

# Annual Financial Report 2023/24

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 2023/24

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

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**Subject to Audit**

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# Introduction to the 2023/24 annual financial statements

Welcome to Walsall Council's Accounts for the year April 2023 to March 2024.

As we all continue to face the cost-of-living issues including high inflation rates it 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 £0.86 million. This has been achieved whilst delivering £13.32 million on savings and investing £34.73 million into services.

Following on from the Local Government Association (LGA) Peer Review in 2023, Walsall Council has further developed and embedded a culture of improvement. This has recently been recognised in our nomination for 'Most Improved Council' at the Local Government Chronicle (LGC) 2024 awards.

As the council moves away from its previous model of one front door into the Civic Centre we have launched Walsall Connected. This provides residents access to advice and support in a convenient local location through a partnership of 29 local 'Walsall Connected' centres (21 being run by local community partners). It also offers a great opportunity for residents to access signposting to other beneficial services through our partners. Over 14,000 customers have been supported since they opened with over 86% of enquiries being solved at first contact.

The council has continued its path to more digital services by updating its digital self-service system for residents based on employee and resident feedback. These improvements went live in February 2024. This has been supported during 2023/24 by a new telephony system and new web site. This resulted in a 50% movement of customers to digital self-service for these services.

Walsall Council has, over the last few years, been successful in securing government funding to enable us to invest in our town centres. Specifically, during 2023/24 the Council has secured up to £20 million for Darlaston through the long-term plan for towns funding. The Council has secured £20 million of Levelling Up funding for Willenhall, and Towns Deal funding of £21.3 million each for both Walsall and Bloxwich in previous years.

As work continues over the forthcoming years, the people of Walsall, Bloxwich, Willenhall and Darlaston will continue to benefit from opportunities that funding will bring. The job market will be stimulated, public spaces will continue to be improved with an emphasis on urban greening, further investment to sustainable methods of travel will bring tangible benefits to cycling and walking routes and railway stations will be both built and improved to meet the needs of the local community.

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 currently know our funding levels for 2024/25 but they remain unclear for the medium term. However, the Council remains absolutely committed to deliver its priorities and continue towards our 2040 vision and we are committed to delivering vital services for our 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  
30 May 2024

# Narrative report

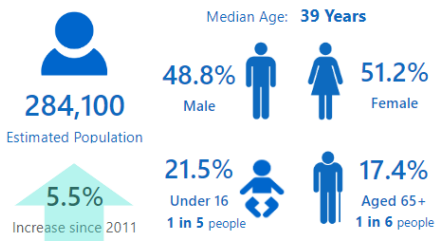
## 1. Introduction to Walsall

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.

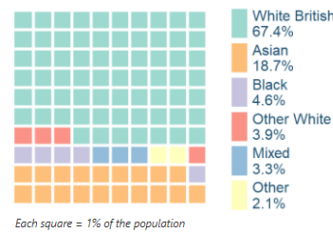
It is named after its largest settlement, Walsall. The borough also consists of five other district centres: Aldridge, Brownhills, Bloxwich, Darlaston and Willenhall; and is densely populated, especially the west of the borough. The borough benefits from extensive countryside particularly towards the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

### Demographic Overview of Walsall

#### Population



#### Ethnicity

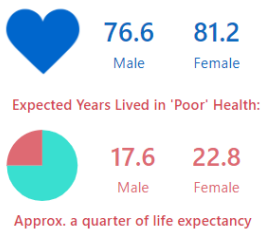


#### Walsall

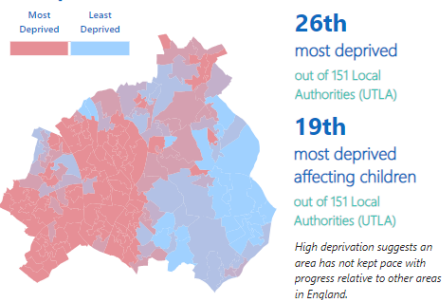
Walsall is situated within the West Midlands and is one of four Local Authorities comprising The Black Country. It contains six urban district centres: Walsall Town Centre lies at the heart of the borough, surrounded by Aldridge, Bloxwich, Brownhills, Darlaston and Willenhall. The borough covers 40sq 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.



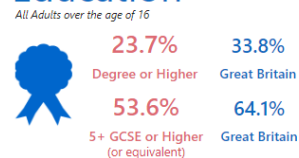
#### Life Expectancy



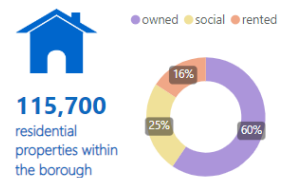
#### Deprivation



#### Education



#### Housing



#### Employment



## 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 2024 the political composition of the Council was 38 Conservative, 12 Labour, 10 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.

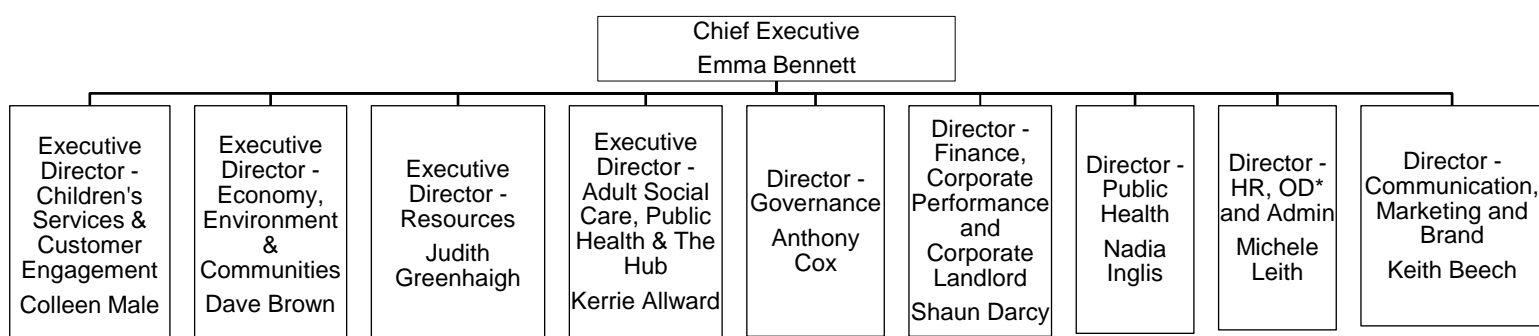
The Council approves major plans and strategies for the Council following review by Cabinet. This includes the Council's budget each year.

The Leader of the Council has responsibility for the appointment of the Cabinet, which consists of 10 members, and the allocation of portfolios. In 2023/24 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
- Wellbeing, Leisure and Public Spaces 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 Chief Executive, Emma Bennett. The current composition is shown below.



