)

This statement shows the movement in the year on the different reserves held by the council, analysed into 'useable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other reserves.

### Balance sheet

The balance sheet shows the value of the assets and liabilities recognised by the council, as at 31st March 2021. The net assets of the council (assets less liabilities) are matched by the reserves held by the council.

Reserves are reported in two categories. The first category of reserves is useable reserves, i.e., those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that can only be used to fund capital expenditure or repay debt). The second category of reserves is those that the council is not able to use to provide services. This 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 were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

### Cash flow statement

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

## c. Expenditure and funding analysis (EFA)

The expenditure and funding analysis is designed to demonstrate to council tax and rent payers, how the funding available to the council (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. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

#### d. Notes to the core financial statements

These are disclosure notes that present further detail behind the figures in the core financial statements.

#### e. Collection fund

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

#### f. Group accounts

The group accounts are a consolidated set of financial statements that represent the overall activities of the companies that the council has an interest in, where deemed material.

#### g. Changes of accounting policies in 2022/23

There has been no change to the council's accounting policies for 2022/23. The accounting policies can be found as note 36 on page 95.

## Statement of responsibilities

### The council's responsibilities

The council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Interim Executive Director – Resources and Transformation (Section 151 Officer).
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

### The chief financial officer's responsibilities

The chief financial officer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the chief financial 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 chief financial officer has also:

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

### Certification by the chief financial officer

I, the chief financial officer of Walsall Metropolitan Borough Council, certify that this statement of accounts gives 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 2023.



#### **Shaun Darcy**

Director – Finance, Corporate Performance and Corporate Landlord (Section 151 Officer)  
31 May 2023

### Approval of Statement of Accounts

The statement of accounts was approved by the Walsall Council Audit Committee on XX September 2023.

#### **Mr A Green**

Chair of the Audit Committee  
XX September 2023

Independent auditor's report to the members of Walsall Council on the audit of the financial statements

**Opinion**

**Will be completed once received.**







## Core financial statements

### Comprehensive income and expenditure statement (CIES)

This statement summarises the council's annual financial performance on an accounting basis. However, the amounts chargeable to council tax and general fund reserves for the year are controlled by legislation. These include several statutory adjustments and transfers to specific reserves. The effect of these statutory transactions is shown in the Movement in Reserves Statement and Note 2. Further information about the CIES can be found in Note 1.

	2022/23			2021/22			Notes
	Gross Expenditure £m	Gross Income £m	Net Expenditure £m	Gross Expenditure £m	Gross Income £m	Net Expenditure £m	
<b>Adult Social Care, Public Health &amp; The Hub</b>							
Adult Social Care	142.455	(62.557)	79.898	136.986	(70.794)	66.192	1a, 1e
The Hub	0.231	(0.018)	0.213	(0.042)	(0.025)	(0.067)	1a, 1e
Public Health	20.793	(0.907)	19.886	23.471	(4.576)	18.895	1a, 1e
<b>Childrens Services and Customer Engagement</b>							
Childrens Services	82.060	(9.199)	72.861	73.429	(7.527)	65.902	1a, 1e
Education	236.400	(212.972)	23.428	224.359	(201.378)	22.981	1a, 1e
Customer Engagement	97.998	(79.373)	18.625	88.375	(82.700)	5.675	1a, 1e
Economy, Environment & Communities	100.257	(33.339)	66.918	80.465	(25.771)	54.694	1a, 1e
Resources & Transformation	66.703	(30.289)	36.414	66.371	(34.531)	31.840	1a, 1e
Corporate costs	33.577	(36.812)	(3.235)	17.323	(23.351)	(6.028)	1a, 1e
<b>Cost of services</b>	<b>780.474</b>	<b>(465.466)</b>	<b>315.008</b>	<b>710.737</b>	<b>(450.653)</b>	<b>260.084</b>	
Other operating expenditure			19.849			17.712	1e, 1f
Financing & investment net expenditure			36.841			22.334	1e, 1g
Taxation & non-specific grant income			(301.867)			(312.397)	1e, 1h
<b>(Surplus) or deficit on provision of services</b>			<b>69.831</b>			<b>(12.267)</b>	1d
(Surplus)/deficit arising on revaluation of non-current assets			(5.828)			(4.542)	29a
Impairment losses charged to the revaluation reserve			0.881			0.455	29a
(Surplus)/deficit from investments in equity instruments			(13.568)			(0.306)	29b
Re-measurements of the net pension liability			(578.542)			(185.016)	12b, 29d
<b>Other comprehensive income and expenditure</b>			<b>(597.057)</b>			<b>(189.409)</b>	
<b>Total comprehensive income and expenditure</b>			<b>(527.226)</b>			<b>(201.676)</b>	



## Movement in reserves statement (MIRS)

This statement shows the movement in year for reserves held by the council split into usable reserves (those that can be applied to fund expenditure) and unusable reserves (held for accounting purposes only). This statement shows how the movements in the council's reserves are broken down between gains and losses shown in the CIES (page 31) and the statutory adjustments required to result in the amounts chargeable for council tax in year (Note 2). The (surplus)/deficit line shows the statutory general fund movements in the year following those adjustments.

	Usable reserves						Unusable reserves			Notes
	General fund balance £m	Earmarked general fund balances £m	Total general fund balances £m	Capital grants unapplied account £m	Capital receipts reserve £m	Total usable reserves £m	Statutory revenue balances £m	Capital accounting balances £m	Total reserves of the authority £m	
<b>Balance at 31/03/2021 carried forward</b>	<b>(17.694)</b>	<b>(222.702)</b>	<b>(240.396)</b>	<b>(55.129)</b>	<b>(6.645)</b>	<b>(302.170)</b>	<b>823.355</b>	<b>(204.049)</b>	<b>317.136</b>	
Total comprehensive income and expenditure	(12.267)	0.000	<b>(12.267)</b>	0.000	0.000	<b>(12.267)</b>	(185.016)	(4.393)	<b>(201.676)</b>	CIES
Statutory revenue adjustments between accounting basis and funding basis	(80.994)	0.000	<b>(80.994)</b>	0.000	0.000	<b>(80.994)</b>	12.611	54.376	<b>(14.007)</b>	2
Statutory capital adjustments between accounting basis and funding basis	84.568	0.000	<b>84.568</b>	(6.915)	(2.461)	<b>75.192</b>	0.000	(61.185)	<b>14.007</b>	2
Transfers to/from earmarked reserves	7.198	(7.198)	<b>0.000</b>	0.000	0.000	<b>0.000</b>	0.000	0.000	<b>0.000</b>	28a
<b>(Surplus) / deficit in year</b>	<b>(1.495)</b>	<b>(7.198)</b>	<b>(8.693)</b>	<b>(6.915)</b>	<b>(2.461)</b>	<b>(18.069)</b>	<b>(172.405)</b>	<b>(11.202)</b>	<b>(201.676)</b>	
<b>Balance at 31/03/2022 carried forward</b>	<b>(19.189)</b>	<b>(229.900)</b>	<b>(249.089)</b>	<b>(62.044)</b>	<b>(9.106)</b>	<b>(320.239)</b>	<b>650.950</b>	<b>(215.251)</b>	<b>115.460</b>	
Total comprehensive income and expenditure	69.831	0.000	<b>69.831</b>	0.000	0.000	<b>69.831</b>	(578.542)	(18.515)	<b>(527.226)</b>	CIES
Statutory revenue adjustments between accounting basis and funding basis	(116.017)	0.000	<b>(116.017)</b>	0.000	0.000	<b>(116.017)</b>	35.184	65.268	<b>(15.565)</b>	2
Statutory capital adjustments between accounting basis and funding basis	77.348	0.000	<b>77.348</b>	4.969	(1.741)	<b>80.576</b>	0.000	(65.011)	<b>15.565</b>	2
Transfers to/from earmarked reserves	(30.676)	30.676	<b>0.000</b>	0.000	0.000	<b>0.000</b>	0.000	0.000	<b>0.000</b>	28a
<b>(Surplus) / deficit in year</b>	<b>0.486</b>	<b>30.676</b>	<b>31.162</b>	<b>4.969</b>	<b>(1.741)</b>	<b>34.390</b>	<b>(543.358)</b>	<b>(18.258)</b>	<b>(527.226)</b>	
<b>Balance at 31/03/2023 carried forward</b>	<b>(18.703)</b>	<b>(199.224)</b>	<b>(217.927)</b>	<b>(57.075)</b>	<b>(10.847)</b>	<b>(285.849)</b>	<b>107.592</b>	<b>(233.509)</b>	<b>(411.766)</b>	

## Balance sheet

The balance sheet shows the council's overall financial position as at 31 March 2023. It details how much the council owns and how much it owes. The council's net assets (what is owned less what is owed) are matched by the reserves held by the council. Reserves are reported in two categories. The first category, usable reserves, are those reserves that the council and schools may use to provide services. The second category, unusable reserves, represents those that the council is not able to use to provide services but are used for accounting purposes.

	As at 31 March 2023 £m	As at 31 March 2022 £m	Note
<b>Long term assets</b>			
Property, plant and equipment	534.109	517.273	14
Heritage assets	31.273	33.961	15
Investment property	2.384	4.760	16
Intangible assets	16.404	13.635	17
Long term investments	60.417	52.209	22
Long term debtors	12.802	7.761	25c
	<b>657.389</b>	<b>629.599</b>	
<b>Current assets</b>			
Short term investments	58.617	174.286	22
Assets held for sale	1.483	0.600	18
Inventories	0.290	0.397	
Short term debtors	102.271	90.956	25a, 25b
Cash and cash equivalents	49.993	49.431	24
	<b>212.654</b>	<b>315.670</b>	
<b>Current liabilities</b>			
Short term borrowing	(30.733)	(42.686)	22
Short term creditors	(84.333)	(88.003)	26a
Revenue grants received in advance	(0.317)	(22.812)	3c
Provisions	(6.536)	(7.776)	27
	<b>(121.919)</b>	<b>(161.277)</b>	
<b>Long term liabilities</b>			
Provisions	(0.569)	(0.901)	27
Long term borrowing	(240.918)	(293.858)	22
Other long term liabilities	(94.872)	(604.693)	26b
	<b>(336.359)</b>	<b>(899.452)</b>	
<b>Net assets</b>	<b>411.765</b>	<b>(115.460)</b>	
Usable reserves	(285.848)	(320.239)	28
Unusable reserves	(125.917)	435.699	29
<b>Total reserves</b>	<b>(411.765)</b>	<b>115.460</b>	

The unaudited accounts were issued on 31 May 2023 and the audited accounts were authorised for issue on XX September 2023.

Signed:



Date: 31 May 2023

**Shaun Darcy**

*Director – Finance, Corporate Performance and Corporate Landlord (Section 151 Officer)*

## Cash flow statement

The cash flow statement shows the changes in cash and cash equivalents of the council during the year. It shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council.

	<b>2022/23</b>	<b>2021/22</b>	<b>Notes</b>
	<b>£m</b>	<b>£m</b>	
Net (surplus) or deficit on the provision of services	69.831	(12.267)	CIES
Adjustments to net surplus or deficit on the provision of services for non-cash	(79.785)	(109.246)	30
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	46.111	60.005	30
<b>Net cash (inflows)/outflows from operating activities</b>	<b>36.157</b>	<b>(61.508)</b>	
<b>Interest and dividends</b>			
Interest paid	20.232	12.930	
Interest received	(2.639)	(1.308)	
Dividends	(1.923)	(1.085)	
	<b>15.670</b>	<b>10.537</b>	
<b>Investing activities</b>			
Purchase of property, plant and equipment, investment property and intangible assets	51.772	52.174	
Purchase of short-term and long-term investments	186.678	225.500	
Other payment from investing activities	5.481	4.574	
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5.055)	(5.788)	
Proceeds from short-term and long-term investments	(302.480)	(200.000)	
Other receipts from investing activities	(53.860)	(61.895)	
	<b>(117.464)</b>	<b>14.565</b>	
<b>Financing activities</b>			
Cash receipts of short - and long-term borrowing	(0.002)	(0.045)	
Other payments from financing activities	0.960	1.183	
Repayments of short- and long-term borrowing	64.117	19.110	
	<b>65.075</b>	<b>20.248</b>	
<b>Net (increase)/decrease in cash and cash equivalents</b>	<b>(0.562)</b>	<b>(16.158)</b>	
Cash and cash equivalents			
- at the beginning of the reporting period	(49.431)	(33.273)	24
- at the end of the reporting period	(49.993)	(49.431)	24
<b>Movement in cash (increase)/decrease</b>	<b>(0.562)</b>	<b>(16.158)</b>	

# Notes to the accounts

## 1. Additional information on reported income and expenditure

### a. Additional analysis of cost of services

The following table further analyses the cost of services shown on the comprehensive income and expenditure statement into operational units.

Service	2022/23			2021/22		
	Gross Expenditure £m	Gross Income £m	Net Expenditure £m	Gross Expenditure £m	Gross Income £m	Net Expenditure £m
<b><u>Adult Social Care, Public Health &amp; The Hub</u></b>						
Adult Social Care	142.455	(62.557)	79.898	136.986	(70.794)	66.192
The Hub	0.231	(0.018)	0.213	(0.042)	(0.025)	(0.067)
Public Health	20.793	(0.907)	19.886	23.471	(4.576)	18.895
	<b>163.479</b>	<b>(63.482)</b>	<b>99.997</b>	<b>160.415</b>	<b>(75.395)</b>	<b>85.020</b>
<b><u>Children's Services and Customer Engagement</u></b>						
Children's Social Work	71.806	(4.754)	67.052	66.572	(6.425)	60.147
Commissioning and Early Help	10.254	(4.445)	5.809	6.857	(1.102)	5.755
Education	236.400	(212.972)	23.428	224.359	(201.378)	22.981
<b><u>Customer Engagement</u></b>						
- Housing Benefits	67.266	(65.912)	1.354	70.401	(69.898)	0.503
- Other Customer Engagement	30.732	(13.461)	17.271	17.974	(12.802)	5.172
	<b>416.458</b>	<b>(301.544)</b>	<b>114.914</b>	<b>386.163</b>	<b>(291.605)</b>	<b>94.558</b>
<b><u>Economy, Environment &amp; Communities</u></b>						
<b><u>Place and Environment</u></b>						
- Clean and Green Services	28.386	(5.447)	22.939	27.267	(4.570)	22.697
- Highways & Transportation	26.081	(4.357)	21.724	21.719	(4.839)	16.880
- Other Place and Environment	11.666	(8.619)	3.047	9.644	(7.247)	2.397
Regeneration and Economy	23.587	(12.819)	10.768	10.871	(6.262)	4.609
Resilient Communities	10.537	(2.097)	8.440	10.964	(2.853)	8.111
	<b>100.257</b>	<b>(33.339)</b>	<b>66.918</b>	<b>80.465</b>	<b>(25.771)</b>	<b>54.694</b>
<b><u>Resources &amp; Transformation</u></b>						
Finance and Corporate Performance	3.731	(1.944)	1.787	4.882	(1.242)	3.640
Corporate Landlord	45.629	(26.155)	19.474	47.488	(31.183)	16.305
Governance	4.040	(0.396)	3.644	3.727	(0.567)	3.160
Human Resources and Development	4.751	(1.077)	3.674	5.520	(0.866)	4.654
Transformation & Digital	8.552	(0.717)	7.835	4.754	(0.673)	4.081
	<b>66.703</b>	<b>(30.289)</b>	<b>36.414</b>	<b>66.371</b>	<b>(34.531)</b>	<b>31.840</b>
Corporate costs	33.577	(36.812)	(3.235)	17.323	(23.351)	(6.028)
<b>Cost of services</b>	<b>780.474</b>	<b>(465.466)</b>	<b>315.008</b>	<b>710.737</b>	<b>(450.653)</b>	<b>260.084</b>

The presentation of prior year comparatives has been adjusted to ensure comparability between years. This is in line with change of presentation criteria set out within IAS1 – Presentation of Financial Statements.

The increase in net expenditure for Adult Social Care of £13.7 million is due to several issues including: an increase in demand services of £6.3 million, reduction in Covid grants in social care of £3.2 million, Reduction in payments to the Black Country Integrated Care Board of £4.8 million and £5.4 million reduction in Better Care Fund monies.

The decrease in expenditure of £2.6 million for Public Health is due to decreased costs because of the ending of the Covid-19 pandemic and is matched by a corresponding reduction in income due to the loss of Covid-19 grants £3.6 million.

The increase in expenditure for Children Social Work of £5.2 million is due to an increase in external residential care costs. The decrease in income for Children's Social Work of £1.6 million is due to the Holidays Activities Fund (HAF) grant moving between Children's Social Work and Commissioning and Early Help between year.

The increase in expenditure for Commissioning and Early Help of £3.3 million is due to both general increases in costs due to the current economic climate and new costs for HAF scheme (£1.8 million) and Community Activities Reducing Exploitation (CARE) scheme (£0.7 million). The increase in income for Commissioning and Early Help of £3.3 million is mainly due to the movement of HAF grant totalling £1.8 million to the service in year, and the introduction of two new grants in year: CARE grant £0.8 million and Family Hubs grant £0.8 million.

The £12 million increase in expenditure for education is due to increase demand on the provision for Special Education Needs and general impact of inflation on costs (including pay awards). The increase in income of £11.6 million is mainly due to increase grant funding received from Central government.

The decrease in expenditure for housing benefits of £3.2 million is due to the continual movement of housing benefits into universal credits. The reduction on income for housing benefits of £3.3 million is due to the same reason.

The increase in Other Customer Engagement of £12.7 million is mainly due to increased Revenue Funded from Capital Under Statute (REFFCUS) spend of £12 million because of increased of housing grants to residents of Walsall from new energy saving capital projects.

The £4.3 million increase in expenditure for Highways and Transportation is due to £3.7 million increase in electricity costs for street lighting and traffic signals.

The £2 million increase in expenditure for Other Place and Environment is due to there being a £0.9 million revaluation loss for assets held by Leisure and Bereavement Services compared to a £0.8 million revaluation gain for the same assets in 2021/22. This is due to the impact of the current economic climate and inflation on construction costs as these assets are valued on a depreciated replacement cost using construction indices.

The £12.7 million increase in expenditure for Regeneration & Economy is mainly due to a £10.4 million increase in REFFCUS spend on new regeneration schemes. The increase in income of £6.6 million is due to a corresponding increase in grant of £7.4 million to offset the costs of the increased REFFCUS spend.

The decrease in income for Asset Management of £5 million is mainly due to a decrease in REFFCUS grant of £6.7 million and an increase in rent from shops of £1.6 million due to properties moving from investment properties to operational land and buildings. This change in categorisation means that expenditure and income for these assets is now shown within Asset Management rather than within financing and investment expenditure and income.

The increase in expenditure on corporate costs of £16.3 million is due to the payment of council tax rebates as part of Central government's cost of living policies to relieve pressure on households due to the current cost of living crisis. The £13.4 million increase in income on corporate costs is also in part due to receipt of grants totalling £16.3 million to finance the payment of council tax rebates, along with a reduction of £4.75 million because of the one-off receipt in 2021/22 due to a lease redemption.

## **b. Walsall Council's reported outturn position**

The comprehensive income and expenditure statement (CIES) shows the council's income and expenditure on an IFRS (international Financial Reporting Standards) basis and is therefore comparable to other types of organisations both within the public sector and beyond. The accounting basis for reporting overall results however does not reflect how the council manages its finances in practice.

In governance terms the council is accountable to council taxpayers for the outturn position on the General Fund reserve. The amounts chargeable to a local authority's council taxpayers for the year is substantially different to that reported as the net expenditure position within the CIES. These amounts chargeable are controlled by legislation and include several statutory adjustments and transfers to/(from) specific reserves. These adjustments are designed to ensure that the amounts chargeable to council taxpayers for the year are a fair reflection of the services provided to them. All the council's internal reporting of its financial position is therefore focussed on the outturn position on its General Fund.

The following table reflects the actual reporting within the council of the outturn positions for the General Fund in terms of the council's organisational structure.

## Outturn position for Walsall Council

	2022/23			2021/22		
	Net outturn £m	Budget £m	(Under)/ over budget £m	Net outturn £m	Budget £m	(Under)/ over budget £m
<b>Adult Social Care, Public Health &amp; The Hub</b>						
- Adult Social Care	73.182	68.298	4.884	63.289	58.489	4.800
- The Hub	0.213	0.096	0.117	(0.262)	0.044	(0.306)
- Public Health	0.352	0.352	0.000	0.368	0.368	0.000
<b>Childrens Services and Customer Engagement</b>						
- Childrens Social Care & Early Help	68.939	60.589	8.350	60.020	59.546	0.474
- Education	22.281	21.322	0.959	24.604	25.082	(0.478)
- Customer Engagement	17.177	18.296	(1.119)	4.964	6.536	(1.572)
Economy, Environment and Communities	56.600	59.961	(3.361)	52.441	53.388	(0.947)
Resources and Transformation	30.302	31.682	(1.380)	30.704	31.750	(1.046)
Corporate costs	(130.973)	(122.171)	(8.802)	(105.077)	(102.657)	(2.420)
<b>Total council tax requirement</b>	<b>138.073</b>	<b>138.425</b>	<b>(0.352)</b>	<b>131.051</b>	<b>132.546</b>	<b>(1.495)</b>
Council tax precept from collection fund	(138.425)	(138.425)	0.000	(132.546)	(132.546)	0.000
<b>Total cost of providing council services</b>	<b>(0.352)</b>	<b>0.000</b>	<b>(0.352)</b>	<b>(1.495)</b>	<b>0.000</b>	<b>(1.495)</b>
Agreed release/creation of reserves during year	0.838	0.000	0.838	0.000	0.000	0.000
<b>(Surplus)/deficit to general fund</b>	<b>0.486</b>	<b>0.000</b>	<b>0.486</b>	<b>(1.495)</b>	<b>0.000</b>	<b>(1.495)</b>

### c. Expenditure and Funding Analysis

The following table shows a reconciliation of how the council's outturn position (Net expenditure charged to general fund) is adjusted to arrive at the net expenditure shown for each directorate in the comprehensive income and expenditure statement (net reported expenditure in CIES). The adjustments required have been grouped as follows:

- Capital accounting adjustments are those transactions required to reflect capital activities on an accounting basis, but which are not proper charges to the revenue account. They include depreciation, impairment, revaluations losses and the recognition of capital grants received.
- Pensions accounting adjustments are the entries required to reflect the differences between pensions expenditure for the year on an accounting basis and the actual pension contributions payable by the council for the year. Further details are given in note 12b.
- Other statutory adjustments include transfers to or from the collection fund adjustment account, the financial instruments adjustment account and the accumulated absences account, all of which are used to affect the timing of amounts being debited or credited to the revenue account in line with statutory requirements.
- Not reported in net cost of services includes items that are reported within other operating expenditure, financing & investment net expenditure and taxation & non-specific grant income on the comprehensive income and expenditure statement but are reported within the directorate net expenditure within the Cabinet outturn statement. It also includes items which are charged only within the movement in reserves statement such as the council's minimum revenue provision, revenue contributions used to finance capital expenditure and transfers to or from earmarked reserves. Transfers to or from earmarked reserves are included here as, although these are included in the reported outturn position, they do not represent income or expenditure for the council.