\* OD – Organisational Development

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

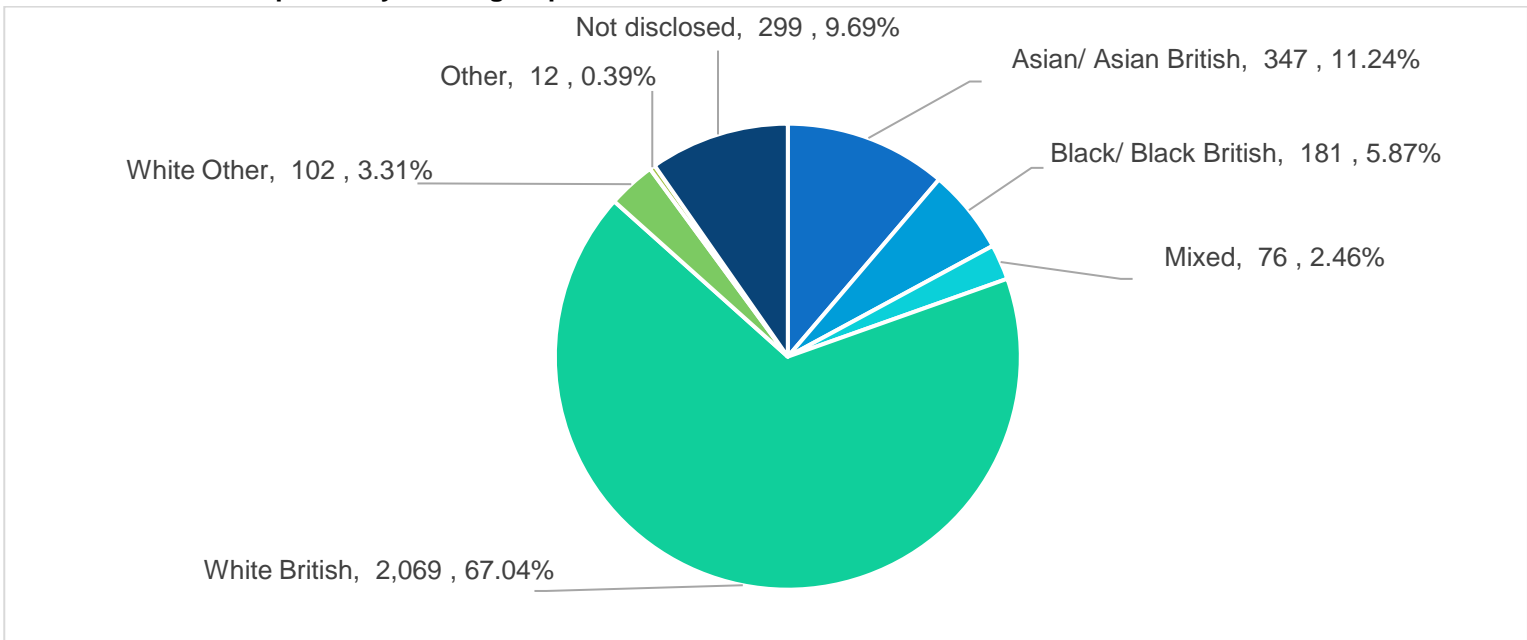
As at 31 March 2024 the Council employed 3,086 people (3,015 people as at 31 March 2023) excluding school-based employees. This is split 32.37% male (32.77% 31 March 2023), 67.63% females (67.94% 31 March 2023).



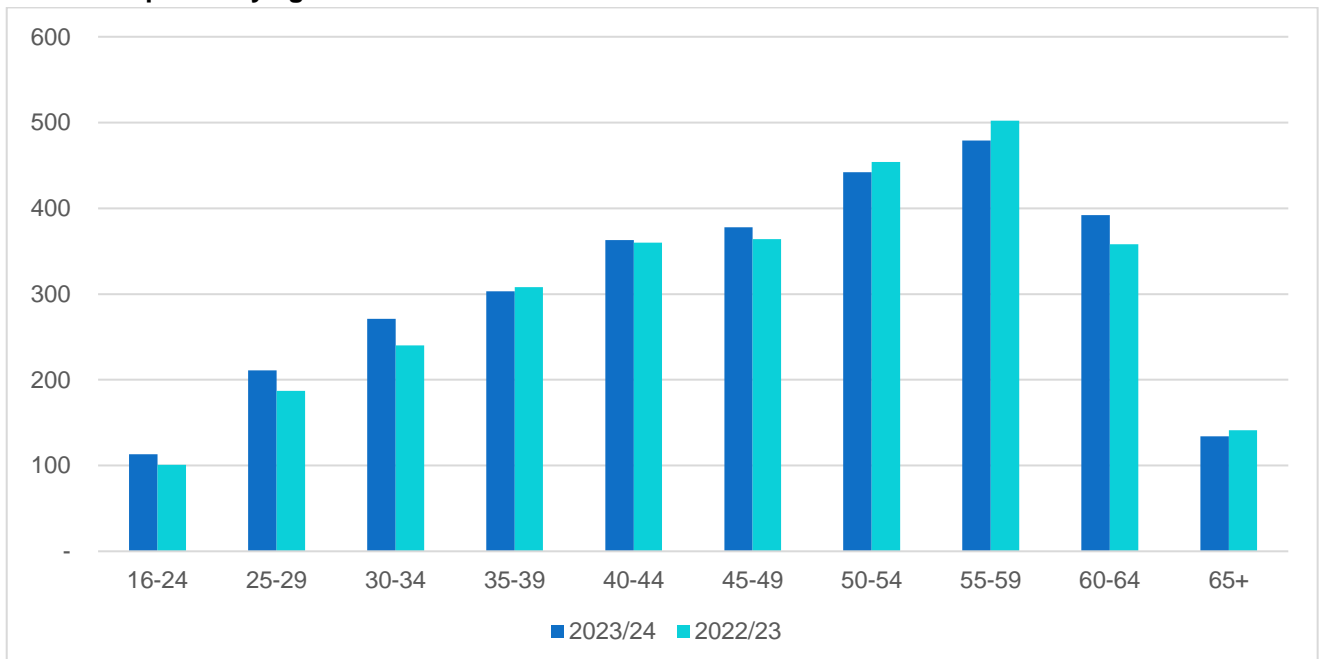
The difference in median pay (the mid-point between highest and lowest salary) between male and female employees for Walsall Council was **X.XX%** as at 31 March 2024 for all staff (full, part time and casual employees). This means that average pay for male employees was the same as that for female employees. The national average was **XX.XX%**. When looking at full time employees the difference in median pay for Walsall Council is **X.XX%**. This means that the average pay for full time female employees is **X.XX%** higher than that for male employees. The national average was **X.XX%**.

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 for all employees is 1:6 which has reduced slightly from the 1:7 it was in 2022/23. 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 2022/23.

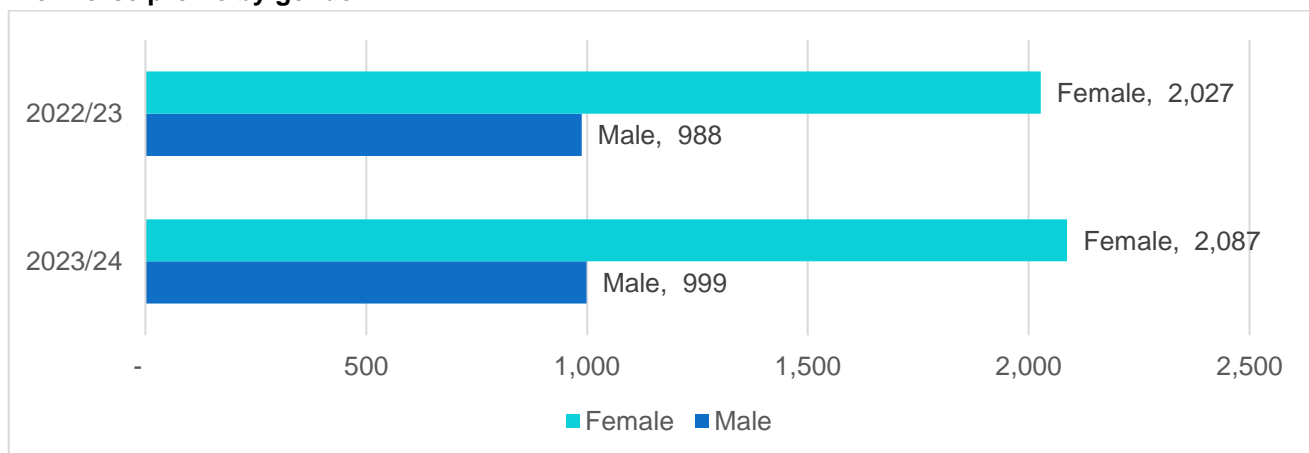
**Workforce profile by ethnic group**



**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 ten outcomes are split over the following areas of focus.

<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 2023/24 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 and Health contributions to care
- 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 insights
- Economic Intelligence Unit

## 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

- Services for children in need of help and protection
- Children looked after and care leavers
- Participation of Children, young people and families
- Services for children with disabilities and complex needs
- Transition arrangements between Children's and Adult Social Care
- Locality family safeguarding
- Corporate Parenting
- Residential Services
- Family Placement services
- Safeguarding review and support
- Safeguarding arrangements

### 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
- Commissioning Service
- Children & Young People Alliance
- Safeguarding Board

### Access & Inclusion

- Education (including admissions, attendance, 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)

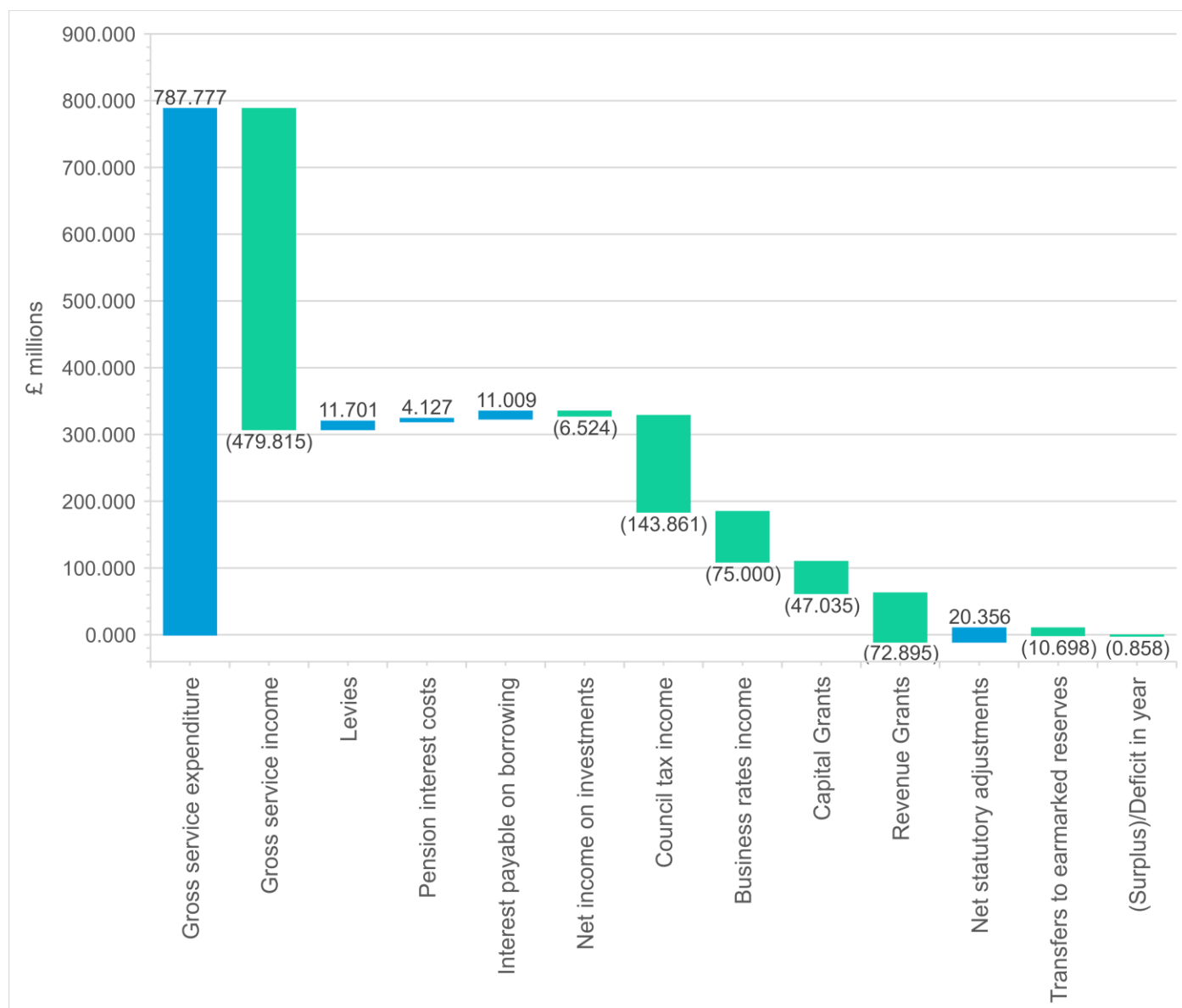
## 2. Financial performance highlights

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 £144.163 million for 2023/24 at its full meeting on 23 February 2023. This included savings of £15.713 million to be delivered through the Council's Proud service transformation plans. The councillors also agreed at this meeting a 2.99% increase in Council tax.

The 2023/24 comprehensive income and expenditure statement shows a net cost of services of £307.962 million comprised of £787.777 million expenditure and £479.815 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 2023/24 outturn position is an underspend of £0.858 million against budget as shown in the graph below. Further details of the Council's performance against budget can be found in note 1 (page 35).



The split by directorate of the £0.858 million underspend is shown in the following table.

	<b>2023/24</b>
	<b>£m</b>
Adult Social Care, Public Health & The Hub	13.402
Childrens Services and Customer Engagement (excluding education)	3.642
Education	2.660
Economy, Environment and Communities	(0.945)
Resources and Transformation	(0.436)
Corporate items	(19.181)
<b>Total (under)/overspend in year</b>	<b>(0.858)</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 several variances against budget, as set below and as reported to Cabinet and Scrutiny throughout the 2023/24 financial year.

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

A net increase in the number of clients and changes to existing placement costs has resulted in an overspend of £12.11 million. Increased demand on intermediate care service has seen an overspend of £1.63 million and increased contractual inflation on Housing 21 unitary charge resulted in a further £0.54 million overspend.