The table also identifies amounts relating to items which are required to be shown outside of directorate net cost of services within the comprehensive income and expenditure statement.



## Expenditure and Funding Statement 2022/23

	<b>2022/23</b>					
	Net expenditure charged to General Fund £m	Capital accounting adjustments £m	Pensions adjustments £m	Other statutory adjustments £m	Not reported in Net Cost of Services £m	Net reported expenditure in CIES £m
<b>Adult Social Care, Public Health &amp; The Hub</b>						
Adult Social Care	<b>73.182</b>	(0.284)	1.416	0.000	(7.849)	<b>79.898</b>
The Hub	<b>0.213</b>	(0.018)	0.206	0.000	(0.188)	<b>0.213</b>
Public Health	<b>0.352</b>	0.000	0.118	0.000	(19.652)	<b>19.886</b>
<b>Childrens Services and Customer Engagement</b>						
Children's Services	<b>68.939</b>	(0.219)	2.296	0.000	(6.000)	<b>72.861</b>
Education	<b>22.281</b>	(4.045)	8.092	(1.352)	(3.842)	<b>23.428</b>
Customer Engagement	<b>17.177</b>	(11.928)	0.773	0.000	9.708	<b>18.625</b>
Economy, Environment & Communities	<b>56.600</b>	(14.303)	2.930	0.000	1.055	<b>66.918</b>
Resources & Transformation	<b>30.302</b>	(9.862)	2.925	0.000	0.825	<b>36.414</b>
Corporate costs	<b>(130.135)</b>	(8.352)	6.868	0.000	(125.416)	<b>(3.235)</b>
	<b>138.911</b>	<b>(49.010)</b>	<b>25.625</b>	<b>(1.352)</b>	<b>(151.359)</b>	<b>315.008</b>
Other operating expenditure	<b>0.000</b>	(8.352)	0.000	0.000	(11.497)	<b>19.849</b>
Financing & investment net expenditure	<b>0.000</b>	0.005	(17.114)	(5.319)	(14.413)	<b>36.841</b>
Taxation & non-specific grant income	<b>(138.425)</b>	30.477	0.000	10.872	122.093	<b>(301.867)</b>
<b>Total cost of providing council services as per outturn</b>	<b>0.486</b>	<b>(26.881)</b>	<b>8.511</b>	<b>4.201</b>	<b>(55.176)</b>	<b>69.831</b>
Transfer (to)/from earmarked reserves	30.676	0.000	0.000	0.000	30.676	0.000
<b>Total cost of providing council services</b>	<b>31.162</b>	<b>(26.881)</b>	<b>8.511</b>	<b>4.201</b>	<b>(24.500)</b>	<b>69.831</b>

Reconciliation of general fund balances	Total	General fund reserve	Earmarked general fund reserves
	£m	£m	£m
Opening total general fund balances	<b>(249.089)</b>	(19.189)	(229.900)
Movement in year	<b>31.162</b>	0.486	30.676
<b>Closing total general fund balances</b>	<b>(217.927)</b>	<b>(18.703)</b>	<b>(199.224)</b>

The following shows the same analysis for the 2021/22 financial year.

## Expenditure and Funding Statement 2021/22

	2021/22					
	Net expenditure charged to General Fund £m	Capital accounting adjustments £m	Pensions adjustments £m	Other statutory adjustments £m	Not reported in Net Cost of Services £m	Net reported expenditure in CIES £m
<b>Adult Social Care, Public Health &amp; The Hub</b>						
Adult Social Care & The Hub	63.289	(0.184)	1.688	0.000	(4.407)	66.192
The Hub	(0.262)	(0.018)	0.115	0.000	(0.292)	(0.067)
Public Health	0.368	0.000	0.176	0.000	(18.703)	18.895
<b>Childrens Services and Customer Engagement</b>						
Children's Services	60.020	(0.096)	2.534	0.000	(8.320)	65.902
Education	24.604	(8.655)	8.767	1.249	0.262	22.981
Customer Engagement	4.964	(0.691)	0.875	0.000	(0.895)	5.675
Economy, Environment & Communities	52.441	(7.497)	3.212	0.000	2.032	54.694
Resources & Transformation	30.704	(10.380)	3.291	0.000	5.953	31.840
Corporate costs	(105.077)	(6.445)	3.600	0.000	(96.204)	(6.028)
	<b>131.051</b>	<b>(33.966)</b>	<b>24.258</b>	<b>1.249</b>	<b>(120.574)</b>	<b>260.084</b>
Other operating expenditure	0.000	(6.445)	0.000	0.000	(11.267)	17.712
Financing & investment net expenditure	0.000	(1.280)	(14.917)	4.817	(10.954)	22.334
Taxation & non-specific grant income	(132.546)	38.728	0.000	17.378	123.745	(312.397)
<b>Total cost of providing council services as per outturn</b>	<b>(1.495)</b>	<b>(2.963)</b>	<b>9.341</b>	<b>23.444</b>	<b>(19.050)</b>	<b>(12.267)</b>
Transfer (to)/from earmarked reserves	(7.198)	0.000	0.000	0.000	(7.198)	0.000
<b>Total cost of providing council services</b>	<b>(8.693)</b>	<b>(2.963)</b>	<b>9.341</b>	<b>23.444</b>	<b>(26.248)</b>	<b>(12.267)</b>

<b>Reconciliation of general fund balances</b>	<b>Total</b>	<b>General fund reserve</b>	<b>Earmarked general fund reserves</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Opening total general fund balances	(240.396)	(17.694)	(222.702)
Movement in year	(8.693)	(1.495)	(7.198)
<b>Closing total general fund balances</b>	<b>(249.089)</b>	<b>(19.189)</b>	<b>(229.900)</b>

The presentation of prior year comparatives has been adjusted to ensure comparability between years. This is in line with change of presentation criteria set out within IAS1 – Presentation of Financial Statements.

#### d. Subjective analysis of comprehensive income and expenditure

The following table gives a breakdown by type of income and expenditure within the council's overall results for the year.

	2022/23		2021/22		Notes
	£m	£m	£m	£m	
<b>Income</b>					
Fees & charges		(63.166)		(61.612)	1e
Other service income		(7.072)		(5.533)	
Interest and investment income		(4.947)		(2.367)	22d
Income from council tax		(138.899)		(133.910)	1h
Non domestic rates income		(63.834)		(63.684)	1h
Non domestic rates top up grant		(18.638)		(18.084)	1h
Capital grants		(56.728)		(64.799)	3b
Education government grants		(200.639)		(188.361)	3a
Housing benefit government grants		(60.465)		(64.416)	3a
Social care government grants and contributions		(63.256)		(66.644)	3a
Business rates Section 31 grants		(14.189)		(10.877)	3a
Covid-19 government grants		(6.104)		(38.524)	3a
Other government grants		(74.341)		(46.606)	3a
<b>Total income</b>		<b>(772.278)</b>		<b>(765.417)</b>	
<b>Expenditure</b>					
Employee expenses		307.573		289.792	
<u>Other service expenses</u>					
- Housing benefits	62.636		66.021		
- Social care contractor and client payments	144.199		136.418		
- Other contractor payments	30.591		32.171		
- Supplies and services to the council	137.134		122.039		
- Other expenditure	61.079		30.819		
<b>Total other service expenses</b>	<b>435.639</b>		<b>387.468</b>		
Support service recharges	14.723		12.599		
Depreciation, amortisation and impairments	21.723		18.099	14a, 17, 29a	
Revaluation losses/(gains)	0.814		2.779	14a, 17, 29a	
Interest payments and associated costs	19.454		13.110	22d	
Precepts and levies	11.497		11.267	1f	
Income, expenditure and changes in fair value of investment properties	(0.099)		1.491	16	
(Gain)/loss on disposal of non-current assets	8.352		6.445	14a, 16b, 17, 18	
(Gain)/loss on financial instruments	5.319		(4.817)	22b, 22d	
Pension interest costs	17.114		14.917	1g, 12b	
<b>Total expenditure</b>	<b>842.109</b>		<b>753.150</b>		
<b>(Surplus) or deficit on provision of services</b>	<b>69.831</b>		<b>(12.267)</b>		CIES

The totals for both council tax and non-domestic rates income are different to that shown within the collection fund. The differences are due to statutory accounting adjustments for accrued income that are reversed out in the movement in reserves statements: £0.193 million for council tax and £10.679 million for non-domestic rates.

The increase in expenditure on social care contractor and client payments is due to increasing demand on services such as children in care, respite care, domiciliary care and community supported living.

The increase in supplies and services to the council is due to inflationary pressures due to the current cost of living crisis.

The increase on other expenditure includes a £9.1 million increase in energy costs (£8.4 million electricity and £0.7 million gas) and increased REFFCUS expenditure of £10.3 million.

The loss on financial instruments is due to a decrease in the value of the council's CCLA Property Fund holdings because of a change market conditions during 2022/23 when compared to 2021/22.

## e. Segmental income

The following table shows the income received by the council from external customer (fees, charges and other service income) contained within the reported outturn (note 10) and subjective analysis of comprehensive income and expenditure (note 1d).

	2022/23 £m	2021/22 £m
<b>Adult Social Care, Public Health &amp; The Hub</b>		
Adult Social Care	(12.942)	(13.688)
The Hub	(0.003)	0.000
Public Health	(0.354)	(0.052)
<b>Childrens Services and Customer Engagement</b>		
Childrens Services	(0.526)	(0.344)
Education	(8.647)	(7.838)
Customer Engagement	(2.732)	(2.141)
Economy, Environment & Communities	(20.188)	(18.579)
Resources & Transformation	(13.584)	(10.174)
Corporate costs	(4.190)	(8.796)
<b>Total</b>	<b>(63.166)</b>	<b>(61.612)</b>

The decrease in fees and charges within corporate costs is due to an early lease surrender payment of £4.750 million in 2022/23

## f. Other operating expenditure

The following table gives a breakdown of the costs included within other operating expenditure shown in the comprehensive income and expenditure statement.

	2022/23 £m	2021/22 £m	Notes
Levies			
- Environment Agency	0.085	0.084	
- West Midlands Combined Authority - transport levy	11.412	11.183	
(Gains) and losses on the disposal of fixed assets	8.352	6.445	14a, 16b, 17, 18
<b>Total</b>	<b>19.849</b>	<b>17.712</b>	

In 2022/23 the council had two academy conversion unlike 2021/22 when there were three. These conversions created a loss on disposal of £11.048 million. The remaining gain of £2.696 million is

the net effect additional disposals and receipts received for other fixed assets. Further details can be found in note 6 page 51.

### g. Financing and investment net expenditure

The following table gives a breakdown of financing and investment net expenditure in the comprehensive income and expenditure statement. These relate to costs and income received due to the council's financing and investment activities.

	<b>2022/23</b>	<b>2021/22</b>	<b>Notes</b>
	<b>£m</b>	<b>£m</b>	
Interest payable and similar charges	19.454	13.110	22d
Net interest on the net defined benefit liability	17.114	14.917	12b
Interest income	(3.683)	(1.236)	22d
Income, expenditure and changes in fair value of investment properties	(0.099)	1.491	16
(Gain)/loss on financial instruments	5.319	(4.817)	22d
Other investment income	(1.264)	(1.131)	22d
<b>Total</b>	<b>36.841</b>	<b>22.334</b>	

The increase in interest payable and similar charges is mainly because of a premium incurred due to the early repayment of debt.

The change in income, expenditure and changes in fair value of investment properties reflect the effect of annual valuations. They reflect current market conditions, such as the ongoing pressure on the retail sector, and resulted in a reduction in the overall balance.

The loss on financial instruments is due to a decrease in the value of the council's CCLA Property Fund holdings because of a change market conditions during 2022/23 when compared to 2021/22.

### h. Taxation and non-specific grants

The following table gives a breakdown of the income received by the council shown within the taxation and non-specific grants line of the comprehensive income and expenditure statement.

	<b>2022/23</b>	<b>2021/22</b>	<b>Notes</b>
	<b>£m</b>	<b>£m</b>	
Council tax income	(138.899)	(133.910)	
Non domestic rate distribution	(63.834)	(63.684)	
Non domestic rate top up grant	(18.638)	(18.084)	
All capital grants and contributions	(30.477)	(38.728)	3b
Un-ringfenced government grants	(50.019)	(57.991)	3a
<b>Total</b>	<b>(301.867)</b>	<b>(312.397)</b>	

Details of the movement in un-ringfenced government grants can be found in note 3a.

Details of the movement in all capital grants contributions can be found in note 3b page 48.

## 2. Note to movement in reserves statement

This note details the adjustments made to 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 meet future capital and revenue expenditure.

	2022/23			2021/22			Notes
	Movement in general fund balance £m	Movement in other usable reserves £m	Movement in unusable reserves £m	Movement in general fund balance £m	Movement in other usable reserves £m	Movement in unusable reserves £m	
<b>Adjustments to revenue resources</b>							
Pensions costs	(39.910)	0.000	39.910	(36.031)	0.000	36.031	12b
Financial instruments (transferred to the financial instruments adjustments account)	(5.319)	0.000	5.319	4.817	0.000	(4.817)	22d
Council tax and NDR statutory adjustments	10.872	0.000	(10.872)	17.378	0.000	(17.378)	29e
Accumulated holiday pay	(0.827)	0.000	0.827	1.225	0.000	(1.225)	29f
Dedicated Schools Grant deficit statutory adjustment	(0.525)	0.000	0.525	0.000	0.000	0.000	
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure	(80.308)	0.000	80.308	(68.383)	0.000	68.383	29a
	<b>(116.017)</b>	<b>0.000</b>	<b>116.017</b>	<b>(80.994)</b>	<b>0.000</b>	<b>80.994</b>	
<b>Adjustments between revenue and capital resources</b>							
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	5.055	(5.055)	0.000	5.788	(5.788)	0.000	28c, 29a
Use of capital receipts to finance disposal costs	0.000	0.000	0.000	(0.026)	0.026	0.000	28c
Statutory provision for the repayment of debt	12.786	0.000	(12.786)	11.452	0.000	(11.452)	29a
Capital expenditure financed from revenue balances	2.779	0.000	(2.779)	2.555	0.000	(2.555)	29a
	<b>20.620</b>	<b>(5.055)</b>	<b>(15.565)</b>	<b>19.769</b>	<b>(5.762)</b>	<b>(14.007)</b>	
<b>Adjustments to capital resources</b>							
Use of the capital receipts reserve to finance capital expenditure	0.000	3.314	(3.314)	0.000	3.301	(3.301)	28c, 29a
Application of capital grants to finance capital expenditure	56.728	4.969	(61.697)	64.799	(6.915)	(57.884)	19, 28b
<b>Total adjustments to capital resources</b>	<b>56.728</b>	<b>8.283</b>	<b>(65.011)</b>	<b>64.799</b>	<b>(3.614)</b>	<b>(61.185)</b>	
<b>Total adjustments</b>	<b>(38.669)</b>	<b>3.228</b>	<b>35.441</b>	<b>3.574</b>	<b>(9.376)</b>	<b>5.802</b>	

### 3. Grant income

#### a. Revenue grants

The council credited the following government grants, contributions and donations to the CIES in 2022/23.

	2022/23 £m	2021/22 £m
<b>Credited to taxation and non-specific grant income</b>		
Supporting families grant	(1.377)	(1.017)
Street lighting PFI grant	(1.595)	(1.595)
New homes bonus	(0.450)	(1.145)
Covid-19 funding	(3.354)	(19.664)
Small business rates relief	(14.189)	(10.877)
Business Rates Extended Retail Relief	(2.461)	0.000
New burdens funding	(1.881)	(0.164)
Independent living fund	(0.808)	(0.810)
Public health grant	(18.707)	(18.196)
Local services grant	(5.154)	0.000
Local council tax support grant	0.000	(4.523)
Other	(0.043)	0.000
<b>Total</b>	<b>(50.019)</b>	<b>(57.991)</b>
<b>Credited to services</b>		
Covid-19 funding	(2.750)	(18.860)
Arts Council National Portfolio grant	(0.898)	(0.898)
Arts Council Music Hub grant	(0.481)	(0.481)
Housing benefits administration subsidy grant	(0.972)	(0.998)
Housing benefits rent allowances grant	(58.524)	(62.619)
Housing benefit non housing revenue account (HRA) rebates	(0.969)	(0.799)
Dedicated schools grant	(178.023)	(169.617)
Pupil premium	(11.764)	(11.115)
Other education grants	(10.852)	(7.629)
Better care fund	(18.165)	(22.079)
Improved better care fund	(14.181)	(13.764)
NHS Section 75 agreement	(13.514)	(17.384)
Adult social care support grant	(15.211)	(11.205)
Homelessness Prevention Grant	(0.986)	(1.012)
Other Local Authorities Contributions	(2.197)	(2.617)
HAF Grant	(1.848)	(1.731)
HO Unaccompanied Asylum Seeking Children Grant	(1.206)	(1.160)
St Thomas More PFI Grant	(0.773)	(0.773)
Afghan Relocation Grant	(0.595)	(0.835)
Ukraine Refugee Support Grant	(0.970)	0.000
Market Sustainability & Fair Cost of Care	(0.966)	0.000
Hospital Discharge Fund	(1.193)	0.000
Household Support Fund Cost of Living	(5.640)	0.000
Family Hub Grant	(0.845)	0.000
Black Country Healthcare Foundation Trust (HFT)	(2.047)	0.000
Care Grant	(0.835)	0.000
Council Tax Rebates Grant	(16.343)	0.000
Other	(6.227)	(11.861)
<b>Total</b>	<b>(368.975)</b>	<b>(357.437)</b>
<b>Total Revenue Grants</b>	<b>(418.994)</b>	<b>(415.428)</b>

In accordance with its grant conditions Walsall Council has fully utilised Arts Council grants received by it in 2022/23.

Walsall Council has received £0.048 million Turnaround grant from Ministry of Justice during 2022/23 and is shown within other under credited to services in the table above. The grant is to enable local authorities to intervene earlier and improve outcomes for children on the cusp of entering the youth justice system.

A breakdown of Covid-19 funding that Walsall Council received in 2022/23 via Central government is shown in the following table.

	2022/23 £m	2021/22 £m
<b>Credited to taxation and non-specific grant income</b>		
COVID-19 General Grant	0.000	(9.225)
Sales Fees and Charges Grant	0.000	(0.488)
Business Rates Extended Retail Relief	0.000	(8.270)
Business Rates Covid Additional Relief Fund	(3.354)	(1.494)
Tax Income Compensation Scheme	0.000	(0.187)
Hardship Fund Grant	0.000	0.000
<b>Total</b>	<b>(3.354)</b>	<b>(19.664)</b>
<b>Credited to services</b>		
Infection Control Grant	0.016	(0.948)
Outbreak Management Grant	0.000	(2.381)
Community Testing Grant	0.000	(1.177)
Winter Support Grant	(0.037)	(0.025)
Adult Social Care Rapid Testing Grant	0.000	(0.388)
Workforce Capacity Grant	(0.176)	(2.794)
COVID-19 Catch-Up Grants	0.000	(0.822)
Additional Restrictions Grant	(0.575)	(2.672)
Test and Trace Grant	(0.022)	(0.925)
Mass Testing Grant	(0.042)	(0.215)
Local Support Grant	0.000	(1.335)
Household Support Grant	0.000	(2.780)
Other Covid grants	(1.914)	(2.398)
<b>Total</b>	<b>(2.750)</b>	<b>(18.860)</b>
<b>Total Covid-19 funding</b>	<b>(6.104)</b>	<b>(38.524)</b>

The following table shows Covid-19 grants that were administered by Walsall Council on behalf of central government and have therefore not been included within the CIES along with associated spend.

	2022/23 £m	2021/22 £m
Infection Control Grant	0.057	(2.222)
Adult Social Care Rapid Testing Grant	0.000	(0.699)
Test & Trace – Main Scheme	0.000	(0.732)
Local Restrictions Support Grants	0.512	(1.456)
Restart grant	0.000	(8.728)
Omicron Hospitality & Leisure grant	0.000	(1.043)
Self-Isolation Practical Support Grant	0.000	(0.321)
<b>Total</b>	<b>0.569</b>	<b>(15.201)</b>



The previous table shows a charge for 2022/23 rather than receipt of grant. This is due to the council making payments back to government departments for unclaimed grants from individuals and businesses following required grant reconciliation exercises.

## b. Capital grants

Capital grants received by the council in 2022/23 are shown in the following table.

	2022/23	2021/22
	£m	£m
<b>Credited to taxation and non-specific grant income</b>		
Devolved formula capital for schools	(1.552)	(0.464)
Other education capital grants	(11.102)	(5.703)
Green Homes Local Area Delivery Scheme	(2.036)	(8.671)
Social Housing Decarbonisation Fund	0.000	(7.924)
M6 Junction 10 grants	(1.093)	0.000
Covid Active Travel grant	0.000	(0.972)
Other transport grants	(5.143)	(4.769)
Growth deal	0.000	(0.854)
Local Property Investment Fund	0.000	(1.261)
Town Deal	(4.152)	(2.130)
Getting Building Fund	0.000	(0.736)
Future High Streets Fund	(1.583)	(4.960)
Electric Vehicle charging point installation grant	0.000	(0.191)
Darlaston Pool energy efficiency grant	(2.601)	0.000
Other	(1.215)	(0.093)
<b>Total</b>	<b>(30.477)</b>	<b>(38.728)</b>
<b>Credited to services</b>		
Other education capital grants	(0.213)	(1.811)
Growth deal	0.000	(2.862)
Disabled facility grants	(3.315)	(3.315)
Department of Health and Social Care Capital Grant	(0.888)	(0.888)
Warm Homes Fund	(0.394)	(0.219)
Town Deal	(1.728)	0.000
Getting Building Fund	0.000	(15.825)
Local Property Investment Fund	(11.123)	(0.905)
Green Homes Local Area Delivery Scheme	(0.854)	(0.198)
Homes England Phoenix 10	(7.412)	0.000
Other	(0.324)	(0.048)
<b>Total</b>	<b>(26.251)</b>	<b>(26.071)</b>
<b>Total capital grants</b>	<b>(56.728)</b>	<b>(64.799)</b>

Walsall Council acknowledges receipt of Local Property Investment Fund (LPIF) grant funding from West Midlands Combined Authority.

### c. Grants received in advance

This table shows the grants the council received during 2022/23 that are to be used in 2022/23 or later but have not yet been recognised within the council's CIES.