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

Increased demand relating to children in care has seen an overspend of £2.69 million. Increased costs of taxis to transport children in care to school has seen £0.20 million additional costs above budget and a further £0.20 million overspend of legal fees due to increased demand and complexity of cases. Short breaks have seen a pressure of £0.23 million due to more complex cases and increased support to ensure children can remain living with at home with family. A further overspend of £0.55 million relates to section 17 and non-staffing costs across social care, again related to supporting children to remain at home. These pressures have been partly mitigated by holding of vacant posts and recharges of existing posts to grants and a directorate action plan totalling £1.17 million.

Not achieving the savings relating to customer access management resulted in an overspend of £1.59 million. This has been addressed as part of the 2024/25 budget. Loss of funding further increased the overspend by £0.14 million. These pressures were partly offset by additional income from recharges, grants and court costs of £1.32 million.

#### Education

Increased demand for assessments delivered by education psychologists has resulted in £0.50 million overspend. A national review of Dedicated Schools grant (DSG) use resulted in a proportion of DSG grant has been reallocated. This therefore has increased the use of Council funding leading to £0.50 million overspend. This has been adjusted to allow Section 151 sign off but is being challenged and followed up regionally as it has impacted several authorities. Increased costs and demand within home to school transport has resulted in an overspend of £1.66 million.

#### Economy, Environment and Communities

Leisure services had a net underspend of £0.78 million because of increased Active Leisure Centre income due to demand. There was also a £0.65 million under recovery of expected income within bereavement services. Overall staffing/agency spend resulted in a net overspend of £0.47 million across all services within Economy, Environment and Communities.



Highways and Transportation had a net underspend of £0.12 million due to increased costs of operating traffic signals offset by reduced non-essential costs.

Due to increased inflation the Council received an additional £0.94 million of income from the Waste 2 Recovery project with Staffordshire County Council. There were also additional underspends on waste disposal costs, fuel costs and trade income of £0.60 million.

However, there were £1.17 million of undelivered savings during 2023/24 which has been offset by the underspends within year.

### Resources and Transformation

Facilities management had an £1.53 million overspend due to maintenance costs and reduced income for cleaning/caretaking. This was offset by £0.58 million additional income received by Sports England, increased rental income and recharging of utility costs to shared users.

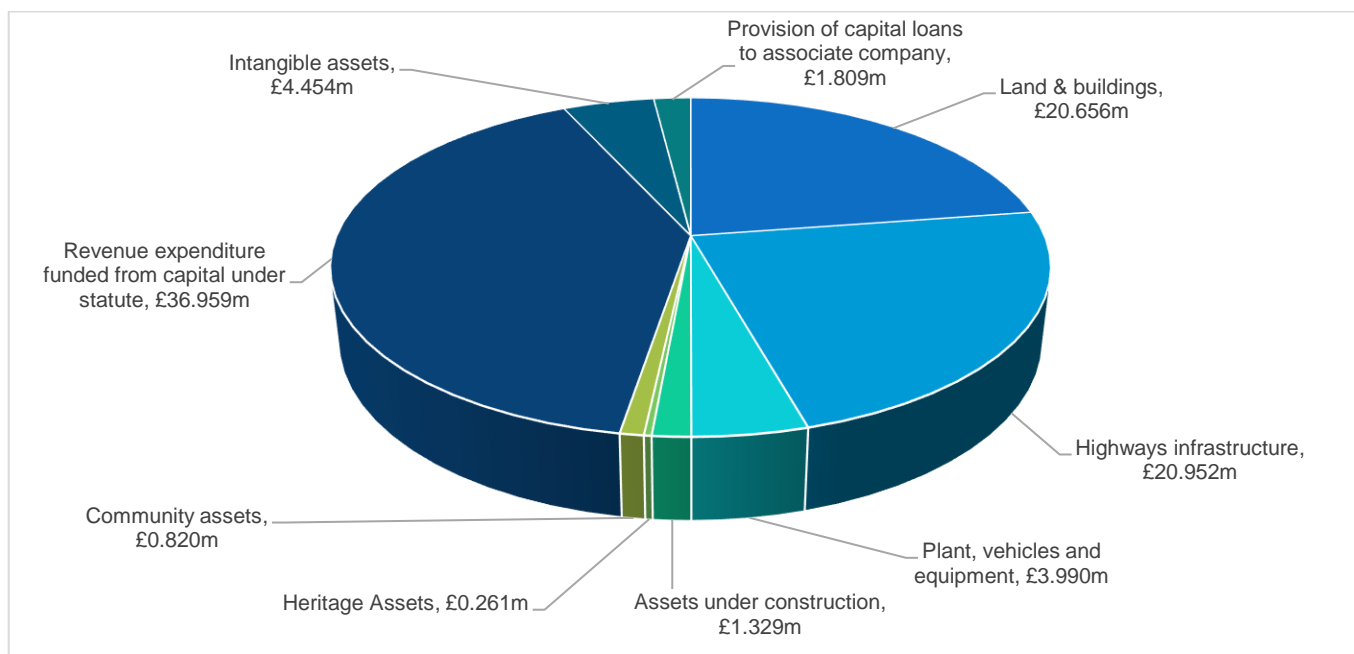
The other areas within resources and transformation (procurement, corporate management team, finance, legal and governance, Digital and Technology Services, and Human Resources) had a net underspend of £1.36 million due to staffing and agency costs.

### Corporate Items

The position in relation to Corporate Items reflects a prudent approach to allow for a planned delay in undertaking borrowing, which reduced the cost as well as reducing counterparty risk. This resulted in a saving of £2.08 million. There is also an underspend of £16.99 million that relates primarily to the use of reserves and release of central contingency.

## Capital expenditure

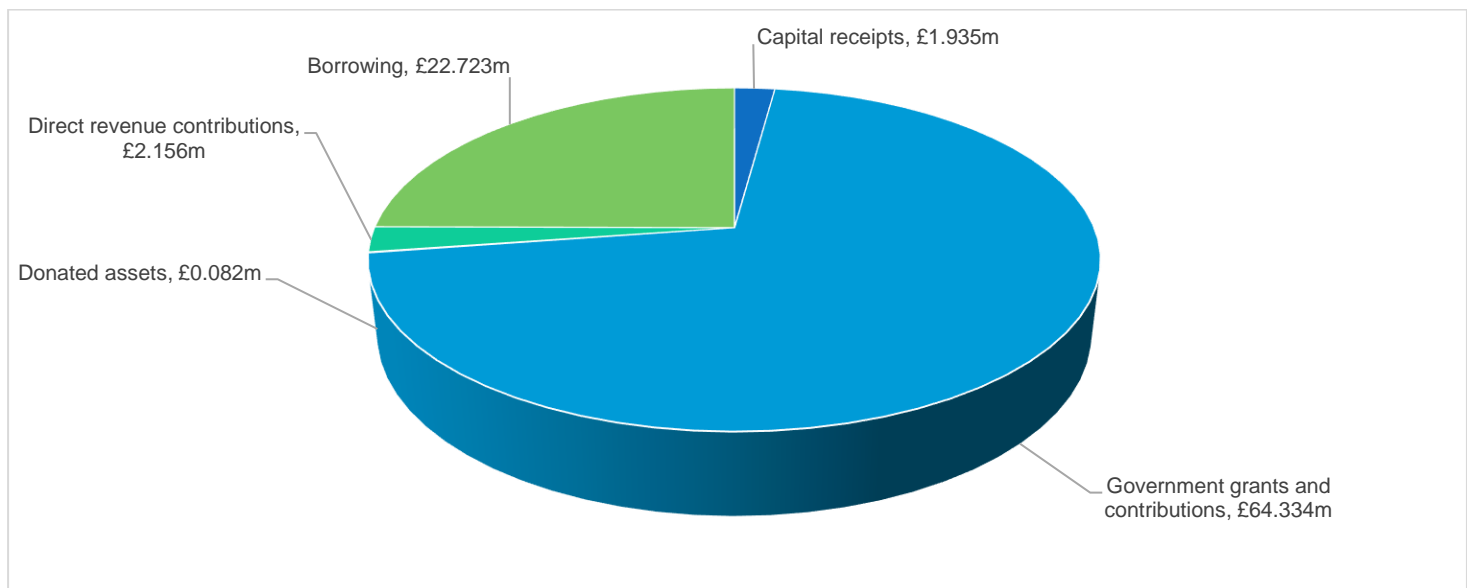
During 2023/24 the Council had £91.230 million of capital investment (£96.314 million in 2022/23). The split of capital investment between different asset categories is shown in the following chart.



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

- Provided capital grants to individuals or organisations where the use of the grant would be classed as capital if carried out by the Council.
- 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 2023/24 with short-term investments of £8.068 million (£58.617 million 2022/23). Use of these investments will be required to fund those capital projects currently underway where completion is due beyond 31 March 2024 and for the planned use of earmarked reserves in future years.

In addition to these investments the council also has £52.942 million cash and cash equivalents. These include cash held in the council's bank accounts and short-term deposits with financial institutions that can be withdrawn without penalty.

The 2023/24 target investment income rate for all investments excluding property funds was 3.48%; however, as at 31 March 2024 the actual rate achieved was 4.94%. At the point of budget setting interest rate forecasts were suggesting further gradual rises in short-, medium- and longer-term interest rates to a peak of 4.50% expected in June 2023. As inflation continued to rise the Bank of England engaged in monetary policy tightening by raising bank rates gradually from 3.50% in December to a peak of 5.25% by August 2023. These interest rate rises have had a direct impact on investment returns. In cash terms this means the Council received £4.997 million (£3.683 million in 2022/23) of investment income. This is in addition to £1.340 million (£1.168 million in 2022/23) of dividend income from holdings in the CCLA Local Authorities Property Fund.

At 31 March 2024, the Council's external long-term borrowing was £250.610 million (£240.918 million as at 31 March 2023). Short-term borrowing as at 31 March 2024 was £3.213 million (£30.733 million as at 31 March 2023). Long-term borrowing of £15 million was undertaken during 2023/24 to help support the capital programme.

The interest costs associated with this debt represent 2.31% of the net Council tax requirement for the year, at an average interest rate of 4.13% compared to the target interest rate for the year of 4.21%.

### 3. 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 junction opened to traffic in March 2024. It is anticipated that the final handover will be in August 2024.

##### 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 million, £11.440 million being funded from Government grant with the remaining being funded by the Council. This is an increase of £3.5 million on the cost disclosed in 2021/22 due to cost inflation and the 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 2023/24 financial year.

##### 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 been completed, and an outline planning application has been submitted to the Local Planning Authority. As agreement with landowners could not be reached, it has been determined that a Compulsory Purchase Order enquiry is required, and this will be held in 2024/25. 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.

### 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 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 being funded by a grant from the Black Country Local Enterprise Partnership and the remainder by Homes England.

### 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, the Morgan Sindall Construction Ltd RIBA Stage 4 Cost Plan was higher than the approved budget due to increased costs on groundwork, service infrastructure, higher supply chain prices and the installation of odour control units and ventilation system for the waste transfer station. A budget increase of £4.6 million has been approved and the revised budget for the scheme is now £42.3 million. The construction phase for the project commenced in April 2024.

## Material asset disposals in year

During 2023/24 there was one school academy conversion: Walsall Wood Primary School. This resulted in a net disposal loss to the Council of £1.488 million. In addition to the academy conversions the Council also disposed of a further 8 properties along with 2 freehold reversions totalling £1.537 million and bringing in £1.866 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.

As at 31 March 2024 the Council's actuaries, Hymans Robertson, advised that the Council's net pension position in relation to its share of the West Midlands Pension Fund had changed from a net liability of £92.294 million to a net asset of £6.014 million. This movement was primarily due to better than forecast performance of pension assets during 2023/24 due to market conditions.

Due to the Council's share of the pension fund moving into a net asset position the Council has applied an asset ceiling as required by IAS19 and IFRIC 14. Implementing the asset ceiling has reduced the net asset position by £109.700m to a net liability position of £103.686 million. More detail on the implications of this can be found at Note 12f page 60.

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 recent years.

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.

## 4. 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 22 February 2024 looks to the medium term 2024/25 to 2027/28 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 2024/25 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 2025/26+ 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 2024/25 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 2024/25, leaves considerable uncertainty in respect of the amount of income the Council will receive in government funding from 2025/26 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. This will impact all services through pay, energy, street lighting, fuel, borrowing rates, contracted services, and take up of Council services because of less disposable income etc.
- Changes in core government grant funding, for example:

- Unknown impact of the review of full business rate retention (BRR) and the future review of Relative Needs and Resources (formerly the Fair Funding Review) and reports that public sector funding will reduce beyond 2024/25, inevitably placing a squeeze on Council's funding.
- Continuing one-year settlements, making future financial planning difficult.
- 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 (partly linked to cost of living) and the likely ongoing post covid impact 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 £37.30 million from £68.70 million in 2017/18 to £106.00 million in December 2023 – an increase of 54.29%.
  - 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 2023, numbers had risen to 1,090 (658 children in care / 432 other support) with average costs of £1,779 per week for children in care and £573 per week for other support. Placement costs have risen by 142% in the past four years whilst children in care numbers have increased by 2%. 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 £5,858 in November 2023. The number of children has also increased from 32 in March 2018 to 78 in November 2023. 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.
- The impact of the delayed adult social care reforms.

## 5. Sustainability reporting

The Council declared a climate emergency in September 2019 with a target to become a Net Zero authority by 2050 in line with the UK Governments Climate Change Act 2008 (2050 Target Amendment; Order 2019).

In October 2022 the Council updated the scope and target date to achieve carbon neutrality. The Council committed to work with all relevant partners and stakeholders to make the whole borough Net Zero by 2041 in line with the regional target agreed by the West Midlands Combined Authority.

### Strategy

The Council's 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.