	<b>As at 31 March 2023 £m</b>	<b>As at 31 March 2022 £m</b>
<b>Revenue grants in advance</b>		
Covid-19 Local Restrictions Grants	0.000	(2.445)
Covid-19 Additional Restrictions Grant	0.000	(0.575)
Council Tax Rebate grant	0.000	(16.623)
Omicron Hospitality & Leisure Grant	0.000	(0.331)
Business Rates Restart Grant	0.000	(2.444)
Self-Isolation Practical Support Grant	0.000	(0.277)
DLUHC Cyber Grant	(0.100)	0.000
Woodland Creation Accelerator Fund	(0.075)	0.000
TCP Grant	(0.060)	0.000
Other	(0.082)	(0.117)
<b>Total</b>	<b>(0.317)</b>	<b>(22.812)</b>

## 4. Better Care Fund

Walsall Council has entered a pooled budget arrangement in relation to the Better Care Fund (BCF) with Black Country Integrated Care Board (ICB) (formerly NHS Black Country & West Birmingham CCG) which aims to meet adult social care needs, reduce NHS pressures and support people to be discharged from hospital when they are ready.

The services are commissioned by either Walsall Council or Black Country ICB depending upon the needs of the client and are provided by several methods including internal, external and voluntary sector organisations.

Walsall Council and Black Country ICB have an agreement in place for funding these services that will run for one year, with the partners agreeing to the programme of services that will be funded. As part of the agreement any deficit or surplus arising on the pooled budget at the end of each financial year will be apportioned based on the risk share agreement (based on lead commissioner), except for the integrated community equipment service (ICES) which will continue to be based on the contributions from each partner. The pooled budget is hosted by Walsall Council on behalf of the two partners in the agreement.

	2022/23			2021/22		
	Capital £m	Revenue £m	Total £m	Capital £m	Revenue £m	Total £m
<b>Funding brought forward from previous year</b>	<b>0.000</b>	<b>(1.885)</b>	<b>(1.885)</b>	<b>0.000</b>	<b>(2.087)</b>	<b>(2.087)</b>
<b>Funding provided to the pooled budget</b>						
By Walsall Council	(4.203)	0.000	(4.203)	(4.203)	0.000	(4.203)
By Black Country Integrated Care Board	0.000	(38.772)	(38.772)	0.000	(37.040)	(37.040)
	<b>(4.203)</b>	<b>(38.772)</b>	<b>(42.975)</b>	<b>(4.203)</b>	<b>(37.040)</b>	<b>(41.243)</b>
<b>Expenditure met from the pooled budget</b>						
By Walsall Council	4.203	26.205	30.408	4.203	24.221	28.424
By Black Country Integrated Care Board	0.000	14.859	14.859	0.000	13.021	13.021
	<b>4.203</b>	<b>41.064</b>	<b>45.267</b>	<b>4.203</b>	<b>37.242</b>	<b>41.445</b>
<b>Net (surplus) / deficit on the pooled budget during the year</b>	<b>0.000</b>	<b>0.407</b>	<b>0.407</b>	<b>0.000</b>	<b>(1.885)</b>	<b>(1.885)</b>
Carry forwards into next year	0.000	0.004	0.004	0.000	1.885	1.885
<b>Net (surplus) / deficit on the pooled budget during the year (after carry forwards)</b>	<b>0.000</b>	<b>0.411</b>	<b>0.411</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Agreed risk share on the pooled budget during the year</b>						
By Walsall Council			0.229			(0.002)
By Black Country Integrated Care Board			0.182			0.002
			<b>0.411</b>			<b>0.000</b>

Although the table above includes elements for Black Country ICB the council does not commission work on behalf of the ICB. The same applies for the ICB with regards to work on behalf of Walsall Council. As such the council only records expenditure and income within its accounts where it is the lead body undertaking the work.

## 5. Dedicated schools grant

The council's expenditure on schools is funded by the dedicated schools grant (DSG), provided by the Department for Education. DSG is ring-fenced and can only be applied to meet eligible expenditure included in the schools budget. The schools budget includes elements for a restricted range of services provided on a council wide basis and the individual schools budget (ISB), which is divided into budget shares for each school. Over and under spends on the two elements are required to be accounted for separately. The council has not supplemented the schools budget from its own resources this year. Details of DSG receivable for 2022/23 which has been deployed in accordance with the School Standards and Framework Act 1998 are shown in the following table.

	2022/23			2021/22
	Central Expenditure £m	ISB £m	Total £m	Total £m
Final DSG for year before academy and high needs recoupment			(323.262)	(304.573)
Less Academy and high needs figure recouped in year			145.183	134.956
<b>Total DSG after academy and high needs recoupment</b>			<b>(178.079)</b>	<b>(169.617)</b>
Plus: Brought forward from previous year			(0.142)	(1.737)
<b>Agreed initial budgeted distribution</b>	<b>(42.432)</b>	<b>(135.789)</b>	<b>(178.221)</b>	<b>(171.354)</b>
In year adjustments	0.000	(0.188)	(0.188)	0.421
<b>Final budget distribution for year</b>	<b>(42.432)</b>	<b>(135.977)</b>	<b>(178.409)</b>	<b>(170.933)</b>
Less: Actual central expenditure	42.630		42.630	5.730
Less: Actual ISB deployed to schools		136.304	136.304	165.061
<b>In year carry-forward to 2022/23</b>	<b>0.198</b>	<b>0.327</b>	<b>0.525</b>	<b>(0.142)</b>
Carry-forward to following year			0.000	(0.142)
Addition to DSG unusable reserve at the end of 2022/23			0.525	0.000
Total of DSG unusable reserve at the end of 2022/23			0.525	0.000
<b>Net DSG position at the end of 2022/23</b>			<b>0.525</b>	<b>0.000</b>

## 6. Accounting for local government schools

Dedicated schools grant (DSG) is credited to the CIES within taxation and non-specific income based on amounts due from the Department for Education for 2022/23. The DSG is allocated between central council budget and budgets allocated to individual schools (individual school budgets). Expenditure from central council budgets and individual schools budgets is charged to the CIES under Children's Services & Customer Engagement. Individual schools' balances at 31 March 2023 are included in the balance sheet of the council under the earmarked reserves heading.

The numbers of schools with some measure of control from the council are shown in the following table.

	Community	Voluntary controlled	Voluntary aided	Foundation
Number of schools (including PFI)	57	8	13	1
Value of land and buildings at 31 March 2023 (£m)	133.237	21.521	0.000	2.855
Number of schools subject to PFI contracts	0	0	1	0

### PFI schemes

The council has one school subject to PFI contract, which is not shown on the council's balance sheet. This is because it is a voluntary aided school and the control of the right to use the buildings passes to the school trustees.

## Accounting for schools – consolidation

- In line with accounting standards and the Code on group accounts and consolidation, all maintained schools in the borough are entities controlled by the council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the council's single entity accounts.

## Accounting for schools – balance sheet recognition of schools

- The council recognises the land and buildings used by schools in line with the provisions of the Code. It states that property used by local authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The council recognises the schools land and buildings on its balance sheet where it directly owns the assets.
- Where the land and building assets used by the school are owned by an entity other than the council, (e.g., local diocese) then it is not included on the council's balance sheet. The exception is where the entity has transferred the rights of use of the asset to the council, school or school governing body (e.g., foundation trusts).
- The council has completed a school-by-school assessment across the different types of schools it controls within the borough. Judgements have been made to determine the arrangements in place and the accounting treatment of the land and building assets.
- All community schools are owned by the council and the land and buildings used by the schools are included on the council's balance sheet.
- Legal ownership of voluntary controlled school land and buildings usually rests with a charity, normally a religious body. However, the council receives capital funding for these assets and the school land and buildings are included on the balance sheet.
- Foundation trust schools were created to give greater freedom to the governing body responsible for school staff appointments and who also set the admission criteria. For a foundation trust school, the school governing body has legal ownership of the land and buildings, and the council receives capital funding for these assets and are included on the council's balance sheet.
- Legal ownership of the voluntary aided school land and buildings rests with the relevant diocese. The relevant diocese has granted a licence to the school to use the land and buildings. Under this licence arrangement, the rights of use of the land and buildings have not transferred to the school and are not included on the council's balance sheet.
- Academies are not considered to be maintained schools in the council's control. The land and building assets are not owned by the council and not included on the council's balance sheet.

## Future conversions

There is currently 1 maintained school in Walsall that is subject to an academy order. This school may therefore see conversion during 2023/24 (although no specific date has yet been confirmed), and at the point any conversion occurs all assets in relation to this school will transfer from the council to the academy.

## 7. Officers' remuneration

The remuneration and costs paid in respect to the council's corporate management team (CMT) and statutory officers:

		Salary, fees and allowances £	Contract Costs £	Pension contribution £	Total £
Chief Executive (Dr Helen Paterson)	2022/23	165,458	0	0	<b>165,458</b>
	2021/22	219,367	0	0	<b>219,367</b>
Interim Chief Executive	2022/23	0	41,724	0	<b>41,724</b>
	2021/22	0	0	0	<b>0</b>
Interim Executive Director - Resources & Transformation (Section 151 Officer)	2022/23	0	189,735	0	<b>189,735</b>
	2021/22	0	223,868	0	<b>223,868</b>
Interim Executive Director - Resources & Transformation	2022/23	0	22,494	0	<b>22,494</b>
	2021/22	0	0	0	<b>0</b>
Executive Director - Children's Services & Community Engagement (Sally Rowe)	2022/23	150,008	0	30,452	<b>180,460</b>
	2021/22	148,038	0	30,052	<b>178,090</b>
Executive Director - Adult Social Care & Public Health	2022/23	140,008	0	0	<b>140,008</b>
	2021/22	134,311	0	0	<b>134,311</b>
Executive Director - Economy, Environment & Communities	2022/23	143,278	0	28,819	<b>172,097</b>
	2021/22	141,308	0	28,686	<b>169,994</b>
Director - Finance, Corporate Performance and Corporate Landlord (Section 151 Officer)	2022/23	17,042	0	3,460	<b>20,502</b>
	2021/22	0	0	0	<b>0</b>
Director - Governance (Monitoring Officer)	2022/23	114,542	0	21,558	<b>136,100</b>
	2021/22	104,178	0	21,148	<b>125,326</b>
Director - Public Health & Hub	2022/23	115,265	0	23,399	<b>138,664</b>
	2021/22	113,340	0	23,008	<b>136,348</b>
Director - HR, OD and Admin	2022/23	97,845	0	0	<b>97,845</b>
	2021/22	54,025	0	0	<b>54,025</b>
Director - Communications	2022/23	101,160	0	20,535	<b>121,695</b>
	2021/22	94,350	0	19,153	<b>113,503</b>

### Chief Executive

The Chief Executive during 2022/23 was in post from 1 April 2022 to 7 February 2023 at which date they left the council.

### Interim Chief Executive

The Interim Chief Executive was appointed to replace the outgoing Chief Executive and was in post from 8 February 2023 onwards.

### Interim Executive Director – Resources & Transformation (Section 151 Officer)

The Interim Executive Director – Resources & Transformation (Section 151 Officer) during 2022/23 was in post from 1 April 2022 to 7 February 2023. At this point they were appointed to by the Interim Chief Executive.

### Interim Executive Director – Resources & Transformation

The Interim Director – Resources & Transformation was appointed to replace the Interim Director – Resources & Transformation (Section 151 Officer). They were in post during 2022/23 from 1 March 2023 to 31 March 2023.

### Director – Finance, Corporate Performance and Corporate Landlord

This post took on the Section 151 Officer role upon the Interim Chief Executive taking up that post on 8 February 2023. They were previously not part of CMT. They were Section 151 Officer during 2022/23 from 8 February 2023 to 31 March 2023

### Director – HR, OD and Admin

This was post was appointed to in 2022/23 and was not previously occupied or part of CMT. The pay details for 2021/22 cover the period from 01/09/2021 to 31/03/2022.

## Employees over £50,000

Other council employees who receive more than £50,000 remuneration (excluding pension contributions) during the year are shown in the following tables. Teachers have been split into two categories due to their employment status. Teachers at community and voluntary controlled (VC) schools are directly employed by the council. Teachers at foundation and voluntary aided (VA) schools are employed by the governing body of the school, and as such are not direct employees of the council.

Remuneration band	Council officers		Teachers - community / VC schools		Teachers - foundation / VA schools		Total	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
£50,000 - £54,999	111	87	44	43	4	8	159	138
£55,000 - £59,999	30	21	46	33	7	4	83	58
£60,000 - £64,999	2	9	20	27	6	4	28	40
£65,000 - £69,999	10	16	27	21	5	6	42	43
£70,000 - £74,999	15	4	17	11	5	2	37	17
£75,000 - £79,999	5	18	6	8	5	2	16	28
£80,000 - £84,999	24	8	10	5	0	1	34	14
£85,000 - £89,999	1	2	4	6	0	1	5	9
£90,000 - £94,999	4	2	21	2	1	1	26	5
£95,000 - £99,999	4	5	1	1	0	1	5	7
£100,000 - £104,999	4	0	2	0	1	0	7	0
£105,000 - £109,999	0	0	2	0	0	0	2	0
£110,000 - £114,999	0	0	0	1	1	0	1	1
£115,000 - £119,999	0	0	0	1	0	0	0	1
£120,000 - £124,999	0	0	1	0	0	0	1	0
<b>Total</b>	<b>210</b>	<b>172</b>	<b>201</b>	<b>159</b>	<b>35</b>	<b>30</b>	<b>446</b>	<b>361</b>

The increases within the council officers are predominately due to pay awards in 2022/23, that whilst not significant did move staff into the £50,000 remuneration band who were previously just under this. It has also moved staff to higher bands than last year.

## 8. Exit packages

The numbers of exit packages with total cost per band, and total cost of compulsory and other redundancies are set out in the following table.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
£								
							£m	£m
Up to 20,000	4	14	36	97	40	111	0.199	0.270
20,001-40,000	0	1	3	4	3	5	0.084	0.099
40,001-60,000	0	0	4	9	4	9	0.206	0.453
60,001-80,000	0	0	1	3	1	3	0.065	0.206
80,001-100,000	0	0	4	1	4	1	0.357	0.097
100,001-150,000	0	0	5	6	5	6	0.618	0.762
200,001-250,000	1	0	0	0	1	0	0.200	0.000
300,001-350,000	0	0	1	0	1	0	0.319	0.000
<b>Total</b>	<b>5</b>	<b>15</b>	<b>54</b>	<b>120</b>	<b>59</b>	<b>135</b>	<b>1.729</b>	<b>1.887</b>

## 9. Termination benefits

The council terminated the contracts of a number of employees in 2022/23, incurring liabilities of £1.816 million (£1.757 million in 2021/22), which is included within the costs shown in the exit packages table above. Included within these amounts are payments for various school-based staff and council employees.

## 10. Members allowances

The council paid £0.834 million of basic allowances (2021/22 £0.786 million) and £0.340 million of special responsibility payments (2021/22 £0.320 million) to members during the year.

## 11. Pension scheme accounted for as defined contribution

Teachers employed by the council are members of the Teachers' Pension Scheme, administered by the Department for Education. The scheme provides teachers with specified benefits upon their retirement, and the council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is technically a defined benefit scheme. However, the scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this statement of accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022/23, the council paid £12.854 million to the Teachers' Pension Scheme in respect of teachers' retirement benefits. This represented 23.68% of pensionable pay between April 2022 and March 2023. The figures for 2021/22 were £12.652 million and 23.68% of pensionable pay between April 2021 and March 2022. There were no contributions remaining payable at the year-end.

The council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in note 12.



Employees who were transferred over from the NHS to the council on 1 April 2013 for the Public Health function were entitled to remain on the NHS pension scheme. This scheme is administered by NHS Pensions and provides employees with specified benefits upon their retirement. The council contributes towards the costs by making contributions based on a percentage of member's pensionable salaries.

The scheme is technically a defined benefit scheme. However, the scheme is unfunded, and the Department of Health uses a notional fund as the basis for calculating the employers' contribution rate paid by employers. The council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this statement of accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022/23, the council paid £0.060 million to NHS Pensions in respect of Public Health staff retirement benefits, representing 14.38% of pensionable pay. The figures for 2021/22 were £0.071 million and 14.38%.

## 12. Defined benefit pension schemes

### a. Participation within pension schemes

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

The council participates in one post-employment scheme, the Local Government Pension Scheme (LGPS), administered locally by Wolverhampton City Council. This is a funded defined benefit final scheme meaning that the council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The LGPS is now a career average scheme for benefits built up from 1 April 2014 meaning that the employer and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. Policy is determined in accordance with the LGPS Regulations.

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

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e., large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the general fund the amounts required by statute as described in the accounting policies note.

During 2022/2023 the LGPS actuaries were Hymans Robertson LLP.

## b. Transactions relating to post-employment benefits

The council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the council is required to make against council tax is based on the cash payable in the year, so the actual cost of post-employment/retirement benefits is reversed out of the general fund via the movement in reserves statement.

	2022/23 £m	2021/22 £m	Notes
<b>Comprehensive income and expenditure statement</b>			
<i>Cost of service:</i>			
Current service cost	56.692	60.056	12e
Past service costs	0.295	0.816	12e
(Gain)/loss from settlements	0.000	(4.292)	12d, 12e
<i>Financing and investment income and expenditure:</i>			
Net interest expense (including admin expenses)	17.114	14.917	12d, 12e
<b>Total post-employment benefit charged to the surplus or deficit on the provision of services</b>	<b>74.101</b>	<b>71.497</b>	
<i>Other post-employment benefit charged to the comprehensive income and expenditure statement</i>			
Return on plan assets (excluding the amount included in the net interest expense)	56.997	(86.415)	12d
Remeasurement (gains)/losses arising on changes in demographic assumptions	(42.549)	(10.634)	12e
Remeasurement (gains)/losses arising on changes in financial assumptions	(617.537)	(92.147)	12e
Experience (gain)/loss on defined benefit obligation	45.735	4.388	12e
Other actuarial gains/(losses)	(21.188)	0.000	12e
Correction of opening defined benefit obligation	0.000	(0.208)	12e
<b>Total post-employment benefit charged to the comprehensive income and expenditure statement</b>	<b>(504.441)</b>	<b>(113.519)</b>	
<b>Movement in reserves statement</b>			
Reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the Code	(74.101)	(71.497)	
<i>Actual amount charged against the general fund balance for pensions in the year:</i>			
Employers' contributions payable to scheme	31.362	32.322	
Retirement benefits payable to pensioners	2.829	3.144	
<b>Total pensions costs in movement in reserves statement</b>	<b>(39.910)</b>	<b>(36.031)</b>	

The assumptions used for the actuarial calculations are volatile and this has resulted in the significant movements shown in the above table.

## c. Assets and liabilities in relation to post-employment benefits

The amount included in the balance sheet arising from the council's obligation in respect of its defined benefit plans is as follows.

	2022/23 £m	2021/22 £m
Present value of defined benefit obligation	(1,225.812)	(1,770.412)
Fair value of plan assets	1,133.518	1,169.186
<b>Net pension liability arising from defined benefit obligation</b>	<b>(92.294)</b>	<b>(601.226)</b>

#### d. Reconciliation of fair value of the scheme assets

	2022/23 £m	2021/22 £m
Opening balance at 1 April	1,169.186	1,094.520
Interest on assets	30.945	21.548
Return on assets less interest	(56.997)	86.415
Other actuarial gains/(losses)	21.188	0.000
Settlement prices received / (paid)	0.000	(0.989)
Employer contributions	4.491	5.466
Member contributions	7.644	7.220
Estimated benefits paid net of transfers in	(42.939)	(44.994)
<b>Closing balance at 31 March</b>	<b>1,133.518</b>	<b>1,169.186</b>

#### e. Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	2022/23 £m	2021/22 £m
Present value of funded obligations	(1,734.530)	(1,775.668)
Present value of unfunded obligations		
- Local government pension scheme	(24.244)	(26.146)
- Unfunded teachers scheme	(11.638)	(12.918)
<b>Opening balance as at 1 April</b>	<b>(1,770.412)</b>	<b>(1,814.732)</b>
Correction of present value of unfunded obligations	0.000	0.209
<b>Revised opening balance as at 1 April</b>	<b>(1,770.412)</b>	<b>(1,814.523)</b>
Current service cost	(56.692)	(60.056)
Interest cost	(48.059)	(36.465)
Member contributions	(7.644)	(7.220)
<b>Remeasurements (liabilities)</b>		
Gain/(Loss) on financial assumptions	617.537	92.147
Gain/(Loss) on demographic assumptions	42.549	10.634
Experience gain/(Loss)	(45.735)	(4.388)
Estimated benefits paid net of transfers in	42.939	44.994
Past service costs including curtailments	(0.295)	(0.816)
(Liabilities assumed) / extinguished on settlements	0.000	5.281
<b>Closing balance at 31 March</b>	<b>(1,225.812)</b>	<b>(1,770.412)</b>
Present value of funded obligations	(1,195.855)	(1,734.530)
Present value of unfunded obligations		
- Local government pension scheme	(20.569)	(24.244)
- Unfunded teachers scheme	(9.388)	(11.638)

The significant reduction in the present value of the pension scheme liabilities is due to changes in the financial assumptions shown on page 59. These changes in assumptions are due to the current economic climate, especially those affecting inflation and bond prices.

The main change in assumption for the gain is that for discounting scheme liabilities which increased by 2.05%. This assumption is based on corporate bond yields that have risen over the year. The impact of this increase is to reduce the obligations by £538.950 million in the year.

Note that these valuations are based on a moment in time and are subject to financial conditions during the year. As such whilst economic conditions are volatile this will lead to volatility within pension valuations.

#### f. Basis for estimating assets and liabilities

The assessment has been on an actuarial basis using the projected unit method, an estimate of the pensions that will have to be paid in the future including mortality rates and salary levels.

These have been estimated by Hymans Robertson LLP, an independent actuary firm with estimates being based on the latest full valuation of the scheme as at 31 March 2022. The significant assumptions used by the actuary have been:

	2022/23	2021/22
<b>Mortality assumptions:</b>		
<u>Longevity retiring today</u>		
- Men	20.8	21.2
- Women	23.6	23.6
<u>Longevity retiring in 20 years</u>		
- Men	21.60	22.90
- Women	25.10	25.40
Rate of increase in salaries	3.95%	4.20%
Rate of increase in pensions (CPI)	2.95%	3.20%
Rate for discounting scheme liabilities	4.75%	2.70%

The unfunded pensions arrangements have no assets to cover its liabilities.

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	2022/23		2021/22	
	£m	%	£m	%
<b>Debt Securities</b>				
Corporate Bonds	59.664	5.3%	67.609	5.8%
UK Government	52.184	4.6%	71.936	6.2%
Other	120.905	10.7%	121.455	10.4%
<b>Private Equity</b>				
All	87.119	7.7%	78.037	6.7%
<b>Real Estate</b>				
UK Property	79.543	7.0%	83.357	7.1%
<b>Investment Funds and Unit Trusts</b>				
Equities	620.356	54.7%	633.754	54.2%
Infrastructure	61.169	5.4%	46.833	4.0%
Other	17.211	1.5%	19.898	1.7%
<b>Derivatives</b>				
Foreign Exchange	0.000	0.0%	0.517	0.0%
Other	0.000	0.0%	0.149	0.0%
<b>Cash and Cash Equivalents</b>				
All	35.367	3.1%	45.641	3.9%
<b>Total</b>	<b>1,133.518</b>	<b>100.0%</b>	<b>1,169.186</b>	<b>100.0%</b>

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above for the pension fund deficit. The sensitivity analysis below is based on possible changes to the assumptions occurring at the end of the reporting period. It assumes that for each assumption that changes all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis are on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

<b>Change in assumptions at 31 March 2023</b>	<b>Approximate % increase to defined benefit obligation</b>	<b>Approximate monetary amount (£m)</b>
0.1% decrease in real discount rate	1.68%	20.641
1 year increase in member life expectancy	4.00%	49.033
0.1% increase in the salary increase rate	0.17%	2.073
0.1% increase in the pension increase rate (CPI)	1.54%	18.869

#### **g. Impact on the council's cash flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 17 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2025 to be reported from 2025/26.

The scheme considers the national changes to the scheme under the Public Pensions Services Act 2013. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The employers contribution for 2023/24 is estimated by the actuaries to be approximately £30.110 million.

The weighted average duration of the defined benefit obligation for scheme members is 17 years for 2022/23 (20 years 2021/22).

### **13. External audit costs**

The council incurred costs of £0.176 million (£0.176 million 2021/22) for fees related to external audit services and £0.013 million (£0.013 million 2021/22) for fees incurred for the certification of grant claims and returns. These services were carried out by Grant Thornton UK LLP the council's appointed auditor. The costs incurred will be subject to variations dependent on the audit.

## 14. Property, plant and equipment

### a. Movement on balances

Movements in the council's property, plant and equipment values are shown in the following table.

	Operational land and buildings £m	Vehicles, plant and equipment £m	Highways Infrastructure Assets £m	Community assets £m	Surplus assets £m	Assets under construction £m	Total £m
<b>Net book value 31 March 2021</b>	<b>335.386</b>	<b>6.430</b>	<b>138.412</b>	<b>4.153</b>	<b>12.931</b>	<b>6.647</b>	<b>503.959</b>
Additions	17.644	1.744	12.059	0.086	2.465	2.517	36.515
Revaluations	5.541	0.000	0.000	0.000	(3.322)	0.000	2.219
Disposals/derecognition of assets	(6.380)	(2.764)	0.000	0.000	0.000	0.000	(9.144)
Reclassification of assets	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Depreciation	(6.367)	(1.921)	(6.048)	0.000	(0.031)	0.000	(14.367)
Impairments	(1.347)	0.000	(0.448)	(0.080)	(0.018)	(0.075)	(1.968)
Other movements	0.000	0.000	0.059	0.000	0.000	0.000	0.059
<b>Net book value 31 March 2022</b>	<b>344.477</b>	<b>3.489</b>	<b>144.034</b>	<b>4.159</b>	<b>12.025</b>	<b>9.089</b>	<b>517.273</b>
Additions	17.318	4.825	16.510	0.415	0.508	1.652	41.228
Revaluations	8.993	0.000	0.000	0.000	(1.290)	0.000	7.703
Disposals/derecognition of assets	(11.018)	(1.029)	0.000	0.000	0.000	0.000	(12.047)
Reclassification of assets	0.087	0.000	0.000	0.000	0.000	0.000	0.087
Depreciation	(6.675)	(2.825)	(4.955)	0.000	(0.058)	0.000	(14.513)
Impairments	(3.176)	(0.297)	(0.807)	(0.187)	(0.105)	(1.050)	(5.622)
Other movements	(0.227)	0.000	0.000	0.000	0.227	0.000	0.000
<b>Net book value 31 March 2023</b>	<b>349.779</b>	<b>4.163</b>	<b>154.782</b>	<b>4.387</b>	<b>11.307</b>	<b>9.691</b>	<b>534.109</b>
<b>Balance as at 31 March 2022</b>							
Cost/Valuation	347.566	12.052	n/a	6.357	12.035	9.164	387.174
Cumulative Depreciation and Impairments	(3.089)	(8.563)	n/a	(2.198)	(0.010)	(0.075)	(13.935)
<b>Carrying amount</b>	<b>344.477</b>	<b>3.489</b>	<b>n/a</b>	<b>4.159</b>	<b>12.025</b>	<b>9.089</b>	<b>373.239</b>
<b>Balance as at 31 March 2023</b>							
Cost/Valuation	352.706	15.138	n/a	6.771	11.307	10.816	396.738
Cumulative Depreciation and Impairments	(2.927)	(10.975)	n/a	(2.384)	0.000	(1.125)	(17.411)
<b>Carrying amount</b>	<b>349.779</b>	<b>4.163</b>	<b>n/a</b>	<b>4.387</b>	<b>11.307</b>	<b>9.691</b>	<b>379.327</b>
Owned	349.779	3.503	149.177	4.387	11.307	9.691	527.844
PFI	0.000	0.000	5.605	0.000	0.000	0.000	5.605
Finance Lease	0.000	0.660	0.000	0.000	0.000	0.000	0.660
<b>Carrying amount</b>	<b>349.779</b>	<b>4.163</b>	<b>154.782</b>	<b>4.387</b>	<b>11.307</b>	<b>9.691</b>	<b>534.109</b>

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for highways 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.

The council 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. Therefore, they would not provide the basis for the users of the financial statements to take economic or other decisions relating to highways infrastructure assets.

The authority has determined in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for highways infrastructure assets when there is replacement expenditure is nil.

## b. Capital commitments

At 31 March 2023, the council has entered a number of contracts for the construction or enhancement of property, plant and equipment in 2022/23 and future years which are budgeted to cost £33.288 million. Similar commitments at 31 March 2021 were £66.902 million. The major commitments are shown in the following table:

Projects	Council funded £m	Externally funded £m	Total £m
Local Property Investment Fund	0.000	17.098	<b>17.098</b>
Walsall Town Deal	0.000	0.830	<b>0.830</b>
Bloxwich Town Deal	0.000	1.597	<b>1.597</b>
Growing Places Fund	0.000	1.196	<b>1.196</b>
Corporate ICT projects	3.326	0.000	<b>3.326</b>
Social Housing Decarbonisation	0.000	2.360	<b>2.360</b>
Purchase of dispersed temporary accommodation	0.000	0.119	<b>0.119</b>
Replacement LED Street Lights	5.552	0.000	<b>5.552</b>
Regional Materials Recycling Facility	1.210	0.000	<b>1.210</b>
	<b>10.088</b>	<b>23.200</b>	<b>33.288</b>

## c. Revaluations

The council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. For 2022/23 all valuations were carried out by the council's Asset Management team except for the Primark and Co-op developments, and land off Darlaston Road. The effective date of the revaluations carried out in 2022/23 was 31 March 2023. These valuations were prepared by Nick Ford BSc (Hons) MRICS (RICS Registered Valuer) and Sarah Robson BSc (Hons) MRICS, assisted by Ian Jeavons BSc (Hons) MRICS – Senior Asset Management Officer and John Kirwan RICS Candidate – Asset Management Officer.

The valuations for the Primark and Coop developments were carried out externally by Avison Young. The valuation was prepared by Mark Shelley BSc MRICS (RICS Registered Valuer) and Rebecca Millard BSc MRICS (RICS Registered Valuer).

The valuation for land off Darlaston Road were carried out externally by Lambert Smith Hampton. The valuation was prepared by Mark D Weller MSc (Hons) MRICS (RICS Registered Valuer) and Luke Sutton BSc (Hons) MRICS (RICS Registered Valuer).

The Saddlers Centre valuation was carried out by Avison Young. The valuation was prepared by Mark Shelley BSc MRICS (RICS Registered Valuer) and Rebecca Millard BSc MRICS (RICS Registered Valuer).

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Surplus assets were valued on a market basis using values obtained by observing comparatives in the local area.

The significant assumptions applied in estimating the fair values are:

- Land and Buildings have been valued on an existing use value basis except where the assets are specialised.
- Surplus assets have been valued on a fair value basis.
- Specialised assets have been valued on the depreciated replacement cost method using modern equivalent asset basis.
- The values used for the depreciated replacement cost calculation were from the Building Cost Information Service (BCIS) Quarterly Review of Building Prices – 1st quarter 2023.
- Assets under construction have been valued on a cost basis.
- Infrastructure and community assets have been valued on a depreciated historic cost basis.
- Vehicles, plant and equipment are valued using depreciated historic cost basis as a proxy for current value due to their short useful lives and/or low values.

	Operational land and buildings £m	Vehicles, plant and equipment £m	Highways Infrastructure assets £m	Community assets £m	Surplus assets £m	Assets under construction £m	Grand Total £m
Valued at historical cost	5.423	4.163	154.782	4.387	0.000	9.691	<b>178.446</b>
<b>Valued at current value as at:</b>							
2022/2023	301.778	0.000	0.000	0.000	11.307	0.000	<b>313.085</b>
2021/2022	14.709	0.000	0.000	0.000	0.000	0.000	<b>14.709</b>
2020/2021	11.918	0.000	0.000	0.000	0.000	0.000	<b>11.918</b>
2019/2020	9.135	0.000	0.000	0.000	0.000	0.000	<b>9.135</b>
2018/2019	6.816	0.000	0.000	0.000	0.000	0.000	<b>6.816</b>
<b>Grand Total</b>	<b>349.779</b>	<b>4.163</b>	<b>154.782</b>	<b>4.387</b>	<b>11.307</b>	<b>9.691</b>	<b>534.109</b>

Surplus assets have been assessed as level 2 for valuation purposes. An explanation of valuation levels can be found in the accounting policies on page 98. There has been no change in valuation methodology compared to last year.

	2022/23 Level 2 £m	2021/22 Level 2 £m
Surplus assets	11.307	12.025
<b>Total</b>	<b>11.307</b>	<b>12.025</b>

## 15. Heritage assets

### a. Carrying value of heritage assets held by the council

The council currently holds £31.273 million (2021/22 £33.961 million) of heritage assets on its balance sheet. These assets include art collections (£29.130 million 2022/23, £31.781 million 2021/22), museum collections (£1.912 million 2022/23, £1.950 million 2021/22), civic regalia (£0.223 million 2022/23, £0.223 million 2021/22). The reduction in value is due to using the most recent insurance certificate values issued during 2022/23.



## b. Valuations

### *Art collections*

The council's art collections are reported in the balance sheet at insurance valuations based on market values. Valuations are based on research of the art market which establishes the recent sale prices at auction or from galleries of similar works. A number of key art works underwent an insurance valuation as at 16 August 2017 carried out by Bonhams.

The most significant valuations include Lucian Freud's 'Portrait of Kitty' and 'Annabel', Vincent van Gogh's 'Sorrow' and Frank Auerbach's "To the Studio".

### *Museum collections*

The council's museum collections are included in the balance sheet at insurance valuation based on market values. The remaining items in the collection are insured at valuations derived by curators, based on their knowledge of current market values.

### *Civic regalia*

The council's mayoral civic regalia are included in the balance sheet at insurance valuation based on replacement values. The last valuation took place in 2009 by Fellows and Sons, auctioneers and valuers based in Birmingham.

## c. Additions of heritage assets

There were no additions of art works during both 2022/23 and 2021/22.

## d. Disposal of heritage assets

There were no disposals of heritage assets during both 2022/23 and 2021/22.

## e. Five-year summary of transactions

Following a review of the transactions over the last five years there were no significant or material additions, disposals or other transactions that warrant any further disclosure.

## f. Further information on heritage assets

### *Art collections*

The council has four art collections: the Garman-Ryan collection, the Garman-Ryan Epstein collection, the permanent collection and the special collection; all based within the council's New Art Gallery. These collections include significant works by European artists including Van Gogh, Monet, Turner, Renoir, Constable and Sir Jacob Epstein. The council is only allowed to dispose of works that it has purchased. These exclude all the works within the Garman-Ryan collection and other works gifted/bequeathed to the people of Walsall and held by the council in trust.

Further details of the art collections can be found on the New Art Gallery's website.

### *Museum collections*

The council's museum collections comprise the Hodson Shop collection, clothing collection, social and industrial collection and leather collection. These are held in storage with a number of items periodically displayed in the Leather Museum. The Hodson Shop collection is a nationally significant collection of clothing and other household goods representative of stock in a draper's shop. These items have been acquired by donations, purchase and bequests in accordance with the council's acquisitions and disposals policy.

Further details of the museum collections can be found on the Walsall Council website and the Black Country History website.

### *Civic regalia*

The civic regalia consist of the mayoral insignia for the Mayor and Mayoress of Walsall. It also contains the chains of office for the former borough councils that were amalgamated into Walsall because of local government reorganisation: Darlaston, Willenhall, and Aldridge and Brownhills. The mayoral insignia are only used at formal mayoral events. Otherwise, they are kept securely stored.

### Heritage assets not held on balance sheet

The council holds a number of heritage assets off balance sheet due to not previously having values for these items. The council believes that the cost of obtaining valuations now for these assets will not match the potential benefit they will bring to the reader of these accounts. These assets include local history archive, statues, war memorials, memorial clocks and public art.

## 16. Investment properties

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

There are no restrictions on the council's ability to realise the value inherent in its investment property or on the council's right to the remittance of income and the proceeds of disposal. The council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

### a. Income and expenditure on investment properties

The rental income received and expenditure spent on the council's investment properties are shown below.

	2022/23 £m	2021/22 £m
Rental income from investment properties	(0.094)	(2.350)
Direct operating expenses from investment properties generating rental income in period	0.000	2.561
<b>Net (surplus)/deficit</b>	<b>(0.094)</b>	<b>0.211</b>

### b. Movement on balances

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

	2022/23 £m	2021/22 £m
<b>Balance as at 1 April</b>	<b>4.760</b>	<b>6.062</b>
Net gains/(losses) from fair value adjustments	0.005	(1.280)
Disposals	0.000	(0.022)
Transfer to/from PPE	(2.381)	0.000
<b>Balance as at 31 March</b>	<b>2.384</b>	<b>4.760</b>

The investment properties have all had their annual valuation as at 31 March 2023. The outcome of these valuations reflects current market conditions, such as the ongoing pressure on the retail sector, and has resulted in a reduction in the overall balance.

### c. Fair value hierarchy

The council's investment properties have been value assessed as level 2 on the fair value hierarchy for valuation purposes, except for one property which has been assessed as level 3 (see Note 36 page 98 for an explanation of the fair value levels).

	2022/23			2021/22		
	Level 2 £m	Level 3 £m	Total £m	Level 2 £m	Level 3 £m	Total £m
Shops	0.120	0.000	0.120	0.115	2.381	2.496
Leased land	2.264	0.000	2.264	2.264	0.000	2.264
<b>Total</b>	<b>2.384</b>	<b>0.000</b>	<b>2.384</b>	<b>2.379</b>	<b>2.381</b>	<b>4.760</b>

### d. Valuation techniques used to determine fair values

The fair value of investment properties has been measured using a market approach, which considers quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the council's investment asset portfolio. In estimating the fair value of the council's investment properties, the highest and best use is their current use.

For those values assessed as level 3 the significant unobservable inputs used relate to the valuer's judgement of yield rates for rentals using known market information as a basis and adjusting this for known local conditions. A summary of these is shown below.

Asset Category	Unobservable inputs	Sources	Range	Sensitivity
Shops	Rental yields	Comparables databases for, rents, yields and capital costs	0.1%-6%	Changes in rental income yield or occupancy will result in a higher or lower value

### e. Valuation process for investment properties

The council's investment property has been valued as at 31 March 2023 except when purchased in year where the purchase price is taken as the fair value. Valuations for investment properties were carried out by the council's Asset Management team as outlined in Note 14c page 62.

All valuations were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

## 17. Intangible assets

The council accounts for its software licences as intangible assets, to the extent that the software is not an integral part of a particular information technology system and is accounted for as part of the hardware item of property, plant and equipment.

	2022/23 £m	2021/22 £m
Balance at start of year	13.635	11.612
<b><u>Additions</u></b>		
- purchase	5.238	4.307
Amortisation for the year	(2.060)	(1.685)
Disposals	0.000	(0.009)
Impairments	(0.409)	(0.590)
<b>Total movements in the year</b>	<b>2.769</b>	<b>2.023</b>
<b>Net carrying amount at end of the year</b>	<b>16.404</b>	<b>13.635</b>
Comprising:		
- Gross carrying amounts	27.601	22.362
- accumulated amortisation	(11.197)	(8.727)
<b>Net book value at 31 March</b>	<b>16.404</b>	<b>13.635</b>

## 18. Assets held for sale

The following table shows the movements and current balance within the assets held for sale account. These assets are for sale and actively being marketed by the council.

	2022/23 £m	2021/22 £m
Balance as at 1 April	0.600	4.115
<b><i>Assets newly classified as held for sale:</i></b>		
Property, plant and equipment	2.294	0.000
Revaluation (losses)/gains	0.000	(0.456)
<b><i>Other movements</i></b>		
Assets sold	(1.411)	(3.059)
<b>Balance as at 31 March</b>	<b>1.483</b>	<b>0.600</b>

## 19. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the following table (including the value of assets acquired under finance leases and PFI/PPP contracts), together with the resources that have been used to finance it. The net movement then results in either an increase or decrease in the council's capital financing requirement (CFR) also shown on this table.

	2022/23 £m	2021/22 £m	Notes
Opening capital financing requirement	374.499	370.108	
<b>Capital investment</b>			
Property, plant and equipment	41.228	36.515	14a
Revenue expenditure funded from capital under statute	44.367	33.993	29a
Intangible assets	5.238	4.307	17
Acquisition of equity in associate company	0.000	0.197	22b
Provision of capital loans to associate company	5.481	4.574	25c
	<b>96.314</b>	<b>79.586</b>	
<b>Sources of finance</b>			
Capital receipts	(3.314)	(3.301)	28c
Government grants and contributions	(61.697)	(57.884)	29a
<i>Sums set aside from revenue</i>			
Direct revenue contributions	(2.779)	(2.555)	29a
Minimum revenue provision (MRP)	(12.789)	(11.455)	29a
	<b>(80.579)</b>	<b>(75.195)</b>	
Other movements	(0.049)	0.000	
<b>Closing capital financing requirement</b>	<b>390.185</b>	<b>374.499</b>	
<b>Explanation of movements in year</b>			
Increase in current year underlying need to borrow	28.524	15.846	
Decrease in prior years underlying need to borrow (MRP)	(11.933)	(10.426)	
Reduction in liability on PFI schemes (MRP)	(0.598)	(0.602)	
Reduction in liability on Finance Leases (MRP)	(0.307)	(0.427)	
<b>Increase/(decrease) in capital financing requirement</b>	<b>15.686</b>	<b>4.391</b>	

The CFR shows the council's overall requirement for borrowing based on past and current capital expenditure not financed by grants, capital receipts revenue contributions. This balance is then written down over future years through a contribution from revenue, the minimum revenue provision, which is calculated as per the council's MRP policy agreed each year.

## 20. Leases

### a. Council as lessee

#### *Finance leases*

The council has some vehicles on finance leases. The assets acquired by these leases are carried on the balance sheet as property, plant and equipment with values shown in Note 14a, page 61.

The council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the council and finance costs that will be payable by the council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	Finance lease liabilities		Finance costs payable		Minimum lease payments	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
	£m	£m	£m	£m	£m	£m
Not later than one year	0.258	0.427	0.001	0.089	0.259	0.516
Later than one year and not later than five years	0.016	0.274	0.000	0.142	0.016	0.416
<b>Total</b>	<b>0.274</b>	<b>0.701</b>	<b>0.001</b>	<b>0.231</b>	<b>0.275</b>	<b>0.932</b>

### Operating leases

The council have vehicles, equipment and property on operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

	As at 31 March 2023	As at 31 March 2022
	£m	£m
Not later than one year	0.998	0.830
Later than one year and not later than five years	2.648	2.463
Later than five years	3.101	3.659
<b>Total</b>	<b>6.747</b>	<b>6.952</b>

The council has sub-let some of the vehicles held under these operating leases. At 31 March 2023 the minimum payments expected to be received under non-cancellable sub-leases was £0.184 million (£0.497 million in 2021/22)

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

	2022/23	2021/22
	£m	£m
Minimum lease payments	0.939	0.750
Contingent rents	0.050	0.036
Sublease payments received	(0.129)	(0.130)
<b>Total</b>	<b>0.860</b>	<b>0.656</b>

## b. Council as lessor

### Operating leases

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:

	As at 31 March 2023	As at 31 March 2022
	£m	£m
Not later than one year	1.400	1.433
Later than one year and not later than five years	3.832	3.800
Later than five years	7.184	9.578
<b>Total</b>	<b>12.416</b>	<b>14.811</b>

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. During 2022/23 the contingent rents received by the council were £0.135 million (£0.274 million in 2021/22).

### Finance leases

The council has a few leases as lessor that are categorised as finance leases. However, they are not considered to be material.

## 21. Private finance initiatives and similar contracts

### a. St Thomas More School

2022/23 was the twentieth year of a 25-year private finance initiative (PFI) contract for the construction, maintenance and operation of a secondary school in Willenhall. The main partners within the contract are the Governors of St Thomas More School, Birmingham Roman Catholic Diocese Trustees, Babcock and Brown and Walsall Council. The application of IFRIC 12 to this scheme has resulted in this being classed as an off-balance sheet transaction. As such no asset is shown within the council's balance sheet. This is due to the council having no interest in the school at the end of the contract. Instead, all the land and property revert to the Birmingham Roman Catholic Diocese Trustees and the Governors of St Thomas More School. In line with all other voluntary aided schools the contract has also been reviewed under IFRIC 4 and it has been determined that the council has an operating lease with the Governors of St Thomas More School and Birmingham Roman Catholic Diocese Trustees.

The following table shows the predicted payments to be made under the contract to the contractor over the remaining life of the contract.

	<b>2022/23</b>
	<b>£m</b>
Payable within one year	2.428
Payable within two to five years	10.205
<b>Total</b>	<b>12.633</b>

### b. Public street lighting

2022/23 was the nineteenth year of a 25-year PFI contract for the replacement and maintenance of the council's lighting stock across the borough. The objective of this contract is to ensure that the borough is lit in a uniform manner complying with British and European standards. The main partners within the contract are Walsall Council and Walsall Public Lighting Ltd.

The council makes an agreed payment which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year, but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2023 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for service	Reimbursement of capital expenditure	Interest	Total
	£m	£m	£m	£m
Payable within one year	2.896	0.582	0.037	3.515
Payable within two to five years	12.270	2.290	0.074	14.634
Payable within six years	0.265	0.045	0.001	0.311
<b>Total</b>	<b>15.431</b>	<b>2.917</b>	<b>0.112</b>	<b>18.460</b>

The assets used to provide services for street lighting are recognised on the council's balance sheet. Their value is included within the property, plant and equipment balance in note 14a page 61.