A new Net Zero 2041 strategy and revised action plan is in development to reflect and broader scope of the revised Net Zero target. A consultation plan to establish how best to engage and mobilise relevant stakeholders and partners will also be developed

The Council is in the process of recruiting a small team to lead the Council's programme. A Climate Change Programme manager and a Net Zero Project officer have been recruited with a second Net Zero officer and a Community Energy Officer currently being onboarded.

For annual monitoring the Council will use the Local Government Association GHG tool to assess Council Scope 1 and 2 emissions (direct emissions). It will use the Oxygen Insights tool to assess Scope 3 emissions (emissions resulting from the goods and services it procures). It will use the data generated by these tools to report performance via the widely respected Carbon Disclosure Project. Climate Change will feature in the updated Corporate Plan.

## Energy

A strategic asset plan for 2021 to 2025 has been adopted, which includes an energy strategy to minimise demand, improve efficiency and reduce carbon emissions. A net zero pathway is in place 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. The Council is part 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 go 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 2024/25, 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 enhance the borough's parks and green spaces to increase meadow, wetland, and green areas in Walsall. In the last two years 42 hectares 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.

## 6. 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 2023/24 (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 2023/24 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 2024. 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 2023/24**

There has been no change to the Council's accounting policies for 2023/24. The accounting policies can be found as note 37 on page 97.

# 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 Director – Finance, Corporate Landlord and Performance (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 2024.



**Shaun Darcy**

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

30 May 2024

## Approval of Statement of Accounts

The statement of accounts was approved by the Walsall Council Audit Committee on XX September 2024.

**Mr A Green**

Chair of the Audit Committee

XX September 2024

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.

	2023/24			2022/23			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	155.933	(64.110)	91.823	142.455	(62.557)	79.898	1a, 1e
The Hub	5.350	(0.942)	4.408	0.231	(0.018)	0.213	1a, 1e
Public Health	20.543	(0.840)	19.703	20.793	(0.907)	19.886	1a, 1e
<b>Childrens Services and Customer Engagement</b>							
Childrens Services	86.431	(10.649)	75.782	82.060	(9.199)	72.861	1a, 1e
Education	246.363	(227.405)	18.958	236.400	(212.972)	23.428	1a, 1e
Customer Engagement	92.142	(78.245)	13.897	97.998	(79.373)	18.625	1a, 1e
Economy, Environment & Communities	79.295	(28.060)	51.235	100.257	(33.339)	66.918	1a, 1e
Resources & Transformation	97.439	(42.752)	54.687	66.703	(30.289)	36.414	1a, 1e
Corporate items	4.281	(26.812)	(22.531)	33.577	(36.812)	(3.235)	1a, 1e
<b>Cost of services</b>	<b>787.777</b>	<b>(479.815)</b>	<b>307.962</b>	<b>780.474</b>	<b>(465.466)</b>	<b>315.008</b>	
Other operating expenditure			12.733			19.849	1e, 1f
Financing & investment net expenditure			9.612			36.841	1e, 1g
Taxation & non-specific grant income			(338.873)			(301.867)	1e, 1h
<b>(Surplus) or deficit on provision of services</b>			<b>(8.566)</b>			<b>69.831</b>	1d
(Surplus)/deficit arising on revaluation of non-current assets			(4.962)			(5.828)	29a
Impairment losses charged to the revaluation reserve			1.311			0.881	29a
(Surplus)/deficit from investments in equity instruments			(2.654)			(13.568)	29b
Re-measurements of the net pension liability			17.507			(578.542)	12b, 29d
<b>Other comprehensive income and expenditure</b>			<b>11.202</b>			<b>(597.057)</b>	
<b>Total comprehensive income and expenditure</b>			<b>2.636</b>			<b>(527.226)</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		Total reserves of the authority £m	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		
<b>Balance at 31/03/2022 carried forward</b>	<b>(19.188)</b>	<b>(229.900)</b>	<b>(249.088)</b>	<b>(62.044)</b>	<b>(9.106)</b>	<b>(320.238)</b>	<b>650.950</b>	<b>(215.251)</b>	<b>115.461</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>(18.702)</b>	<b>(199.224)</b>	<b>(217.926)</b>	<b>(57.075)</b>	<b>(10.847)</b>	<b>(285.848)</b>	<b>107.592</b>	<b>(233.509)</b>	<b>(411.765)</b>	
Total comprehensive income and expenditure	(8.566)	0.000	<b>(8.566)</b>	0.000	0.000	<b>(8.566)</b>	17.507	(6.305)	<b>2.636</b>	CIES
Statutory revenue adjustments between accounting basis and funding basis	(67.645)	0.000	<b>(67.645)</b>	0.000	0.000	<b>(67.645)</b>	(6.491)	58.845	<b>(15.291)</b>	2
Statutory capital adjustments between accounting basis and funding basis	86.051	0.000	<b>86.051</b>	(8.004)	3.595	<b>81.642</b>	0.000	(66.351)	<b>15.291</b>	2
Transfers to/from earmarked reserves	(10.698)	10.698	<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>(0.858)</b>	<b>10.698</b>	<b>9.840</b>	<b>(8.004)</b>	<b>3.595</b>	<b>5.431</b>	<b>11.016</b>	<b>(13.811)</b>	<b>2.636</b>	
<b>Balance at 31/03/2024 carried forward</b>	<b>(19.560)</b>	<b>(188.526)</b>	<b>(208.086)</b>	<b>(65.079)</b>	<b>(7.252)</b>	<b>(280.417)</b>	<b>118.608</b>	<b>(247.320)</b>	<b>(409.129)</b>	

## Balance sheet

The balance sheet shows the Council's overall financial position as at 31 March 2024. 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.

	<b>As at 31 March 2024 £m</b>	<b>As at 31 March 2023 £m</b>	<b>Note</b>
<b>Long term assets</b>			
Property, plant and equipment	558.677	534.109	14
Heritage assets	31.479	31.273	15
Investment property	2.255	2.384	16
Intangible assets	18.549	16.404	17
Long-term investments	56.994	60.417	22
Long-term debtors	13.747	12.802	25c
	<b>681.701</b>	<b>657.389</b>	
<b>Current assets</b>			
Short-term investments	8.093	58.617	22
Assets held for sale	0.502	1.483	18
Inventories	0.235	0.290	
Short-term debtors	119.987	102.271	25a, 25b
Cash and cash equivalents	52.942	49.993	24
	<b>181.759</b>	<b>212.654</b>	
<b>Current liabilities</b>			
Short-term borrowing	(3.213)	(30.733)	22
Short-term creditors	(87.622)	(84.333)	26a
Revenue grants received in advance	(0.406)	(0.317)	3c
Provisions	(6.488)	(6.536)	27
	<b>(97.729)</b>	<b>(121.919)</b>	
<b>Long-term liabilities</b>			
Provisions	(0.540)	(0.569)	27
Long-term borrowing	(250.610)	(240.918)	22
Net pension liability	(103.685)	(92.294)	12c
Other long-term liabilities	(1.767)	(2.578)	26b
	<b>(356.602)</b>	<b>(336.359)</b>	
<b>Net assets</b>			
	<b>409.129</b>	<b>411.765</b>	
<b>Usable reserves</b>			
Usable reserves	(280.416)	(285.848)	28
<b>Unusable reserves</b>			
Unusable reserves	(128.713)	(125.917)	29
<b>Total reserves</b>			
	<b>(409.129)</b>	<b>(411.765)</b>	

The unaudited accounts were issued on 30 May 2024 and the audited accounts were authorised for issue on XX September 2024.