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

Both the asset value and liability outstanding to pay the contractor for capital expenditure initially incurred is as follows:

	2022/23		2021/22	
	PFI liability £m	PPE assets £m	PFI liability £m	PPE assets £m
Balance outstanding at start of year	(3.515)	6.208	(4.117)	6.811
Payments during the year	0.598	0.000	0.602	0.000
Depreciation in year	0.000	(0.603)	0.000	(0.603)
<b>Balance outstanding at year-end</b>	<b>(2.917)</b>	<b>5.605</b>	<b>(3.515)</b>	<b>6.208</b>

### c. Housing 21

2022/23 was the fifteenth year of a 30-year public-private partnership scheme. The principal partners in the contract are Housing 21 and Walsall Council. This contract is to provide:

- 285 extra care units (including 70 shared ownership and 5 respite care) across the borough.
- A 40-bed dementia care unit at Goscote.

Most of the assets within this contract do not revert back to council ownership at the end of the 30-year contract. Instead, the council has provided land to Housing 21 on 125-year leases. As such the council does not need to account for the assets created by the scheme on its balance sheet.

The table below shows the predicted payments to the contractor over the life of the agreement.

	2022/23 £m
Payable within one year	11.155
Payable within two to five years	47.479
Payable within six to ten years	66.339
Payable within eleven to fifteen years	75.056
<b>Total</b>	<b>200.029</b>



## 22. Financial instruments

### a. Categories of financial instruments

The following categories of financial instrument are carried in the balance sheet:

#### *Financial assets*

	Non-current		Current			Total £m
	Investments £m	Debtors £m	Investments £m	Debtors £m	Cash & Cash Equivalents £m	
<b>As at 31 March 2022</b>						
Fair value through profit and loss	32.264	0.000	0.000	0.000	35.000	67.264
Fair value through other comprehensive income	14.878	0.000	0.000	0.000	0.000	14.878
Amortised cost	5.067	7.761	174.286	47.239	14.431	248.784
	<b>52.209</b>	<b>7.761</b>	<b>174.286</b>	<b>47.239</b>	<b>49.431</b>	<b>330.926</b>
Non-financial assets	0.000	0.000	0.000	43.717	0.000	43.717
	<b>52.209</b>	<b>7.761</b>	<b>174.286</b>	<b>90.956</b>	<b>49.431</b>	<b>374.643</b>
<b>As at 31 March 2023</b>						
Fair value through profit and loss	26.945	0.000	0.000	0.000	36.218	63.163
Fair value through other comprehensive income	28.446	0.000	0.000	0.000	0.000	28.446
Amortised cost	5.026	12.802	58.617	53.640	13.775	143.860
	<b>60.417</b>	<b>12.802</b>	<b>58.617</b>	<b>53.640</b>	<b>49.993</b>	<b>235.469</b>
Non-financial assets	0.000	0.000	0.000	48.631	0.000	48.631
	<b>60.417</b>	<b>12.802</b>	<b>58.617</b>	<b>102.271</b>	<b>49.993</b>	<b>284.100</b>

The investments carried at fair value through profit and loss consists of the council's unit holding with the CCLA Property Fund. The cash & cash equivalents carried at fair value through profit and loss are investments in highly liquid money market funds.

The council's shareholding in both Birmingham Airport Holdings Limited (BAH) and Sherbourne Recycling Ltd have been designated to be carried as fair Value through other comprehensive income instead of carried through profit and loss. These designation for BAH was made on the introduction of the accounting standard (1 April 2018). The designation for Sherbourne Recycling Ltd was made upon acquisition on 1 April 2021.

The seven West Midlands local authorities own 49% of BAH's 320 million ordinary shares of £0.01 each. The council owns 4.88% of these shares. The other shareholders are Airport Group Investments Limited (48.35%) and an employee share trust (2.75%). In addition, the seven West Midlands authorities own all of BAH's 6.31% preference shares, of which Walsall Council owns 9.95%. These are cumulative and irredeemable.

Sherbourne Recycling Ltd was incorporated on 1 April 2021 as a company limited by shares. The shareholders of this company are eight local authorities including Walsall Council. The council has a shareholding of 19.66% of the company and is the second largest shareholder. The other shareholders are Coventry City Council, Solihull Metropolitan Borough Council, Stratford on Avon District Council, Warwick District Council, Rugby Borough Council, Nuneaton & Bedworth Borough Council and North Warwickshire Borough Council.

The non-current debtors carried at amortised cost contains approximately £2.6 million Waste Disposal debt from the former West Midlands County Council owed to Walsall Council by the other West Midlands councils which is to be paid by agreement over the next 3 years (further detail in note 25c).

The non- financial assets consist of collection fund debtors, HMRC debtor for VAT and prepayments (further details in note 25a).

### Financial liabilities

	Non-current		Current		Total £m
	Borrowings £m	Creditors £m	Borrowings £m	Creditors £m	
<b>As at 31 March 2022</b>					
Amortised cost	(293.858)	(3.468)	(42.686)	(69.428)	(409.440)
	<b>(293.858)</b>	<b>(3.468)</b>	<b>(42.686)</b>	<b>(69.428)</b>	<b>(409.440)</b>
Non-financial liabilities	0.000	(601.225)	0.000	(18.575)	(619.800)
	<b>(293.858)</b>	<b>(604.693)</b>	<b>(42.686)</b>	<b>(88.003)</b>	<b>(1,029.240)</b>
<b>As at 31 March 2023</b>					
Amortised cost	(240.918)	(2.579)	(30.733)	(68.797)	(343.027)
	<b>(240.918)</b>	<b>(2.579)</b>	<b>(30.733)</b>	<b>(68.797)</b>	<b>(343.027)</b>
Non-financial liabilities	0.000	(92.293)	0.000	(15.536)	(107.829)
	<b>(240.918)</b>	<b>(94.872)</b>	<b>(30.733)</b>	<b>(84.333)</b>	<b>(450.856)</b>

The borrowing financial liabilities at amortised cost consist of Public Works Loan Board (PWLB) loans, commercial bank loans and loans from other local authorities taken by the council.

The non-current borrowing carried at amortised cost contains £8.449 million of remaining transferred debt because of the dissolution of the former West Midlands County Council which is to be paid by agreement over the next 3 years.

The non- financial liabilities consist of the net pension liability (further information available in Note 12), PFI (further information available in Note 21b), collection fund creditors, HMRC creditors and receipts in advance (further information available in Note 26a).

### b. Fair value of investments in equity instruments and money market funds

The council's unit holdings within the CCLA Property Fund, Morgan Stanley Sterling Liquidity Fund, CCL Public Sector Deposit Fund and HSBC Sterling Liquidity Fund are within active trading markets with observable unit prices. Therefore, the fair value quoted within the accounts is based on these unaltered unit prices.

The council's shareholding in BAH is not traded in an active market; however, the fair value shown is based on a high degree of comparability to listed company data including any movement in share prices. The valuation technique used in determining the fair value of BIA is an earnings approach based upon Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) within the relevant year's business plan with future potential adjusted by multiples derived from similar listed companies within the industry.

	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31 March 2023 £m	As at 31 March 2022 £m
<b>Fair value through profit and loss</b>				
CCLA Property Fund	Level 1	Unadjusted quoted prices	26.945	32.264
Morgan Stanley Sterling Liquidity Fund	Level 1	Unadjusted quoted prices	15.000	10.000
CCLA Public Sector Deposit Fund	Level 1	Unadjusted quoted prices	15.000	15.000
HSBC Sterling Liquidity Fund	Level 1	Unadjusted quoted prices	6.000	10.000
<b>Fair value through other comprehensive income</b>				
Birmingham Airport	Level 3	Earnings based valuation	28.249	14.681

The council's shareholding in Sherbourne Recycling Ltd is held at the cost as it is an investment with an associate company as allowed within the Code and IAS27 – Consolidated and Separate Financial Statements

### c. Fair value of financial instruments held on the balance sheet at amortised cost

Financial liabilities and assets represented by loans and receivables, debtors and creditors are carried in the balance sheet at amortised cost. Their 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 (Level 2), using the following assumptions:

- For PWLB loans payable new borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For non-PWLB loans payable prevailing market rates have been applied to provide the fair value under debt redemption procedures.
- For Lenders option/borrower option loans payable prevailing market rates have been applied to provide fair values under debt redemption policies. These loans are all standard LOBOs with no stepped interest rates. The fair values have been calculated assuming that these loans are held to maturity and that the lender will not alter the interest rate in the future given current rates are significantly lower than the rates for these loans.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
  - No early repayment or impairment is recognised.
  - Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values of financial liabilities calculated are as follows:

	Input level in fair value hierarchy	As at 31 March 2023		As at 31 March 2022	
		Carrying amount	Fair value	Carrying amount	Fair value
		£m	£m	£m	£m
PWLB loans	2	(176.362)	(139.277)	(197.760)	(238.679)
Other local authority transferred debt	2	(8.449)	(8.507)	(10.770)	(11.481)
Lenders option/borrowers option/market debt	2	(76.221)	(78.161)	(96.622)	(147.291)
Other local authority loans	2	(10.159)	(10.159)	(30.431)	(30.504)
Other loans	2	(0.459)	(0.459)	(0.961)	(0.961)
Short term creditors	2	(68.797)	(68.797)	(69.428)	(69.428)
Long term creditors	2	(2.579)	(2.579)	(3.468)	(3.468)
<b>Financial liabilities</b>		<b>(343.026)</b>	<b>(307.939)</b>	<b>(409.440)</b>	<b>(501.812)</b>

The total fair value of the liabilities is lower than the carrying amount because the council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders below current market rates. It must be noted that the rates entered into for loans were at the prevailing market rates available to the council at that time.

The fair values of financial assets calculated are as follows:

	Input level in fair value hierarchy	As at 31 March 2023		As at 31 March 2022	
		Carrying amount	Fair value	Carrying amount	Fair value
		£m	£m	£m	£m
Long term investments	Level 2	5.026	5.044	5.067	4.959
Short term investments	Level 2	58.617	58.617	174.286	174.127
Short term debtors	Level 2	53.640	53.640	47.239	47.239
Long term debtors	Level 2	12.802	12.802	7.761	7.761
Cash and cash equivalents	Level 2	13.775	13.775	14.431	14.431
<b>Financial assets</b>		<b>143.860</b>	<b>143.878</b>	<b>248.784</b>	<b>248.517</b>

The fair value of the assets is greater than the carrying amount because the council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2023) attributable to the commitment to receive interest below current market rates. It must be noted that the rates entered into for investments were at the prevailing market rates available to the council at that time.

## d. Income, expense, gains and losses

The table below shows the impact of financial instrument transactions on the CIES.

	2022/23		2021/22	
	Surplus/deficit on the provision of Services £m	Other comprehensive income and expenditure £m	Surplus/deficit on the provision of Services £m	Other comprehensive income and expenditure £m
<b>Net gains/losses on:</b>				
Financial assets measured at fair value through profit and loss	5.319	0.000	(4.817)	0.000
Investments in equity instruments designated at fair value through other comprehensive income	0.000	(13.568)	0.000	(0.306)
<b>Total net gains/losses</b>	<b>5.319</b>	<b>(13.568)</b>	<b>(4.817)</b>	<b>(0.306)</b>
<b>Interest and dividend income</b>				
Financial assets measured at amortised cost	(2.928)	0.000	(1.228)	0.000
Dividends from investment in equity instruments designated at fair value through other comprehensive income	(0.097)	0.000	(0.097)	0.000
Dividends from investment in equity instruments and deposits designated at fair value through profit and loss	(1.923)	0.000	(1.042)	0.000
<b>Total interest income</b>	<b>(4.948)</b>	<b>0.000</b>	<b>(2.367)</b>	<b>0.000</b>
<b>Total interest expense</b>	<b>19.454</b>	<b>0.000</b>	<b>13.110</b>	<b>0.000</b>

## 23. Nature and extent of risks arising from financial instruments

### a. Overall procedures for managing risk

The council's overall risk management procedures focus on financial market unpredictability and are structured to implement suitable controls to minimise these risks. These procedures are legally set out by the Local Government Act 2003 and associated regulations. They require the council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the act. The council therefore needs to manage risk in the following ways:

- Formally adopting the requirements of the CIPFA Treasury Management Code of Practice
- Adopting a treasury policy statement and treasury management clauses within its financial regulations/standing orders/constitution
- Approve annually in advance prudential and treasury indicators for the following three years limiting:
  - The council's overall borrowing.
  - Its maximum and minimum exposures to fixed and variable rates.
  - Its maximum and minimum exposures to the maturity structure of its debt.
  - Its maximum annual exposures to investments maturing beyond a year.

- Approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the government guidance.

These are required to be reported and approved at or before the council's annual council tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 24 February 2022 and is available on the council website. The key issues within the strategy were:

- The authorised limit for the 2022/23 was set at £474.380 million. This is the maximum limit of external borrowings or other long-term liabilities.
- The operational boundary was set at £431.250 million. This is the expected level of debt and other long-term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 95% and 45% based on the council's long-term borrowing.

These policies are implemented by the treasury team. The council maintains written principles for overall risk management, as well as written policies (treasury management practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically. The council complies with these policies and practices.

## b. Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the council's customers.

This risk is minimised through the annual investment strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria.

The annual investment strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined below. The general policy objective for this council is the prudent investment of its treasury balances.

The council's investment priorities are:

- The security of capital and
- Liquidity of its investments and
- All investments will be in sterling.

The council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

The council uses credit criteria to select creditworthy counterparties for placing investments with. Information used includes:

- Credit ratings rating agencies – S&P, Fitch and Moodys.

- Treasury management advisors provide regular updates of changes to all ratings relevant to the council.
- This council does not rely solely on credit ratings to select and monitor the creditworthiness of counterparties. In addition to credit ratings, it will therefore use other sources of information including: -
  - The quality financial press
  - Market data
  - Information on government support for banks and the credit ratings of that government support

Counterparties are assessed, considering 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.

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

The following analysis summarises the council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

	Amount as at 31/03/2023 £m	Historical experience of default as at 31/03/2023 £m
Banks	64.772	0.011
Money market funds	36.000	0.000
Local authorities	10.000	0.000
Trade debtors	38.920	0.000
<b>Total</b>	<b>149.692</b>	<b>0.011</b>

#### Amounts arising from expected credit losses

The council has assessed its short and long term investments and concluded that the expected credit loss is not material therefore no allowances have been made.

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

### c. Liquidity risk

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

The council has ready access to borrowings from the money markets to cover any day-to-day cash flow needs, and the PWLB and money markets for access to longer term funds. The council is also required to approve 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 maturity analysis of financial assets is as follows:

	<b>2022/23</b>	<b>2021/22</b>
	<b>£m</b>	<b>£m</b>
Less than one year	163.060	271.693
Between one and two years	5.917	5.877
Between two and five years	0.980	1.871
More than five years	65.512	51.485
<b>Total</b>	<b>235.469</b>	<b>330.926</b>

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 maturity analysis of financial liabilities is as follows:

	<b>2022/23</b>	<b>2021/22</b>
	<b>£m</b>	<b>£m</b>
Less than 1 year	(102.083)	(114.434)
Between 1 and 2 years	(6.229)	(33.683)
Between 2 and 5 years	(10.826)	(14.566)
Between 5 and 10 years	(0.290)	(2.811)
More than 10 years	(223.599)	(243.946)
<b>Total</b>	<b>(343.027)</b>	<b>(409.440)</b>

## d. 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 interest 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 CIES will rise.
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances)
- Investments at variable rates – the interest income credited to the CIES will rise; and
- 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 affect the general fund balance, subject to influences from government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in other comprehensive income and expenditure.



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 treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The 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.

If all interest rates had been 0.25% higher (with all other variables held constant) the financial effect would be as follows:

	<b>£m</b>
Increase in interest payable on variable rate borrowings	0.013
Increase in interest receivable on variable rate investments	(0.108)
<b>Impact on (surplus) or deficit on the provision of services</b>	<b>(0.095)</b>
<b>Increase/(Decrease) in fair value of fixed rate investment assets (no impact on the surplus or deficit on the provision of services)</b>	<b>0.018</b>
<b>(Increase)/decrease in fair value of fixed rate borrowings liabilities (no impact on the surplus or deficit on the provision of services)</b>	<b>0.770</b>

The approximate impact of a 0.25% fall in interest rates would be as above but with the movements being reversed.

### *Price risk*

The council currently has equity holdings in Birmingham Airport (£28.249 million), CCLA Property Fund (£26.945 million) and Sherbourne Recycling Ltd (£0.197 million).

The equity for Birmingham Airport and Sherbourne Recycling Limited are classified as fair value through other comprehensive income and expenditure so having no impact on revenue. All gains and losses for these are recognised in the Financial Instruments Revaluation Reserve. Only upon disposal would any accumulated gains or losses on the equity be recognised within the general fund.

The equity held in the CCLA Property Fund is classified as fair value through profit and loss and therefore does have an impact on the revenue. However, at present there is legislation in place which allows the council to make an adjustment to move any gains or losses into the Pooled Investment Adjustment Account. Only upon disposal would any accumulated gains or losses be recognised within the general fund.

The financial impact of an increase of 5% in the general price of the equity is shown in the following table. If it was a decrease the fair values would decrease by the same amounts.

	<b>£m</b>
Increase in CCLA Property Fund fair value	(1.347)
<b>Impact on (surplus) or deficit on the provision of services</b>	<b>(1.347)</b>
Increase in Birmingham Airport fair value	(1.412)
<b>Impact on other comprehensive income and expenditure</b>	<b>(1.412)</b>

### *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.

## 24. Cash and cash equivalents

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

	<b>As at 31 March 2023 £m</b>	<b>As at 31 March 2022 £m</b>
Cash held by the council	0.030	0.029
Bank current accounts	2.192	1.477
Short term deposits	47.771	47.925
<b>Total</b>	<b>49.993</b>	<b>49.431</b>

## 25. Debtors

### a. Short term debtors

The following table shows the short term debtors of the council excluding those for local taxation. These amounts represent the monies owed to the council which are yet to be received as cash. The table shows those amounts owed to the council as at 31 March 2023.

	<b>As at 31 March 2023 £m</b>	<b>As at 31 March 2022 £m</b>
<b>Trade debtors</b>		
- NHS bodies	25.754	18.927
- Central government	1.940	2.259
- Other local authorities	2.099	1.455
- Social care clients	6.923	8.067
- Other trade debtors	8.294	10.256
- Impairment for bad/doubtful debt	(6.090)	(4.992)
	<b>38.920</b>	<b>35.972</b>
<b>Other debtors</b>		
- Capital Debtors	6.846	3.254
- Central Government - VAT	7.231	4.839
- Central Government - Other	1.339	2.100
- Other local authorities	2.729	2.621
- Housing benefit overpayments	7.480	8.133
- Collection fund court costs	2.961	2.644
- Other debtors	1.595	1.027
- Impairment for bad/doubtful debt	(8.230)	(8.512)
	<b>21.951</b>	<b>16.106</b>
<b>Prepayments and accrued income</b>		
- Central Government	1.675	0.915
- Other prepayments/accrued income	4.378	4.211
	<b>6.053</b>	<b>5.126</b>
<b>Total</b>	<b>66.924</b>	<b>57.204</b>

Trade debtors represent the income the council is due to receive because of the normal activities of the council. Other debtors include items such as recovery of overpaid housing benefits.

Other trade debtors include all debtors relating to private sector companies or non-governmental bodies the council provides services to or the provision of funding to providers of services on the council's behalf. £4.411 million of the £8.294 million other trade debtors outstanding on 31 March

2023 (£2.965 million of £10.337 million as at 31 March 2022) were raised within one month of year end and therefore were still within the council's payment terms.

Within other debtors £0.381 million (£0.394 million in 2021/22) is included for property charges within social care. The council recognises that although these are correctly classified as debtors due within one year, events beyond the control of the council make it probable that a proportion of these will be settled beyond that timeframe.

The council has made a provision for those outstanding debts that the council anticipates may not be recovered. These have been calculated using historical patterns adjusted for known future events where possible. These amounts are deducted from the total value of debtors as shown. In line with the code no provision has been made for those outstanding debts owed by government organisations (central government, NHS bodies or other local authorities).

## b. Local taxation debtors

The following table shows the aged profile of local taxation debtors. These are those debtors owed to the council from council taxpayers and ratepayers, monies owed to or from West Midlands Police or West Midlands Fire, and monies owed to or from central government.

	Council Tax		Non domestic rates	
	As at 31 March 2023 £m	As at 31 March 2022 £m	As at 31 March 2023 £m	As at 31 March 2022 £m
Less than one year	10.802	11.351	2.339	2.826
1-2 years	7.977	6.049	1.923	3.096
2-6 years	14.017	12.154	3.824	3.724
More than 6 years	8.246	6.666	2.447	2.360
Impairment for bad/doubtful debt	(11.261)	(9.830)	(4.967)	(4.644)
<b>Total</b>	<b>29.781</b>	<b>26.390</b>	<b>5.566</b>	<b>7.362</b>

The council has made a provision for those outstanding debts that the council anticipates may not be recovered. For local taxation the non-contractual method has been adopted. These amounts are deducted from the total value of debtors as shown.

## c. Long term debtors

The following table shows those amounts owed to the council at the end of the financial year but will not become due to be paid to the council for more than 12 months.

	As at 31 March 2023 £m	As at 31 March 2022 £m
Local authority reorganisation transferred debt	2.682	3.418
Loans to associates	10.055	4.574
Other	0.065	0.069
Impairment for bad/doubtful debt	0.000	(0.300)
<b>Total</b>	<b>12.802</b>	<b>7.761</b>

The loans to associates are capital loans that have been provided to Sherbourne Recycling Ltd for the construction of a state of the art mixed recycling facility which is expected to be operational in 2023. Once operational the loans will be paid back over the following twenty-five years.

The debtor for the waste disposal authority is a result of the dissolution of the West Midlands County Council and subsequent waste disposal agreement in 1996. The balance shown are those amounts owed to Walsall Council, who was the waste disposal administering authority, by the other seven West Midlands local authorities. This is due to be fully repaid in 2024/25.

## 26. Creditors

### a. Short term creditors

The following table shows the short term creditors of the council (excluding borrowing). These amounts represent the monies owed by the council but are yet to be paid. Additionally there are also amounts which the council has received before the end of the financial year that relates to services to be provide in the following financial year.

	<b>As at 31 March 2023 £m</b>	<b>As at 31 March 2022 £m</b>
<b>Trade creditors</b>		
- Capital	(10.253)	(15.301)
- Central Government	(0.295)	(0.267)
- NHS Bodies	(5.928)	(4.735)
- Other local authorities	(1.009)	(0.568)
- Adult Social Care	(9.696)	(11.186)
- Childrens Social Care	(3.734)	(3.353)
- Payments in transit	(11.540)	(9.657)
- Other trade creditors	(13.790)	(12.148)
	<b>(56.245)</b>	<b>(57.215)</b>
<b>Other creditors</b>		
- Central Government	(1.843)	(3.248)
- Other local authorities	0.000	(0.014)
- Accumulated annual leave	(6.943)	(6.116)
- Other creditors	(2.926)	(1.810)
	<b>(11.712)</b>	<b>(11.188)</b>
Receipts in advance	(1.817)	(1.686)
Tax and national insurance	(4.463)	(4.649)
Council tax	(4.951)	(3.583)
NDR	(4.305)	(8.657)
PFI liability	(0.582)	(0.598)
Lease liability	(0.258)	(0.427)
<b>Total</b>	<b>(84.333)</b>	<b>(88.003)</b>

Payments in transit represent those transactions that have been accounted for within the comprehensive income and expenditure statement, but the payments have yet to leave the council's bank account as at 31 March 2023.

## b. Long term creditors and other long term liabilities

The following table shows those amounts owed by the council (excluding borrowing) at the end of the financial year but will not become due to be paid to the council for more than 12 months.

	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>	<b>Notes</b>
	<b>£m</b>	<b>£m</b>	
Net pension liability	(92.294)	(601.226)	12c
Finance Leases	(0.243)	(0.550)	
PFI	(2.335)	(2.917)	21b
<b>Total</b>	<b>(94.872)</b>	<b>(604.693)</b>	

## 27. Provisions

The following table shows the movement during the year of the provisions maintained by the council. The movements will have been charged or generated from the appropriate headings in the net cost of services. These represent provisions for future expenses in respect of liabilities incurred in relation to the year under review.

	<b>Insurance fund</b>	<b>Pensions and redundancy</b>	<b>NDR appeals</b>	<b>Other</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Balance at 1 April 2022	(0.901)	(0.383)	(6.871)	(0.522)	<b>(8.677)</b>
Additional provisions made in 2022/23	(0.251)	(0.322)	(1.636)	(0.108)	<b>(2.317)</b>
Amounts used in 2022/23	0.583	0.224	2.633	0.290	<b>3.730</b>
Unused amounts reversed in 2022/23	0.000	0.159	0.000	0.000	<b>0.159</b>
<b>Balance at 31 March 2023</b>	<b>(0.569)</b>	<b>(0.322)</b>	<b>(5.874)</b>	<b>(0.340)</b>	<b>(7.105)</b>

### Insurance fund

The council has an established insurance fund to cover excesses on claims. These outstanding claims amount to £3.401 million and are at various stages of being addressed and it is therefore unclear when settlement might be made. However, based on claim settlement profiles, projected settlements are estimated at £0.569 million (£0.901 million 2021/22) for which a provision is held to cover this.

### Pensions and redundancy costs

The council has created an additional provision of £0.322 million for pension and redundancy costs in relation to restructures undertaken during 2022/23. During 2022/23 £0.224 million was charged against the 2021/22 provision. The £0.322 million will be carried forward to 2023/24 where it is expected that the remaining transfers of economic benefit will occur. The pension figures provided by the West Midlands Metropolitan Authorities Pension Fund and the redundancy costs are based on agreed and expected leaving dates for each officer.

### NDR appeals

Further information on NDR appeals can be found on page 114.

## Other

In addition to the above provisions the council holds £0.340 million (£0.522 million 2020/21) for other costs where the expected timing of any resultant transfer of economic benefit or future events cannot be accurately predicted.

The estimated timings for use of these provisions are shown in the following table

	Insurance fund £m	Pensions and redundancy £m	NDR appeals £m	Other £m	Total £m
Less than 1 year	0.000	(0.322)	(5.874)	(0.340)	<b>(6.536)</b>
Greater than 1 year	(0.569)	0.000	0.000	0.000	<b>(0.569)</b>
<b>Balance at 31 March 2023</b>	<b>(0.569)</b>	<b>(0.322)</b>	<b>(5.874)</b>	<b>(0.340)</b>	<b>(7.105)</b>

## 28. Usable reserves

Movements in the council's usable reserves can be found in the movement in reserves statement (page 32). The movement in reserve notes shows the details for the council's earmarked reserves.

	As at 31 March 2023 £m	As at 31 March 2022 £m	Notes
General fund reserve	(18.702)	(19.189)	MIRS
Earmarked general fund reserves	(199.224)	(229.900)	28a
Capital grants unapplied account	(57.075)	(62.044)	28b
Capital receipts reserve	(10.847)	(9.106)	28c
<b>Total</b>	<b>(285.848)</b>	<b>(320.239)</b>	

### a. Earmarked reserves

This note sets out the amounts set aside from the general fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet general fund expenditure in 2022/23.

The general fund reserves listed in the following table have been categorised as follows:

**Treasury reserves.** These reserves are to minimise the impacts of interest rate changes and finance early redemption of loans to reduce the council's future interest exposure.

**Grants received in advance.** This is where the council has received money in advance of the next accounting period or covers more than one accounting period. These amounts will be spent in line with the grant conditions.

**Demand led.** These reserves are to provide short term additional funding for Children's and Adult Social Care where a spike in demand will create overspends. Additionally, an amount is provided for Housing Benefits.

**Improvement projects.** These reserves are to finance service modernisation and major capital projects such as regeneration of the borough.

**Council liabilities.** These reserves cover expenditure where the council has a legal obligation to pay costs, such as equal pay claims and redundancies. In addition to these there are reserves for business rate appeals and insurance claims.

	<i>Balance as at 31/03/2021 £m</i>	<i>Transfers (in)/out 2021/22 £m</i>	<i>Balance as at 31/03/2022 £m</i>	<i>Transfers (in)/out 2022/23 £m</i>	<i>Balance as at 31/03/2023 £m</i>
<b>Treasury reserves</b>					
Borrowing re-scheduling	(15.556)	(4.720)	<b>(20.276)</b>	7.710	<b>(12.566)</b>
MRP equalisation	(10.997)	0.264	<b>(10.733)</b>	0.665	<b>(10.068)</b>
Changes in investment fair value	0.000	0.000	<b>0.000</b>	(1.000)	<b>(1.000)</b>
<b>Grants carried forward into future years</b>					
Dedicated schools grant	(1.737)	1.596	<b>(0.141)</b>	0.141	<b>0.000</b>
Grant funding carried forward under IFRS	(9.158)	(0.511)	<b>(9.669)</b>	1.676	<b>(7.993)</b>
Private finance initiative	(22.034)	(0.007)	<b>(22.041)</b>	4.031	<b>(18.010)</b>
Housing 21	(1.261)	0.044	<b>(1.217)</b>	0.740	<b>(0.477)</b>
Public health	(2.184)	(1.865)	<b>(4.049)</b>	0.140	<b>(3.909)</b>
Social care grant	(0.626)	(2.197)	<b>(2.823)</b>	0.244	<b>(2.579)</b>
Better care grant	(0.507)	(0.529)	<b>(1.036)</b>	0.996	<b>(0.040)</b>
Council tax support grant	0.000	(3.521)	<b>(3.521)</b>	0.000	<b>(3.521)</b>
Covid-19 funding	(45.020)	24.595	<b>(20.425)</b>	19.921	<b>(0.504)</b>
<b>Demand led</b>					
Demand led services	(2.320)	(0.719)	<b>(3.039)</b>	(8.761)	<b>(11.800)</b>
Proud	(13.063)	(4.426)	<b>(17.489)</b>	3.639	<b>(13.850)</b>
<b>Improvement projects</b>					
Carbon management reduction programme	(2.172)	(0.188)	<b>(2.360)</b>	(0.187)	<b>(2.547)</b>
Economic growth programme	(4.363)	0.648	<b>(3.715)</b>	0.684	<b>(3.031)</b>
Connected gateways	0.000	(4.750)	<b>(4.750)</b>	1.249	<b>(3.501)</b>
Project reserve	(2.129)	0.214	<b>(1.915)</b>	0.479	<b>(1.436)</b>
Willenhall Masterplan	0.000	0.000	<b>0.000</b>	(1.425)	<b>(1.425)</b>
Revenue implications of capital	(1.526)	0.000	<b>(1.526)</b>	(1.046)	<b>(2.572)</b>
Improvement projects	(2.647)	(0.457)	<b>(3.104)</b>	0.087	<b>(3.017)</b>
Reset programme	(8.337)	0.000	<b>(8.337)</b>	7.317	<b>(1.020)</b>
Enterprise Zones	(1.030)	(1.598)	<b>(2.628)</b>	(1.229)	<b>(3.857)</b>
<b>Council liabilities</b>					
Business rates retention scheme	(2.741)	(1.660)	<b>(4.401)</b>	1.795	<b>(2.606)</b>
Insurance fund	(5.724)	(0.421)	<b>(6.145)</b>	0.000	<b>(6.145)</b>
Mediation	(5.968)	(1.682)	<b>(7.650)</b>	(1.642)	<b>(9.292)</b>
Pay and Pensions	(20.172)	(0.782)	<b>(20.954)</b>	(1.257)	<b>(22.211)</b>
Workforce planning	(8.244)	(1.369)	<b>(9.613)</b>	2.186	<b>(7.427)</b>
Combined Authority	(2.120)	0.000	<b>(2.120)</b>	0.000	<b>(2.120)</b>
Risk	(7.640)	(1.089)	<b>(8.729)</b>	(1.923)	<b>(10.652)</b>
Cost of living	0.000	0.000	<b>0.000</b>	(8.262)	<b>(8.262)</b>
Audit & Inspection	(1.661)	(0.096)	<b>(1.757)</b>	(0.080)	<b>(1.837)</b>
<b>Other earmarked reserves</b>	(9.184)	(1.826)	<b>(11.010)</b>	1.532	<b>(9.478)</b>
<b>School balances</b>	(12.581)	(0.146)	<b>(12.727)</b>	2.256	<b>(10.471)</b>
<b>Total</b>	<b>(222.702)</b>	<b>(7.198)</b>	<b>(229.900)</b>	<b>30.676</b>	<b>(199.224)</b>

## b. Capital grants unapplied account

The capital grants unapplied account shows the balance of capital grants the council has received but has not yet applied to finance capital expenditure.

	2022/23 £m	2021/22 £m
Balance as at 1 April	(62.044)	(55.129)
Current year capital grants unapplied credited from comprehensive income and expenditure statement	(20.458)	(28.616)
Prior year capital grants applied against capital expenditure	25.427	21.701
<b>Balance as at 31 March</b>	<b>(57.075)</b>	<b>(62.044)</b>

## c. Capital receipts reserve

The capital receipts reserve shows the available resources the council has from the sale of its assets to finance future capital expenditure without grants and loans.

	2022/23 £m	2021/22 £m
Balance brought forward	(9.106)	(6.645)
Capital receipts received during the year	(5.055)	(5.788)
Capital receipts used to finance disposal costs	0.000	0.026
Capital receipts applied against prior year expenditure	0.485	1.789
Capital receipts applied against capital expenditure	2.829	1.512
<b>Total</b>	<b>(10.847)</b>	<b>(9.106)</b>

## 29. Unusable reserves

Movements in the council's unusable reserves can be found in the movement in reserves statement (page 32) and note 2 (page 44).

	As at 31 March 2023 £m	As at 31 March 2022 £m	Notes
Revaluation reserve	(114.324)	(113.069)	29a
Capital adjustment account	(98.101)	(94.138)	29a
Financial instruments revaluation reserve	(21.544)	(7.976)	29b
Pooled investment funds adjustment account	3.055	(2.264)	29c
Pensions reserve	92.294	630.926	29d
Collection fund adjustment account	5.300	16.172	29e
Accumulated absences account	6.943	6.116	29f
Dedicated Schools Grant adjustment account	0.525	0.000	5
Deferred capital receipts reserve	(0.065)	(0.068)	
<b>Total</b>	<b>(125.917)</b>	<b>435.699</b>	



## a. Capital adjustment account and 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 capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and financing the acquisition, construction or enhancement of those assets under statutory provisions. The revaluation reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the capital adjustment account.

The capital adjustment account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the council as finance for the costs of acquisition, construction and enhancement. It also contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the council.

	2022/23		2021/22		Notes
	Capital adjustment account £m	Revaluation reserve £m	Capital adjustment account £m	Revaluation reserve £m	
Balance at 1 April	(94.138)	(113.069)	(85.421)	(110.887)	
<b>Items relating to capital expenditure</b>					
Depreciation of non-current assets	13.379	1.135	13.332	1.036	14a
Impairment of non-current and intangible assets	5.150	0.881	2.045	0.455	14a, 17
Revaluation (gains)/losses on property, plant and equipment	0.816	(5.828)	2.779	(4.542)	14a, 18
Amortisation of intangible assets	2.060	0.000	1.685	0.000	17
Revenue expenditure funded from capital under statute (REFFCUS)	44.367	0.000	33.993	0.000	19
Non-current assets written off on disposal or sale	10.849	2.557	11.364	0.869	14a, 16b, 17, 18
<b>Capital financing applied in the year</b>					
Use of capital receipts to finance capital expenditure	(2.829)	0.000	(1.512)	0.000	19, 28c
Use of capital receipts to finance prior year capital expenditure	(0.485)	0.000	(1.789)	0.000	19, 28c
Use of current year capital grants to finance capital expenditure	(10.019)	0.000	(10.112)	0.000	19
Use of grant to finance REFFCUS	(26.251)	0.000	(26.071)	0.000	3b, 19
Use of carried forward capital grants to finance capital expenditure	(25.427)	0.000	(21.701)	0.000	19, 28b
Statutory provision for the financing of capital investment	(12.789)	0.000	(11.455)	0.000	19
Capital expenditure charged against the general fund	(2.779)	0.000	(2.555)	0.000	19
Movement in the market value of investment properties	(0.005)	0.000	1.280	0.000	16b
<b>Balance at 31 March</b>	<b>(98.101)</b>	<b>(114.324)</b>	<b>(94.138)</b>	<b>(113.069)</b>	

## b. Financial instruments revaluation reserve

The financial instruments revaluation reserve contains the gains/losses made by the council arising from changes in the value of its investments that are measured at fair value through other comprehensive income (Birmingham Airport and Sherbourne Recycling Ltd shares).

	2022/23	2021/22	Note
	£m	£m	
Balance at 1 April	(7.976)	(7.670)	
(Upward)/downward revaluation of investments	(13.568)	(0.306)	22b, 22d
<b>Balance at 31 March</b>	<b>(21.544)</b>	<b>(7.976)</b>	

## c. Pooled investment funds adjustment account

The pooled investment funds adjustment account contains the gains/losses made by the council arising from changes in the value of its investments in pooled investment funds that are measured at fair value through profit and loss (CCLA Property Fund).

	2022/23	2021/22	Note
	£m	£m	
Balance at 1 April	(2.264)	2.553	
(Upward)/downward revaluation of investments	5.319	(4.817)	22b, 22d
<b>Balance at 31 March</b>	<b>3.055</b>	<b>(2.264)</b>	

## d. Pensions reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting of post-employment benefits and for funding benefits in accordance with statutory provisions. The council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. Statutory arrangements, however, 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. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. Further information on the changes in the defined benefit pension scheme are shown in note 12 page 56.

	2022/23	2021/22	Note
	£m	£m	
Opening balance at 1 April	630.926	779.911	
Correction of present value of unfunded obligations	0.000	(0.208)	12b
<b>Revised opening balance as at 1 April</b>	<b>630.926</b>	<b>779.703</b>	
Remeasurements of net defined benefits liabilities/(assets)	(578.542)	(184.808)	12b
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	74.101	71.497	12b
Employer's pensions contributions and direct payments to pensioners payable in the year	(34.191)	(35.466)	12b
<b>Balance at 31 March</b>	<b>92.294</b>	<b>630.926</b>	

#### e. Collection fund adjustment account

The collection fund adjustment account manages the differences arising from the recognition of council tax income in the CIES as it falls due from council taxpayers compared with the statutory arrangements for paying across amounts to the general fund from the collection fund. Details on the collection fund can be found on page 110.

	2022/23 £m	2021/22 £m
Balance at 1 April	16.172	33.550
Amount by which council tax income credited to the comprehensive income and expenditure statement is different from council tax income calculated for the year in accordance with statutory requirements	(0.193)	(0.041)
Amount by which NDR income credited to the comprehensive income and expenditure statement is different from NDR income calculated for the year in accordance with statutory requirements	(10.679)	(17.337)
<b>Balance at 31 March</b>	<b>5.300</b>	<b>16.172</b>

#### f. Accumulated absences account

The accumulated absences account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year, e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the general fund balance is neutralised by transfers to or from the account.

	2022/23 £m	2021/22 £m
Balance at 1 April	6.116	7.341
Movement by which officer remuneration charged to CIES is different to that chargeable in year in accordance with statutory requirements compared to previous year	0.827	(1.225)
<b>Balance at 31 March</b>	<b>6.943</b>	<b>6.116</b>

## 30. Note to cash flow statement

	2022/23 £m	2021/22 £m	Notes
<b>Adjustment for non-cash items in the net surplus/deficit on the provision of services</b>			
Depreciation	(14.514)	(14.368)	14a, 29a
Revaluations and impairments	(5.967)	(4.825)	14a, 29a
Amortisation and impairments of intangible assets	(2.060)	(1.685)	17, 29a
Increase/(decrease) in debtors	8.075	6.143	25
(Increase)/decrease in creditors	21.593	(21.932)	26
Increase/(decrease) in inventories	(0.107)	0.036	
Movement in pension liability	(69.610)	(62.887)	12
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(13.457)	(12.233)	14a, 19, 30a
Other non-cash items charged to the net surplus/deficit on the provision of services	(3.738)	2.505	
<b>Total</b>	<b>(79.785)</b>	<b>(109.246)</b>	
<b>Adjustments for investing and financing activities in the net surplus/deficit</b>			
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5.055	5.788	28c
Any other items for which the cash effects are investing or financing cash flows	41.056	54.217	
<b>Total</b>	<b>46.111</b>	<b>60.005</b>	

## 31. Related parties

The council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

### 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, provides most of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g., council tax bills, housing benefits). Grants received from government departments are set out in the CIES on page 31. Grant receipts for 2022/23 are shown in note 3.

### Local Government

Walsall Council is a constituent member of the West Midlands Combined Authority (WMCA) which came into existence in June 2016. The WMCA consists of seven constituent members, eight non-constituent members and four observer members. Only constituent members have the right to vote on authority activities. No member has a controlling interest in the WMCA. Walsall Council does receive grants from WMCA so that it can deliver services to fulfil WMCA objectives. These are included within the CIES and note 3.

## Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in note 10. During 2022/23, £0.255 million of works and services were commissioned from companies in which members had declared an interest. In addition, the council paid grants totalling £0.610 million to voluntary organisations and associations including some where members had positions on the governing body. The grants were made with proper consideration of declarations of interest. The register of members' interest is open to public inspection at the Civic Centre during office hours or can be viewed on the council's website.

## Officers

Council officers are required to declare any interest under section 117 of the Local Government Act 1972. One council officer sits as a director for Sherbourne Recycling Ltd, which is part owned by Walsall Council and classed as an associate company. Capital loans totalling £5.481 million were provided by the council during 2022/23. Further information about Sherbourne Recycling Ltd can be found on page 109. There were no other significant transactions between the council and any companies/organisations that the council's Executive Directors, Directors and Heads of Service have interests in during 2022/23.

## Other public bodies (subject to common control by Central Government)

The council has a pooled budget arrangement with Black Country ICB (Formerly NHS Black Country and West Birmingham CCG) for an integrated health and social care service for adults with learning difficulties and a Better Care Fund (BCF). Transactions and balances outstanding are detailed in note 4.

## Other entities the council has an interest in

### West Midlands Growth Company Ltd

Walsall Council are part owners of West Midlands Growth Company Ltd (WMGCL) along with the WMCA and the other six West Midlands Councils. WMGCL was formed in April 2017 as a new economic development and investment body at the request of the West Midlands Combined Authority to support delivery of Strategic Economic Plan targets, such as more jobs for the region, and facilitate the growth of the region's economy. There were no transactions between the WMGCL and Walsall Council in 2022/23.

### West Midlands Rail Ltd

Walsall Council are part owners of West Midlands Rail Ltd (WMRL) along with WMCA, the other six West Midlands Councils, Northamptonshire County Council, Herefordshire Council, Shropshire Council, Staffordshire County Council, Borough of Telford and Wrekin, Warwickshire County Council and Worcestershire County Council. As the seven West Midlands Councils (including Walsall) are not Local Transport Authorities they are associate full members with their voting rights held by the WMCA as the Local Transport Authority for the West Midlands Conurbation. West Midlands Rail was created with the purpose of specifying and managing rail franchising for the West Midlands. There were no material transactions between the WMRL and Walsall Council in 2022/23.

### Birmingham Airport Holdings Ltd

The seven West Midlands local authorities including Walsall Council own 49% of Birmingham Airport Holdings Ltd.'s (BAH) 320 million ordinary shares of £0.01 each. The council owns 4.88% of these shares. The other shareholders are Airport Group Investments Limited (48.35%) and an employee share trust (2.75%). In addition, the seven West Midlands authorities own all BAH's 6.31%

preference shares, of which Walsall Council owns 9.95%. These are cumulative and irredeemable. There were no material transactions between the BAH and Walsall Council in 2022/23.

### Sherbourne Recycling Ltd

Sherbourne Recycling Ltd was incorporated on 1 April 2021 as a company limited by guarantee to develop and operate a new state of the art materials recycling facility (MRF) in Coventry on behalf of eight local authorities. The shareholders of this company are eight local authorities including Walsall. The council has a shareholding of 19.66% of the company and is the second largest shareholder. The council has provided £10.055 million of capital loans to Sherbourne Recycling Ltd in 2022/23. Further details can be found on page 109.

## 32. Events after the balance sheet date

The statement of accounts was authorised for issue by the Chief Financial Officer on 31 May 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

In accordance with IAS 10 – Events After the Reporting Period there is nothing to be disclosed as adjusting or non-adjusting events.

## 33. Contingent liabilities and contingent assets

### *Learning disabilities pool budget – Black Country Integrated Care Board*

#### Contingent Asset

There is an ongoing dispute around the Learning Disability Joint Funding Tool. From 1 April 2020 Walsall Council believed that a joint funding tool had been agreed in principle between Walsall Council and NHS Black Country Integrated Care Board which provides an accurate split of social care costs for non CHC clients between health and social care. The NHS Black Country Integrated Care Board have part paid, however during 2022/23 they flagged that the council's assumption that the tool had been agreed in principle was not the case. Ongoing discussions are continuing with the ICB together with the aligned governance, and a Black Country LA collaborative approach has been agreed to move this forward. The section 75 agreement will be varied once this is agreed.

In accordance with IAS37 Provisions, Contingent Liabilities and Contingent Assets the council is not in a position to disclose any further information at this stage.

## 34. Critical judgments in applying accounting policies

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

The critical judgements made in the statement of accounts are:

- The council acts as the accountable body for elements of Black Country LEP. Where the council does not act as a lead body it accounts for any transactions on an agent basis. Therefore, the council has only accounts for those transactions where it is clearly not acting as an agent for the grant received.

- To determine whether a property that generates rentals are classed as an investment property reference is made to the reasons as to why that property was acquired. Only where it is clear that income generation was the sole purpose for acquisition from sources such as committee papers authorising the acquisition will it be classified as an investment property. Where it is acquired as part of a regeneration project it is classified as an operating property.

## 35. 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 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 could be materially different from the assumptions and estimates. The items in the council's balance sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability – note 12	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the pension fund and fund member organisations with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For details on sensitivity for pension schemes please refer to page 59.