Signed: 

Date: 30 May 2024

**Shaun Darcy**

Director – Finance, Corporate Landlord and Performance (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.

	2023/24	2022/23	Notes
	£m	£m	
Net (surplus) or deficit on the provision of services	(8.566)	69.831	CIES
Adjustments to net surplus or deficit on the provision of services for non-cash	(16.761)	(79.785)	30
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	70.479	46.111	30
<b>Net cash (inflows)/outflows from operating activities</b>	<b>45.152</b>	<b>36.157</b>	
<b>Interest and dividends</b>			
Interest paid	11.184	20.232	
Interest received	(3.359)	(2.639)	
Dividends	(3.528)	(1.923)	
	<b>4.297</b>	<b>15.670</b>	
<b>Investing activities</b>			
Purchase of property, plant and equipment, investment property and intangible assets	55.949	51.772	
Purchase of short-term and long-term investments	193.697	186.678	
Other payment from investing activities	1.808	5.481	
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2.356)	(5.055)	
Proceeds from short-term and long-term investments	(248.500)	(302.480)	
Other receipts from investing activities	(72.207)	(53.860)	
	<b>(71.609)</b>	<b>(117.464)</b>	
<b>Financing activities</b>			
Cash receipts of short - and long-term borrowing	(15.000)	(0.002)	
Other payments from financing activities	1.558	0.960	
Repayments of short- and long-term borrowing	32.653	64.117	
	<b>19.211</b>	<b>65.075</b>	
<b>Net (increase)/decrease in cash and cash equivalents</b>	<b>(2.949)</b>	<b>(0.562)</b>	
Cash and cash equivalents			
- at the beginning of the reporting period	(49.993)	(49.431)	24
- at the end of the reporting period	(52.942)	(49.993)	24
<b>Movement in cash (increase)/decrease</b>	<b>(2.949)</b>	<b>(0.562)</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	2023/24			2022/23		
	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	155.933	(64.110)	91.823	142.455	(62.557)	79.898
The Hub	5.350	(0.942)	4.408	0.231	(0.018)	0.213
Public Health	20.543	(0.840)	19.703	20.793	(0.907)	19.886
	<b>181.826</b>	<b>(65.892)</b>	<b>115.934</b>	<b>163.479</b>	<b>(63.482)</b>	<b>99.997</b>
<b><u>Children's Services and Customer Engagement</u></b>						
Children's Social Work	75.833	(5.822)	70.011	71.806	(4.754)	67.052
Commissioning and Early Help	10.598	(4.826)	5.772	10.254	(4.445)	5.809
Education	246.363	(227.405)	18.958	236.400	(212.972)	23.428
Customer Engagement						
- Housing Benefits	61.641	(60.969)	0.672	67.266	(65.912)	1.354
- Other Customer Engagement	30.501	(17.276)	13.225	30.732	(13.461)	17.271
	<b>424.936</b>	<b>(316.298)</b>	<b>108.638</b>	<b>416.458</b>	<b>(301.544)</b>	<b>114.914</b>
<b><u>Economy, Environment &amp; Communities</u></b>						
<b><u>Place and Environment</u></b>						
- Clean and Green Services	26.543	(5.788)	20.755	28.386	(5.447)	22.939
- Highways & Transportation	26.668	(4.834)	21.834	26.081	(4.357)	21.724
- Other Place and Environment	9.611	(8.859)	0.752	11.666	(8.619)	3.047
Regeneration and Economy	8.184	(6.655)	1.529	23.587	(12.819)	10.768
Resilient Communities	8.289	(1.924)	6.365	10.537	(2.097)	8.440
	<b>79.295</b>	<b>(28.060)</b>	<b>51.235</b>	<b>100.257</b>	<b>(33.339)</b>	<b>66.918</b>
<b><u>Resources &amp; Transformation</u></b>						
Finance and Corporate Performance	9.659	(1.934)	7.725	3.731	(1.944)	1.787
Corporate Landlord	58.373	(38.521)	19.852	45.629	(26.155)	19.474
Governance	5.446	(0.439)	5.007	4.040	(0.396)	3.644
Human Resources and Development	8.054	(0.977)	7.077	4.751	(1.077)	3.674
Transformation & Digital	15.907	(0.882)	15.025	8.552	(0.717)	7.835
	<b>97.439</b>	<b>(42.753)</b>	<b>54.686</b>	<b>66.703</b>	<b>(30.289)</b>	<b>36.414</b>
Corporate items	4.281	(26.812)	(22.531)	33.577	(36.812)	(3.235)
<b>Cost of services</b>	<b>787.777</b>	<b>(479.815)</b>	<b>307.962</b>	<b>780.474</b>	<b>(465.466)</b>	<b>315.008</b>

A decision was taken during 2023/24 that the council would maintain budgets centrally for those support services previously recharged to services. This was to simplify the in-year processes when it came to budgeting and year end accounts. However, a record of the apportionments that would

apply are kept so that any returns that require this information can be completed. This is a change in treatment when compared to 2022/23 for council reporting.

The increase in net expenditure for Adult Social Care of £11.9 million is due to several issues including: an increase in demand services of £22.3 million, no Central Support Service recharges in 2023/24 reducing costs by £5.4 million, reduction in payments to the Black Country Integrated Care Board of £4.8 million, increase in Housing 21 payments due to inflation of £1.2 million, increases in agency worker costs of £1.5 million, reduction in pension current service cost of £1.9 million and an increase in client income of £2.7 million due to the increase in demand services.

The increase in net expenditure for The Hub of £4.2 million is due in part to: no central support service recharges being made in 2023/24 which created an increase of £2.5 million, and salaries increasing by £1.4 million due to movement of staff between directorates.

The increase in net expenditure for Children Social Work of £3.9 million is due to several factors including: an increase in demand led costs of £7.3 million, no Central Support Services being recharged decreasing costs by £2.9 million, reduction in pension current service costs of £2.4 million and salaries increasing by £1.6 million due to movement of staff between directorates..

The increase in expenditure for Commissioning and Early Help of £1.0 million is mainly due to no Central Support Service recharges in 2023/24 reducing expenditure by £1.2 million.

The £4.5 million decrease in net expenditure for education is due to a number of issues including: no central support service recharges reduced expenditure by £1.6 million, an increase in home to school transport costs of £2.5 million, increase in top up funding paid by the Council to schools of £11 million, increased Dedicated School Grant of £13.0 million, revaluation losses of £2.3 million, increase in salaries of £3.2 million due to pay awards and reduction in pension current service costs of £10.2 million.

The decrease in expenditure for housing benefits of £5.6 million is due to the continual movement of housing benefits into universal credits. The reduction on income for housing benefits of £4.9 million is due to the same reason.