There is an element of uncertainty within asset valuations as all valuations are an estimate of value which cannot be fully demonstrated unless a property is actually sold. Therefore, the council has carried out a sensitivity analysis on all property values to determine the potential impact if there were variations in asset values based on a global 1% or 5% change in values. The summary of this is shown in following table.

	Assets value	Change in valuation	
	as at 31 March 2023 £m	1% £m	5% £m
Operational land and buildings - non DRC valuation	49.504	0.495	2.475
Operational land and buildings - DRC valuation	303.202	3.032	15.160
Surplus assets	11.307	0.113	0.565
Investment Properties	2.384	0.024	0.119
Assets held for sale	1.483	0.015	0.074
<b>Grand Total</b>	<b>367.880</b>	<b>3.679</b>	<b>18.393</b>

Of our total operational land and buildings approximately 86% by value are valued on a DRC basis on an annual basis. These valuations are calculated using the Building Cost Information Service

(BCIS) index which are based on construction costs for a modern equivalent asset which are produced quarterly. These will be impacted through increased inflation rates.

The council has the following financial instruments that are recorded at fair value on its balance sheet: CCLA Property Fund unit trust holding and Birmingham Airport shareholding. Their fair values have been produced based on market conditions as at 31 March 2023.

The CCLA Property Fund publishes publicly its unit prices. These are spot prices on the date of publication. However, as the pricing is dependent upon property markets any uncertainty attached to property valuations impacts these spot prices.

## 36. Significant accounting policies

### General principles

The statement of accounts summarises the council's transactions for the 2022/23 financial year and its position at the year end of 31 March 2023. The council is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) supported by International Financial Reporting Standards (IFRS).

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

### Accruals of expenditure and income

The revenue accounts of the council are maintained on an accruals basis in accordance with proper accounting practices. In particular:

- Revenue from contracts for services or provision of goods are recognised when the council provides them to the customer.
- Supplies and services are recorded as expenditure when the goods are consumed, or services received.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

There is a de-minimis level in place for all accruals of income and expenditure. This level is reviewed annually and is currently set at £10,000. Accruals are not required to be made for individual transactions under this value, with the exception of the following:

- Any grant where applying the de-minimis level would affect the claim.
- Accruals which are calculated using system automated reports.
- For a group of similar transactions where there would be a material impact upon the management or financial accounts of not processing the accrual, for example trading services.
- Accruals for schools income and expenditure.



## Cash and cash equivalents

The council identifies cash as being both cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are any deposits made with financial institutions that have an initial maturity period of less than three months and readily convertible to known cash amounts with insignificant risk of change in value.

## Prior period adjustments, changes in accounting policies and estimation errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable/relevant information about the effect of transactions, other events and conditions on the council's financial position/performance. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## Council Tax and Non-domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (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 and major preceptors share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

## Employee benefits

### Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy. These are charged on an accruals basis to the relevant service at the earlier of when the council can no longer withdraw the offer of those benefits or when the council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the council to the pension fund or individual in the year, not the amount calculated according to the relevant accounting standards.

### 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
- The NHS Pension Scheme, administered by NHS Pensions

All these schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council.

Arrangements for the teachers' pension scheme and NHS pension scheme mean that liabilities for these benefits cannot be identified to the council. These schemes are therefore accounted for as if they were a defined contributions scheme. For both schemes no liability for future payments of benefits are recognised in the balance sheet. The employer's contributions payable in the year are charged to the surplus or deficit on provision of services.

#### Local government pension scheme

The local government scheme is accounted for as a defined benefit scheme.

The liabilities of the West Midlands Metropolitan Authorities 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 projections of future earnings for current employees.

Liabilities are discounted to their value at current prices, based on the weighted average of spot yields on high quality corporate bonds.

The assets of the West Midlands Metropolitan Authorities Pension Fund attributable to the council are included in the balance sheet at their fair value:

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

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

- Service cost comprising:
  - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated to the services for which the employees worked.
  - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years.
  - Net interest on the net defined benefit liability, i.e., net interest expense for the council – the change during the period in the net defined benefit liability that arises from the passage of time. Calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
  - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability.
  - Remeasurement 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.
- Contributions paid to the West Midlands Metropolitan Authorities Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the general fund balance to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

### 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.

### Fair value measurement

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

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

The council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

## Financial instruments

### Financial assets

Financial assets are classified into three types:

- Amortised cost
- Fair Value through Profit or Loss (FVPL)
- Fair Value through Other Comprehensive Income (FVOCI)

The council's business model is to hold investments to collect contractual cash flows. If payments are solely principal and interest, they are classified as amortised cost. Otherwise, they are classed as FVPL or FVOCI.

#### Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the balance sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the surplus and deficit on provision of services for interest receivable are based on the carrying amount of the asset multiplied by the effective interest rate for the instrument. For most of the loans that the council has made, this means that the amount presented in the balance sheet is the outstanding principal receivable and interest credited to the CIES is the amount receivable for the year in the loan agreement.

#### Expected credit loss model

The council recognises expected credit losses on all its assets held at amortised cost either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables. Only lifetime losses are recognised for debtors held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place due to the borrower defaulting. Where credit risk is assessed to be high then losses are assessed on a lifetime basis. If risk the risk is assessed to be low, then losses are assessed on a 12-month basis.

#### Financial assets measured at FVPL

Financial assets measured at FVPL are recognised on the balance sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

Fair values are based on the following techniques:

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

#### Financial assets measured at FVOCI

With the adoption of IFRS 9 – Financial Instruments the standard requires that investments in equity be classified as fair value through profit and loss unless there is an irrevocable election to designate the asset as fair value through other comprehensive income. The investments in Birmingham Airport Holdings (BAH) and Sherbourne Recycling Limited are both equity instruments and as such, the default position is that any gains and losses on changes in fair value would be recognised through profit and loss.

As these are both strategic investments not held for trading the council has opted to make the irrevocable decision to designate them both as fair value through other comprehensive income. This decision results in no impact on the revenue budget. Any gains or losses on the valuation of the shareholding will therefore be transferred to a Financial Instruments Revaluation Reserve.

Financial assets measured at FVOCI are recognised on the balance sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

Fair values are based on the following techniques:

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

### 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. They are subsequently measured at their amortised cost.

Gains and losses on the repurchase or early settlement of borrowing are credited or debited to the CIES in the year of repurchase/settlement. Where premiums and discounts have been charged to the surplus or deficit on provision of services as a result of The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2007 (SI 2007/573), these regulations allow the impact on the general fund balance to be spread over future years. The council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was paid. For discounts receivable, statute limits this to a maximum of 10 years

### Government/non-government grants and contributions

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

- the grants/contributions will be received.
- the council will comply with any conditions attached to the payments.

Where the conditions have not been satisfied the grant/contribution will be carried on the balance sheet as creditors. When the conditions have been satisfied the grant/contribution will be recognised in the CIES by either crediting:

- the relevant service line (attributable revenue grants/contributions and capital grants used to finance REFFCUS spend in year)
- taxation and non-specific grant income (un-ringfenced revenue grants and capital grants received in year excluding those used for REFFCUS)

Where capital grants are credited to the CIES, they are reversed out of the general fund balance in the movement in reserves statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Where it has been applied, it is posted to the capital adjustment account. Amounts in the capital grants unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### Joint operations

These are arrangements by which the parties that have joint control of the arrangement have the rights to the assets and obligations for the liabilities relating to the arrangement e.g., Better Care Fund (BCF). All parties have joint control with decisions of the activities of the arrangement requiring unanimous consent from all parties. The council recognises on its balance sheet the assets that it controls and the liabilities that it incurs and debits and credits the CIES with the expenditure it incurs and the share of income it earns from the activity of the operation.

### Interests in companies and other entities

An assessment of the council's interests has been carried out during the year in accordance with the Code of Practice to determine the group relationships that exist. Inclusion in the group is dependent

upon the extent of the council's control over the entity demonstrated through ownership, such as a shareholding in an entity or representation on an entity's board of directors.

The council does have a number of interests in companies and other entities. One has been determined to be an associate company for the council, Sherbourne Recycling Ltd. It has been determined that production of group accounts is not required as it is currently the council's share of the profits and losses, and reserves are not material. Instead, a comprehensive note has been produced providing all relevant information has been produced.

## Investment properties

Investment properties are properties held by the council to solely earn rentals and/or capital appreciation. They are recognised only when it is probable that future economic benefits or service potential will flow to the council, and that the cost or fair value of the expenditure can be measured reliably.

Investment properties are initially measured at cost, except where acquired through a non-exchange transaction which are measured at fair value.

After recognition investment properties are measured at fair value. Any gain or loss from a change in fair value is recognised in the CIES. The same treatment is applied to gain and losses on disposal.

Investment properties measured at fair value are not subject to depreciation.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the general fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the general fund balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

## Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership of a non-current asset to the lessee. All other leases are classified as operating leases. The council does not hold any material finance leases.

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

#### Operating leases

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

#### Finance leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease as its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the

obligation to pay the lessor. 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 CIES.

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

The authority 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.

## The council as lessor

### Operating leases

Where the council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

### Finance leases

The council does not hold any material finance leases as a lessor.

## Private Finance Initiative (PFI)/Public-Private Partnership (PPP) schemes

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 amounts payable to the PFI operators each year are analysed into five elements. Three of these elements are material to the council's accounts:

- Fair value of the services received during the year – debited to the relevant service in the CIES.
- Finance cost – interest is charged on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES.

- 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)

The other two elements are contingent rents and lifecycle replacement costs which for the council's PFI contracts are not material.

## Property, plant and equipment (excluding highways infrastructure assets)

Property, plant and equipment are tangible assets that are held for use in the provision of goods and services, or for administrative purposes, and are expected to be used for more than one year.

### Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis. This is provided that it is probable that future economic benefits or service potential will flow to the council, and that the cost of the expenditure can be measured reliably. Any expenditure that does not meet this criteria i.e., it maintains the asset's potential to deliver future economic benefits and service potential (day to day servicing/repairs and maintenance), is charged to revenue as it is incurred.

The council does not set a de-minimis level for capitalising costs as it considers that spend that is of a capital nature should be accounted for as such.

Where the council incurs capital spend on or has revalued any property, plant and equipment this will be reviewed to determine whether there are any material components. An identifiable component within a main asset (e.g., a lift within a building) will be recognised separately and accounted for like any other piece of property, plant and equipment. The council will only review material components where the main asset has a gross book value of £1 million. Individual components will only be recognised where the value is greater than £150k or they represent a significant proportion of the main asset.

### Measurement and depreciation

Property, plant and equipment are initially measured at cost, except donated assets which are measured at fair value. Where it is a donated asset the measurement of the asset at fair value does not constitute a revaluation and is not recognised as such.

After recognition property, plant and equipment assets are depreciated and valued as shown below.

	Valuation basis	Asset life	Depreciation method
Operational buildings - general	Existing use value	10-80 years	Straight line
Operational buildings - specialised	Depreciated replacement cost	10-100 years	Straight line
Plant, vehicles and equipment	Current value*	3-10 years	Straight line
Community assets	Historic cost	No determinable asset life	Not depreciated
Surplus assets	Fair value - market value	10-80 years	Straight line
Assets under construction	Historic cost	n/a	Not depreciated

**\*For vehicles, plant and equipment due to their short operational lives the council uses depreciated historic cost as a proxy for current value.**



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

### Disposals

When property, plant and equipment assets are disposed of or decommissioned the net gain or loss is taken to the CIES.

Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts (75%) relating to mortgages given to former tenants who purchased their properties under the right to buy scheme is payable to the government. The balance of the receipts is credited to the capital receipts reserve.

### Highways infrastructure assets

Highways infrastructure assets comprise carriageways, footways and cycle tracks, structures (e.g., bridges), street lighting, street furniture, traffic management systems and land. Together they form a single integrated network.

### Recognition

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

### Measurement

Highways Infrastructure assets are measured using a modified depreciated historical cost. The balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994. This was deemed at that time to be equivalent to historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

### Depreciation

Depreciation is provided on the parts of the highways infrastructure assets that are subject to deterioration or depletion. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year. The useful lives of the various parts of the highways network are as follows:

	<b>Useful life</b>
Carriageways	35 years
Footways and cycle tracks	50 years
Structures	100 years
Street lighting (excluding PFI scheme)	31 years
Street lighting PFI	30 years
Street furniture	30 years
Traffic management systems	15 years

### Disposals and derecognition

When highways infrastructure assets are disposed of or decommissioned the net gain or loss is taken to the CIES.

## Impairment of non-current assets

At the end of the financial period all non-current assets (excluding non-current assets classified as held for sale) are assessed by type of asset for an indication of any possible impairment. If there is an indication of a possible impairment, an estimate of the new asset value is made. If there is no indication of a possible impairment no further action is taken.

If the conditions that gave rise to an earlier impairment no longer exist, the impairment is reversed out of the CIES and reinstated to the asset value. This reversal will not exceed what would be the carrying amount for the asset at the reversal date had the impairment not taken place. Any excess to this amount is treated as a revaluation gain and recognised in the revaluation 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 existing net book value or fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is recognised. Any gains in fair value are recognised only up to the amount of any previous losses previously recognised. 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.

## 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 licenses) are recognised as intangible assets if it is probable that future benefits created by the asset will flow to the council.

Intangible assets are initially measured at cost. After recognition intangible assets are carried at cost less accumulated amortisation and impairments.

Amortisation of intangible assets is carried out where a finite useful life is identified. Amortisation is based on what is determined to be a pattern that reflects the use of economic benefits. If this pattern is not determinable then the asset is amortised on a straight-line basis.

## Heritage assets

The accounting policy for heritage assets as laid out below makes no distinction between tangible and intangible heritage assets. The assets the council holds cover both tangible (e.g., war memorials) and intangible (e.g., the audio-visual material held within the Epstein Archive) 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. However, some of the measurement rules are different in relation to heritage assets as detailed below.

The council includes the Council House and Town Hall, and Walsall Library/Museum buildings within its asset base. Although these are historical buildings, they are operational assets i.e., the council uses them to deliver its services. These are included within property, plant and equipment and

valued using the depreciated replacement cost (DRC) methodology and depreciated over their remaining useful life.

The council's heritage asset collections are accounted for as follows:

### Art collections

The art collections are reported on the balance sheet at insurance valuation, based on market values. These assets are deemed to have indeterminate lives and a high residual value. Therefore, the council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation in line with the gallery's acquisition policy. Acquisitions are initially recognised at cost and donations are recognised at insurance valuation.

### Museum collections

The museum collections are reported at insurance valuation, based on market values for those items over £1,000. The council maintains an inventory of this collection however there is no readily available valuation held by the council for items of less than £1,000. The council believes that the benefits of obtaining a valuation for these items to the user of the accounts would not justify the cost given the specialised nature of this archive. As such the council has not recognised items less than £1,000 on the balance sheet.

For those assets held on the balance sheet they are deemed to have indeterminate lives and a high residual value. Therefore, the council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at insurance valuation if the value is over £1,000.

### Local history archive

The council's local history archive has no readily available valuation held by the council. There is no definitive market value for these types of assets as they are normally obtained by donation. The council believes that the benefits of obtaining a valuation for these items to the user of the accounts would not justify the cost given the specialised nature of this archive. As such the council has not recognised this archive on the balance sheet.

### Civic regalia

The council holds civic regalia for use by the Mayor and Mayoress for official ceremonial purposes. These are reported at insurance valuation. Due to the nature of these assets the council does not deem it appropriate to charge depreciation.

### Other heritage assets

The council has five statues, a number of war memorials, memorial clocks and public art works around the Borough. There is no readily available valuation held by the council for these types of assets and no definitive market value as they are not normally traded. The council believes that the benefits of obtaining a valuation for these items to the user of the accounts would not justify the cost given the specialised nature of these assets. As such the council has not recognised these assets on the balance sheet.

### Heritage assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g., where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the council's general policies on impairment – see accounting policy for property, plant and equipment.

The council may occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the council's general provisions relating to the disposal of property, plant and equipment.

## Provisions

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. They are recognised when:

- the council has a present obligation (legal or constructive) as a result of a past event.
- it is probable that a transfer of economic benefits or service potential will be required to settle the obligation.
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, then no provision is made.

Recognition of the provision is made in the year that the council becomes aware of the obligation and is based on the best estimate of the likely settlement.

Estimated settlements are reviewed at the end of each financial year. Where it becomes apparent that a transfer of economic benefit is not required (or a lower settlement than anticipated is made) the provision is reversed back.

When some or all of the payment required to settle a provision is expected to be met by another party (i.e., from an insurance claim), this is only recognised as income in the surplus or deficit on provision of services if it is virtually certain that reimbursement will be received if the obligation is settled.

## Reserves

The council sets aside specific amounts as reserves for future expected commitments or to cover contingencies. Reserves are created by appropriating amounts from the general fund balance in the movement in reserves statement. When expenditure to be financed from a reserve is incurred it is charged to the CIES. The reserve is then appropriated back to the general fund balance so there is no charge against council tax for the expenditure.

## Revenue expenditure funded from capital under statute

Capital expenditure incurred during the year but not resulting in the creation of a non-current asset for the council is classified as revenue expenditure funded from capital under statute (REFFCUS). Expenditure that can be classified as this is defined within the Local Government Act 2003 and associated capital financing regulations. This includes grants paid to other persons (such as housing renovation grants and disabled facility grants) and bodies for capital expenditure purposes. The council writes out the entire expenditure to the CIES in the year it is incurred. To ensure that no impact is passed on to council taxpayers, this expenditure is then reversed out through the movement in reserves statement by a transfer to the capital adjustment account on the balance sheet.

## Value Added Tax (VAT)

Where the council is able to recover VAT, it is excluded from both income and expenditure. This is in accordance with proper accounting practices.

## Accounting for schools

The Code confirms that the balance of control for local authority maintained schools (i.e., 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.

## Recognition of School Assets

The significant assumptions applied in estimating the fair values are School assets are carried on the balance sheet in accordance with the legal status of ownership or intended legal status and any other arrangements in place regarding the use of these schools. The recognition of land and buildings for each type of school is based on the code requirements and accounting standards to determine the underlying relationship to the council of each type of school. Based on these tests the council has identified the following classification of schools within the accounts:

- Community - on balance sheet
- Foundation - on balance sheet
- Voluntary Controlled - on balance sheet
- Voluntary Aided - off balance sheet
- Academies - Academies are outside of the council's control and their transactions are not reflected in the council's accounts.

Capital expenditure on voluntary aided schools is treated as revenue expenditure funded from capital under statute.

## PFI Schemes

The council has one school subject to PFI contract, which is not shown on the council's balance sheet. This is because it is a voluntary aided school and the control of the right to use the buildings has passed to the school trustees.

## Group Accounts

The purpose of group accounts is to provide a full financial picture of Walsall Council and any organisations which the council has material interests in. The entity that has been are recognised as requiring the council to produce group accounts is:

### Sherbourne Recycling Limited

Sherbourne Recycling Limited (SRL) is a recycling company that is jointly owned by 8 local authorities:

- Coventry City Council
- Walsall Council
- Solihull Metropolitan Borough Council
- Stratford on Avon District Council (DC)
- Warwick DC
- Rugby Borough Council (BC)
- Nuneaton & Bedworth BC
- North Warwickshire BC.

It was incorporated as a company on 1 April 2022 with the council have a 19.66% shareholding. The council's interest in this company has been determined to be as an associate.

At present SRL is not yet operating as the facilities are still in the process of construction. The mixed recycling facility is due to open in July 2023.

Reviewing SRL's year-end accounts it has been determined that Walsall's share of these would be immaterial and therefore not require full group accounts producing. Instead the council is presenting the financial position of the company as it stands as at 31 March 2023 for readers of the accounts to provide an overview of SRL's current financial position.

	2022/23		2021/22	
	Sherbourne Recycling Limited £m	Walsall share £m	Sherbourne Recycling Limited £m	Walsall share £m
Current assets	4.627	n/a	2.655	n/a
Non-current assets	54.187	n/a	22.685	n/a
Current liabilities	(0.524)	n/a	(0.135)	n/a
Non-current liabilities	(57.703)	n/a	(23.988)	n/a
<b>Net assets</b>	<b>0.587</b>	<b>0.115</b>	<b>1.217</b>	<b>0.239</b>
Cash & cash equivalents within current assets	3.003	n/a	2.655	n/a
<b>Reserves</b>				
Share Capital	1.000	0.197	1.000	0.197
Profit and (loss) reserve	(0.413)	(0.082)	0.216	0.042
	<b>0.587</b>	<b>0.115</b>	<b>1.216</b>	<b>0.239</b>
<b>Revenue</b>				
(Profit)/loss from operations	0.629	0.124	(0.216)	(0.042)
Interest income (including exchange rate (gains)/losses) included in profit/loss	0.398	n/a	(0.459)	n/a

## Collection fund statement

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.

	2022/23			2021/22			Collection Fund Notes
	Council Tax £m	NDR £m	Total £m	Council Tax £m	NDR £m	Total £m	
<b>Income</b>							
Council tax income	(159.107)	0.000	(159.107)	(153.150)	0.000	(153.150)	
Business rates income	0.000	(65.537)	(65.537)	0.000	(62.554)	(62.554)	
<b>Total income</b>	<b>(159.107)</b>	<b>(65.537)</b>	<b>(224.644)</b>	<b>(153.150)</b>	<b>(62.554)</b>	<b>(215.704)</b>	
<b>Expenditure</b>							
<i>Payments to precepting bodies</i>							
Walsall Council	138.706	52.849	191.555	133.869	46.047	179.916	3
West Midlands Police Authority	13.494	0.000	13.494	12.582	0.000	12.582	3
West Midlands Fire and Rescue Authority	4.894	0.533	5.427	4.468	0.465	4.933	3
Costs of collection	0.000	0.321	0.321	0.000	0.323	0.323	
Transitional protection payments	0.000	0.806	0.806	0.000	0.739	0.739	
Enterprise Zone and other deferred payments	0.000	0.101	0.101	0.000	(0.017)	(0.017)	
Write offs in year	0.107	0.939	1.046	0.030	0.000	0.030	
Allowance for impairments	1.691	0.326	2.017	2.155	(0.530)	1.625	6
Provision for appeals	0.000	(1.007)	(1.007)	0.000	(1.979)	(1.979)	6
<b>Total expenditure</b>	<b>158.892</b>	<b>54.868</b>	<b>213.760</b>	<b>153.104</b>	<b>45.048</b>	<b>198.152</b>	
<b>(Surplus)/deficit for year</b>	<b>(0.215)</b>	<b>(10.669)</b>	<b>(10.884)</b>	<b>(0.046)</b>	<b>(17.506)</b>	<b>(17.552)</b>	
<b>Collection fund balance</b>							
Balance brought forward at 1 April	(0.328)	16.697	16.369	(0.282)	34.217	33.935	
Prior year balance adjustment	0.000	0.000	0.000	0.000	(0.014)	(0.014)	
(Surplus)/deficit for the year	(0.215)	(10.669)	(10.884)	(0.046)	(17.506)	(17.552)	
<b>Balance carried forward at 31 March</b>	<b>(0.543)</b>	<b>6.028</b>	<b>5.485</b>	<b>(0.328)</b>	<b>16.697</b>	<b>16.369</b>	
<b>Allocated to:</b>							
Walsall Council	(0.483)	5.783	5.300	(0.290)	16.462	16.172	
Walsall Council Enterprise Zone and other deferred payments	0.000	0.101	0.101	0.000	(0.017)	(0.017)	
West Midlands Police Authority	(0.044)	0.000	(0.044)	(0.028)	0.000	(0.028)	
West Midlands Fire and Rescue Authority	(0.016)	0.060	0.044	(0.010)	0.168	0.158	
Central government	0.000	0.084	0.084	0.000	0.084	0.084	
	<b>(0.543)</b>	<b>6.028</b>	<b>5.485</b>	<b>(0.328)</b>	<b>16.697</b>	<b>16.369</b>	

The council currently participates in a 100% business rates retention pilot with Birmingham City Council, City of Wolverhampton Council, Dudley 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. 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.

Collection fund surpluses declared by the billing authority in relation to council tax 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 Walsall, the council tax precepting bodies are the West Midlands Police and the West Midlands Fire and Rescue Service (WMFS).

NDR surpluses declared by the billing authority in relation to the collection fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.



## Notes to the collection fund

### 1. Impact of Covid-19 on business rates

The Government during 2020/21 issued new legislation in respect of exceptional deficit balances on the Collection Fund because of Covid-19, which allowed in year deficits realised in 2020/21 to be spread over the following three financial years with the aim of reducing the impact on future budgets. 2022/23 is the second year that a charge has been made to the collection fund to spread these deficits with entries made to spread the remaining year in 2023/24.

### 2. Council tax base

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 following table shows the number of properties in each band and the number of band D equivalent properties (the council tax base).

<b>Band</b>	<b>Weighting</b>	<b>Chargeable dwellings</b>	<b>Band D equivalent</b>	<b><i>Band D equivalent for 2021/22</i></b>
A	6/9	33,461	<b>22,299</b>	<b>21,600</b>
B	7/9	21,555	<b>16,765</b>	<b>16,722</b>
C	8/9	16,019	<b>14,239</b>	<b>14,070</b>
D	9/9	9,274	<b>9,274</b>	<b>9,190</b>
E	11/9	5,130	<b>6,270</b>	<b>6,271</b>
F	13/9	2,222	<b>3,210</b>	<b>3,181</b>
G	15/9	771	<b>1,285</b>	<b>1,289</b>
H	18/9	38	<b>76</b>	<b>79</b>
		<b>88,470</b>	<b>73,418</b>	<b>72,402</b>

### 3. Payments to precepting bodies

The following table analyses the payments distributed (to)/from the collection fund for council tax and business rates.

	2022/23			2021/22		
	Council Tax £m	NDR £m	Total £m	Council Tax £m	NDR £m	Total £m
<b>Walsall Council</b>						
Precept demand	138.425	52.849	191.274	132.546	46.047	178.593
Surplus/(deficit) payment	0.281	0.000	0.281	1.323	0.000	1.323
	<b>138.706</b>	<b>52.849</b>	<b>191.555</b>	<b>133.869</b>	<b>46.047</b>	<b>179.916</b>
<b>West Midlands Police Authority</b>						
Precept demand	13.467	0.000	13.467	12.572	0.000	12.572
Surplus/(deficit) payment	0.027	0.000	0.076	0.010	0.000	0.118
	<b>13.494</b>	<b>0.000</b>	<b>13.543</b>	<b>12.582</b>	<b>0.000</b>	<b>12.690</b>
<b>West Midlands Fire and Rescue Authority</b>						
Precept demand	4.885	0.533	5.418	4.464	0.465	4.929
Surplus/(deficit) payment	0.009	0.000	0.030	0.004	0.000	0.054
	<b>4.894</b>	<b>0.533</b>	<b>5.448</b>	<b>4.468</b>	<b>0.465</b>	<b>4.983</b>

### 4. Business rates tax base

For 2022/23, the total non-domestic rateable value at the year-end is £202.199 million (£188.457 million in 2021/22). The national multipliers for 2022/23 were 49.9p for qualifying small businesses, and the standard multiplier being 51.2p for all other businesses (no change from 49.9p and 51.2p respectively in 2021/22).

### 5. Income from business ratepayers

The council collects non-domestic rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) which is 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, Walsall received a top up grant to the General Fund in 2022/23 to the value of £18.638 million (£18.084 million in 2020/21).

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares.

## 6. Council tax/NDR allowance for impairments and NDR provision for valuation appeals

The collection fund account provides for an allowance for impairments to council tax arrears.

	2022/23			2021/22		
	Walsall £m	Preceptors £m	Total £m	Walsall £m	Preceptors £m	Total £m
Balance at 1 April	(9.830)	(1.303)	(11.133)	(7.956)	(1.022)	(8.978)
Write offs during year	0.053	0.007	0.060	0.007	0.001	0.008
Contributions to provisions during year	(1.484)	(0.267)	(1.751)	(1.881)	(0.282)	(2.163)
<b>Net (Increase) / Decrease in Provision</b>	<b>(1.431)</b>	<b>(0.260)</b>	<b>(1.691)</b>	<b>(1.874)</b>	<b>(0.281)</b>	<b>(2.155)</b>
<b>Balance at 31 March</b>	<b>(11.261)</b>	<b>(1.563)</b>	<b>(12.824)</b>	<b>(9.830)</b>	<b>(1.303)</b>	<b>(11.133)</b>

The collection fund account also provides for an allowance for impairments to NDR arrears.

	2022/23			2021/22		
	Walsall £m	Preceptors £m	Total £m	Walsall £m	Preceptors £m	Total £m
Balance at 1 April	(4.644)	(0.047)	(4.691)	(5.169)	(0.052)	(5.221)
Contributions (to)/from provisions during year	(0.323)	(0.003)	(0.326)	0.525	0.005	0.530
<b>Net (Increase) / Decrease in Provision</b>	<b>(0.323)</b>	<b>(0.003)</b>	<b>(0.326)</b>	<b>0.525</b>	<b>0.005</b>	<b>0.530</b>
<b>Balance at 31 March</b>	<b>(4.967)</b>	<b>(0.050)</b>	<b>(5.017)</b>	<b>(4.644)</b>	<b>(0.047)</b>	<b>(4.691)</b>

Business rate payers can appeal against their rateable value. Any appeals lodged with the Valuation Office Agency (VOA) that have not been settled by 31 March 2023 require a provision to be set aside in the collection fund account. Walsall's share of this provision, £10.702 million, is shown in note Provisions page 84.

	2022/23			2021/22		
	Walsall £m	Preceptors £m	Total £m	Walsall £m	Preceptors £m	Total £m
Balance at 1 April	(6.871)	(0.070)	(6.941)	(8.831)	(0.089)	(8.920)
Amounts utilised in the year	2.633	0.027	2.660	0.000	0.000	0.000
Contributions to/(from)provisions during year	(1.636)	(0.017)	(1.653)	1.960	0.019	1.979
<b>Net (Increase) / Decrease in Provision</b>	<b>0.997</b>	<b>0.010</b>	<b>1.007</b>	<b>1.960</b>	<b>0.019</b>	<b>1.979</b>
<b>Balance at 31 March</b>	<b>(5.874)</b>	<b>(0.060)</b>	<b>(5.934)</b>	<b>(6.871)</b>	<b>(0.070)</b>	<b>(6.941)</b>

## Trust and scholarship accounts

The council is responsible for the administration of some individual trust funds.

These funds do not belong to the council, but it is ensured that they are used in accordance with the aims of the Charity or Trust deeds.

The capital sums have been invested in statutory securities and in the case of most funds administered by Resources & Transformation. The interest is used to provide scholarships and prizes. The council currently administers 3 trusts:

- SW Tame Fund – for the purposes of prizes at Joseph Leckie School. Current fund balance £586 (2021/22 £586).
- John Leckie Memorial Fund – for the provision of scholarships. Current fund balance £29,714 (2021/22 £29,714).
- Walsall Agricultural Fund – for the provision of a prize fund. Current fund balance £774 (2021/22 £774).

Walsall Council also provides an administrative and accountancy support service for the following Charities:

- Blanch Woolaston Charity
- CC Walker Charity
- Fishley Educational and Apprenticeship Charity
- Merrions Wood Trust
- Shelfield Playing Fields
- Walsall Wood Allotment
- WJ Croft Relief for the poor Charity
- Barr Beacon Trust

## Monies for residents in council care homes

In addition, the council also holds monies on behalf of residents of council care homes who are unable to administer their own affairs. These monies are held in the council's bank account. For 2022/23 the balance of residents' monies held was £2.145 million (£2.214 million in 2021/22).

# Annual governance statement

# Glossary

## A

**Academy School:** State-funded schools in England which are directly funded by the Department for Education and independent of local authority control.

**Accounts and Audit Regulations 2015:** The current set of regulations which detail the accounts needed, how they should be published, the right of electors, and the conduct of the annual statutory audit.

**Accounting period:** The period covered by the accounts, normally twelve months commencing on 1 April. The end of the accounting period i.e., 31 March is the balance sheet date.

**Accounting policies:** Within the range of possible methods of accounting, a statement of the actual methods chosen locally and used to prepare these accounts.

**Accruals basis:** The method of including amounts in accounts to cover income or expenditure attributable to an accounting period but for which payment has not been received or made by the end of the accounting period. This is based on the concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

**Amortisation:** Loss in value of an intangible asset due to age or obsolescence.

**Asset:** Something of value which is measurable in monetary terms owned by the council and is convertible to cash.

## B

**Balance Sheet:** A statement of the recorded assets, liabilities and other balances at the end of an accounting period.

**Balances:** The reserves of the council, both revenue and capital, which represent the accumulated surplus of income over expenditure on any of its funds.

**BCF:** Better Care Fund - a programme spanning both the NHS and local government which seeks to join-up health and care services, so that people can manage their own health and wellbeing and live independently in their communities for as long as possible.

**Billing authority:** Walsall Council is the billing authority responsible for the collection of council tax and non-domestic rates. The council tax includes amounts for precepting authorities – the West Midlands Fire and Rescue and Police Authorities.

**BIA:** Birmingham International Airport

**Budget:** A statement of the council's expected level of service expressed as an amount of spending over a set period, usually one year.

**Business Rates Retention Scheme:** Scheme applicable from 1 April 2014 in relation to NDR.

## C

**Cabinet:** The executive decision making body of the council made up of portfolio holding executive members.

**Capital Adjustment Account:** Financing of capital expenditure and statutory adjustments passes through this account.

**Capital expenditure:** Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of existing fixed assets.

**Capital receipts:** The proceeds from the sale of a fixed asset, or the repayment of an advance made by the council.

**Capitalised:** Transferred from revenue to capital.

**Carrying Amount:** The balance held on the balance sheet as at the year-end date.

**Cash and cash equivalents:** This comprises cash in hand, cash overdrawn and short term investments which are readily convertible into known amounts of cash.

**Cash flow:** Movement in money received and paid by the council in the accounting period.

**Cash flow statement:** Statement showing the cash inflows and outflows during the year.

**CCG:** Clinical Commissioning Group

**Charity:** Trust created for advancement of education, promotion of public health and comfort, relief of poverty, furtherance of religion, or any other purpose regarded as charitable in law.

**Chartered Institute of Public Finance and Accountancy (CIPFA):** The professional body that oversees accounting practice within public bodies.

**Chief financial officer (Section 151 Officer – Local Government Act 1972):** Statutory officer responsible for managing the financial risks and financial planning of the council.

**CIPFA Code of Practice on Local Authority Accounting:** The Statement of Recommended Practice applicable to preparing the accounts.

**Collection Fund:** A statutory account which billing authorities must maintain for the collection and distribution of amounts due in respect of council tax and non-domestic rates (NDR).

**Community assets:** Assets that the council intends to hold in perpetuity, have no determinable finite useful life and in addition may have restrictions on their disposal. Examples of community assets are playing fields and parks.

**Community School:** A type of state-funded maintained school in which the local authority employs the school's staff, is responsible for the school's admissions and owns the school's estate.

**Comprehensive income and expenditure statement (CIES):** This shows the council's net expenditure on providing services during the year, based on proper accounting practices, prior to adjustments required for taxation purposes.

**Comprehensive Spending Review (CSR):** Review by central government to determine spending priorities for the following three years. This review determines the level of funding for local government.

**Consolidated:** Added together with adjustments to avoid double counting of income, expenditure or to avoid exaggeration, e.g., debtors, creditors because of trading between services within the council which are reported on as a whole in the section on consolidated financial accounts.

**Contingent assets:** Potential assets at the balance sheet date which depend on the occurrence or non-occurrence of one or more uncertain future events. The assets should be included in the balance sheet where it is probable that a gain will be realised which can be estimated reasonably accurately at the time the accounts are prepared, otherwise, where the contingencies are likely to be material, the fact that they exist should be disclosed as a note to the accounts.

**Contingent liabilities:** Potential liabilities at the balance sheet date which depend on the occurrence or non-occurrence of one or more uncertain future events. The liabilities should be included in the balance sheet where it is probable that a loss will be incurred which can be estimated reasonably accurately at the time the accounts are prepared, otherwise, where the contingencies are likely to be material, the fact that they exist should be disclosed as a note to the accounts.

**Corporate management team (CMT):** The most senior management team within the council. Responsible for ensuring decisions made by Cabinet and council are implemented within the authority.

**Council tax:** A banded property tax which is levied on domestic properties throughout the country. The banding is based on estimated property values as at 1 April 1991. The level of tax is set annually by each local authority for the properties in its area.

**Covid-19:** Coronavirus Disease 2019, a novel coronavirus that has caused a global pandemic in 2020.

**Creditors:** Amounts owed by the council for work done, goods received, or services rendered to the council during the accounting period, but for which payment has not been made by the balance sheet date.

**Curtailments:** Costs incurred as part of pension costs for redundancy/efficiency retirements.

**Current assets:** Assets which are easily converted to cash e.g., stock and debtors.

**Current liabilities:** Liabilities which are easily converted to cash e.g., creditors.

## **D**

**Debtors:** Amounts due to the council which relate to the accounting period and have not been received by the balance sheet date.

**Dedicated Schools Grant (DSG):** Funding from central Government whose sole purpose is to fund the provision of an education service.

**Deferred capital receipts:** Amounts derived from the asset sales which will be received in instalments over a period of a year (e.g., mortgages on the sale of council houses).

**Depreciation:** The loss in value of a tangible fixed asset due to age, wear and tear, deterioration or obsolescence.



**Depreciated Replacement Cost (DRC):** A valuation technique that is based on the current cost of reproduction or replacement of an asset less deductions for depreciation based on an assets current remaining life.

**De-recognition:** The reduction in asset values due to transferring ownership of assets.

**DfE:** Department for Education – responsible for Government policy and advice in connection with education and the social welfare of children and families.

**Discounted Cash Flow (DCF):** A method of estimating an investment's current value based on the discounting of projected future revenues and costs.

**Diocese:** An administrative territorial unit administered by a bishop i.e., Bishop of Lichfield.

## E

**Earmarked reserves:** These reserves represent the monies set aside that can only be used for a specific usage or purpose.

**Expenditure:** Costs incurred by the council for goods received, services rendered, or other value consumed during the accounting period, irrespective of whether any movement of cash has taken place.

**Equity:** Stocks and shares that represent an ownership interest in a company.

## F

**Fair Value:** An estimate of the potential market price of an asset or liability.

**Finance lease:** A lease that transfers the risk and rewards of ownership of a fixed asset to the lessee. Such a transfer of risk and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amount to substantially all the fair value of the leased asset.

**Financial instrument:** Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Fixed assets:** Tangible assets which have value to the council for more than one year, e.g., land, buildings, equipment.

**Foundation School:** A state-funded maintained school where the governing body has greater freedom in the running of the school than in community schools. Foundation schools were set up under the School Standards and Framework Act 1998.

## G

**General Fund:** The main revenue account of the council, which brings together all income and expenditure other than recorded in the Collection Fund.

**Government support/grants:** Assistance by Government and inter-Government agencies and similar bodies, whether local, national or international, in the form of cash or transfer of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the council.

## H

**Hardship Fund:** A fund created to deliver financial support, including reduced council tax bills, to economically vulnerable residents because of Covid-19

**Historical cost:** The actual cost of assets, goods or services, at the time of their acquisition.

**Housing benefits:** Financial assistance paid to tenants on a low income to help pay their rent and service charges.

## I

**ICB:** Integrated Care Board

**ICES:** Integrated Community and Equipment Store

**International Accounting Standard (IAS):** Standards for the preparation and presentation of financial statements created by the International Accounting Standards Committee.

**IFRIC:** International financial reporting interpretations committee.

**Impairment:** Downward revaluation due to the consumption of economic benefits.

**Income:** Amounts due to the council in respect of services performed, taxes levied or grants receivable during the accounting period, irrespective of whether any movement of cash has taken place.

**Infrastructure assets:** Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

**International financial reporting standard (IFRS):** Accounting standards that have replaced SSAP and FRS from the 2010/11 financial year. All accounts from this period will be reported under these standards.

**Inventories:** Raw materials and consumable items which the council has procured to use on a continuing basis and has not been used by the end of the accounting period.

**Investment properties:** Interests in land and/or buildings in respect of which construction work and development have been completed and which are held for their investment potential rather than for operational purposes, any rental income being negotiated at arm's length.

**Investments:** Items such as company shares, other securities and money deposited with financial institutions (other than bank current accounts).

**ISB:** Individual Schools Budget

## L

**Leasing:** A method of acquiring the use of an asset by paying a rental for a specified period, rather than purchasing it outright.

**Lenders Option/Borrowers Option:** A form of loan that has option dates. These are dates where the lenders could change the interest rate. If this happens, the borrower then has the option of either continuing the loan or redeeming it in full without any penalty.

**LEP:** Local Enterprise Partnership

**Levies:** A charge from a public sector body towards the services they provide.

**Liabilities:** Amounts due to individuals or organisations which will have to be paid at some time in the future.

## M

**Maintained School:** State-funded schools in England which are under local authority control and funded by the local authority using Dedicated School Grant provided by the Department for Education.

**Minimum revenue provision (MRP):** The minimum amount which must be charged to a council's revenue accounts and set aside as a provision to repay external debt. It is calculated by applying a prescribed percentage of outstanding debt.

**Movement in reserves statement:** Statement that shows the movement in all the council's reserves over the year and the movements required for taxation purposes.

**MRF:** Mixed recycling facility

## N

**Non-domestic rates (NDR):** A tax levied on business properties, sometimes known as Business Rates.

**Net book value:** The amount at which fixed assets are included in the balance sheet, i.e., their historical cost or current value less the cumulative amounts provided by depreciation.

## O

**Operating lease:** A lease where the risks and rewards of ownership of a fixed asset remain with the lessor. Such a lease will be for a fixed period which is significantly less than the useful economical life of the asset.

**Operational assets:** Fixed assets occupied, used or consumed by the council in direct delivery of those services for which it has either statutory or discretionary responsibility.

## P

**PFI:** Private Finance Initiative.

**PPP:** Public Private Partnership.

**Precept:** A levy determined by one authority which is collected on its behalf by another e.g., Walsall Council collects Police and Fire Authority precepts.

**Precepting authority:** An authority which raises finance through another authority.

**Prior period adjustments:** Material adjustments to the accounts of earlier years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

**Provisions:** Amounts set aside in the accounts for liabilities or losses which are certain or very likely to occur but where there is uncertainty as to the amounts involved or the dates on which they will arise.

**Prudential Code:** The current system on financial controls for capital financing introduced on 1 April 2004 that local authorities are required to operate by.

**Public Works Loan Board (PWLB):** A central Government agency which lends money to local authorities at lower rates than those generally available from the private sector. Local authorities can borrow a proportion of their requirements to finance capital expenditure from this source.

## R

**Replacement cost:** Cost of replacement of an asset at the balance sheet date.

**Reserves:** Amounts set aside in the accounts to meet expenditure which the council may decide to incur in future period, but not allocated to specific liabilities which are certain or very likely to occur. Earmarked reserves are allocated to a specific purpose or area of spending. Unallocated reserves are often described as balances, and usually arise as unplanned surpluses of income over expenditure.

**Revaluation:** The increase or decrease in an asset's value following valuation by a suitably qualified person.

**Revenue contributions:** Method of financing capital expenditure directly from revenue.

**Revenue expenditure funded from capital under statute (REFFCUS):** This is expenditure that would normally be classed as revenue under normal accounting rules, but legislation has defined as being capital expenditure.

**Revenue Support Grant:** A central government grant paid to each local authority to help to finance its general expenditure. The distribution of the grant between authorities is intended to allow the provision of similar standards of service throughout the country for a similar council tax levy.

**Ring-fenced:** This refers to the statutory requirement that certain accounts such as the Collection Fund must be maintained separately from the General Fund.

## S

**Section 106 (s106):** Legally binding agreement between the council and developers by which developers provide a contribution to assist in the redevelopment of a specified area and for a specified purpose.

## T

**Trust funds:** Funds administered by the council on behalf of minors and others for such purposes as prizes, charities and specific projects.

## U

**Usable and unusable reserves:** Usable reserves are those which the council can use to maintain its services whilst those that are unusable are not readily available resources and are held as balances.

## V

**Voluntary Aided School:** A state-funded maintained school in England and Wales in which a foundation or trust contributes to building costs and has a substantial influence in the running of the school.

**Voluntary Controlled School:** A state-funded maintained school in England and Wales in which a foundation or trust has some formal influence in the running of the school.

## Contact details and sources of information

Enquiries or comments about this publication should be made to:

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This statement is available from the Walsall Council website [www.walsall.gov.uk](http://www.walsall.gov.uk). Paper copies are also available from the above address.

Further information about West Midlands Combined authority can be obtained at the following address:

Finance Director  
West Midlands Combined Authority  
16 Summer Lane  
Birmingham  
West Midlands B19 3SD  
Website: <https://www.wmca.org.uk/>

Further information about the police and fire finances can be obtained at the following addresses:

Chief Finance Officer to the Police and Crime Commissioner  
Lloyd House  
Colmore Circus  
Queensway  
Birmingham B4 6NQ  
Website: [westmidlands-pcc.gov.uk](http://westmidlands-pcc.gov.uk)

Finance Manager  
West Midlands Fire Service Headquarters  
99 Vauxhall Road  
Birmingham  
West Midlands B7 4HW  
Website: [www.wmfs.net](http://www.wmfs.net)

Information on the West Midlands Authorities Pension Fund can be obtained from the following address:

West Midlands Pension Fund  
PO Box 3948  
Wolverhampton WV1 1XP  
Website: <http://www.wmpfonline.com>

Information about Birmingham International Airport can be obtained from the following address:

Birmingham Airport Holdings Ltd  
Birmingham International Airport  
Birmingham B26 3QJ  
Website: [www.bhx.co.uk](http://www.bhx.co.uk)