The reduction in Other Customer Engagement of £4.046 million is mainly due to decreased Revenue Expenditure Funded from Capital Under Statute (REFFCUS) spend of £4.2 million because of reduced housing grants to residents of Walsall for new energy saving capital projects as the schemes end.

The £2.1 million decrease in net expenditure for Clean and Green Services includes: a reduction in pension current service costs of £1.3 million, no central support service recharges reduced expenditure by £0.6 million, increase in salaries of £0.7 million because of pay awards and general increase in both costs and income due to inflation.

The £2.3 million decrease in net expenditure for Other Place and Environment includes: no central support charges in 2023/24 reducing expenditure by £0.7 million and reduction in pension current service costs of £0.8 million.

The £9.2 million decrease in net expenditure for Regeneration & Economy is mainly due to a £9.6 million increase in REFFCUS spend on new regeneration schemes. Other factors include: a reduction in revaluation losses of £3.5 million, no Central Support Services recharges reducing expenditure by £1.2 million, a £0.8 million reduction in impairments due to capital expenditure not adding value to assets in year and a reduction of REFFCUS grant of £6.4 million corresponding with the reduction in expenditure.

The £2.1 million decrease in net expenditure for Resilient Communities includes: no central support services recharge in 2023/24 reducing expenditure by £1.0 million and a reduction in pension current service costs of £0.7 million.

The decrease in net expenditure for Finance and Corporate Performance of £5.9 million includes: no central support service recharges in 2023/24 increasing expenditure by £4.4 million and a reduction in pension current service costs of £0.9 million.

The increase in net expenditure for Corporate Landlord of £0.4 million includes: an increase in gas costs of £2.24 million, a reduction in pension current service costs of £1.2 million, an increase in REFFCUS expenditure of £6.4 million, an increase in contractor costs of £0.8 million, an increase in void costs of £1.6 million, an increase in revaluation losses of £1.0 million, increased rental and service charge income from properties owned by the Council of £5 million and an increase in REFFCUS grant to finance REFFCUS expenditure of £5.8 million.

The increase in net expenditure for Human Resources and Development of £3.4 million includes: a reduction in pension current service costs of £0.8 million and no central support service recharges for 2023/24 increasing expenditure by £4.2 million.

The increase in net expenditure for Transformation and Digital of £7.2 million includes: no central support service recharges for 2023/24 increasing expenditure by £6.2 million and an increase in ICT costs of £1.3 million.

The decrease in net expenditure on corporate items of £19.2 million includes: reduced pension past service cost contributions of £4.2 million, no Council Tax Rebate Scheme running in 2023/24 leading to a reduction of £16.1 million, a reduction in pension current service costs of £8.2 million, a rates refund of £2.6 million for the New Art Gallery and museums, no Council Tax Rebate grant in 2023/24 that totalled £16.1 million and an increase in Social Care Grant of £9 million.

## **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

	2023/24			2022/23		
	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	86.955	73.285	13.670	73.182	68.298	4.884
- The Hub	3.339	3.607	(0.268)	0.213	0.096	0.117
- Public Health	(0.028)	(0.028)	0.000	0.352	0.352	0.000
<b>Childrens Services and Customer Engagement</b>						
- Childrens Social Care & Early Help	70.844	67.747	3.097	68.939	60.589	8.350
- Education	16.618	13.958	2.660	22.281	21.322	0.959
- Customer Engagement	12.693	12.148	0.545	17.177	18.296	(1.119)
Economy, Environment and Communities	44.668	45.613	(0.945)	56.600	59.961	(3.361)
Resources and Transformation	50.489	50.925	(0.436)	30.302	31.682	(1.380)
Corporate items	(142.273)	(123.092)	(19.181)	(130.973)	(122.171)	(8.802)
<b>Total council tax requirement</b>	<b>143.305</b>	<b>144.163</b>	<b>(0.858)</b>	<b>138.073</b>	<b>138.425</b>	<b>(0.352)</b>
Council tax precept from collection fund	(144.163)	(144.163)	(0.000)	(138.425)	(138.425)	0.000
<b>Total cost of providing council services</b>	<b>(0.858)</b>	<b>0.000</b>	<b>(0.858)</b>	<b>(0.352)</b>	<b>0.000</b>	<b>(0.352)</b>
Approved creation of earmarked reserves and release of earmarked reserves no longer required	0.000	0.000	0.000	0.838	0.000	0.838
<b>(Surplus)/deficit to general fund</b>	<b>(0.858)</b>	<b>0.000</b>	<b>(0.858)</b>	<b>0.486</b>	<b>0.000</b>	<b>0.486</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 2023/24

	Net expenditure charged to General Fund	Capital accounting adjustments	Pensions adjustments	Other statutory adjustments	Not reported in Net Cost of Services	Net reported expenditure in CIES
	£m	£m	£m	£m	£m	£m
<b>Adult Social Care, Public Health &amp; The Hub</b>						
Adult Social Care	86.955	(0.262)	(0.478)	0.000	(4.128)	91.823
The Hub	3.339	(0.018)	(0.127)	0.000	(0.924)	4.408
Public Health	(0.028)	0.000	(0.028)	0.000	(19.704)	19.703
<b>Childrens Services and Customer Engagement</b>						
Children's Services	70.844	(0.362)	(0.804)	0.000	(3.771)	75.782
Education	16.618	(7.111)	(2.168)	(7.275)	14.215	18.958
Customer Engagement	12.693	(7.807)	(0.287)	0.000	6.890	13.897
Economy, Environment & Communities	44.668	(11.249)	(1.013)	0.000	5.694	51.235
Resources & Transformation	50.489	(11.865)	(1.023)	0.000	8.691	54.687
Corporate items	(142.274)	(1.032)	(1.330)	0.000	(117.381)	(22.531)
	<b>143.305</b>	<b>(39.706)</b>	<b>(7.257)</b>	<b>(7.275)</b>	<b>(110.420)</b>	<b>307.962</b>
Other operating expenditure	0.000	(1.032)	0.000	0.000	(11.701)	12.733
Financing & investment net expenditure	0.000	0.051	(4.127)	(1.051)	(4.485)	9.612
Taxation & non-specific grant income	(144.163)	47.117	0.000	3.033	144.560	(338.873)
<b>Total cost of providing council services as per outturn</b>	<b>(0.858)</b>	<b>6.430</b>	<b>(11.384)</b>	<b>(5.293)</b>	<b>17.954</b>	<b>(8.566)</b>
Transfer (to)/from earmarked reserves	10.698	0.000	0.000	0.000	10.698	0.000
<b>Total cost of providing council services</b>	<b>9.840</b>	<b>6.430</b>	<b>(11.384)</b>	<b>(5.293)</b>	<b>28.652</b>	<b>(8.566)</b>

Reconciliation of general fund balances	Total	General fund reserve	Earmarked general fund reserves
	£m	£m	£m
Opening total general fund balances	(217.926)	(18.702)	(199.224)
Movement in year	9.840	(0.858)	10.698
<b>Closing total general fund balances</b>	<b>(208.086)</b>	<b>(19.560)</b>	<b>(188.526)</b>

The following shows the same analysis for the 2022/23 financial year.

## Expenditure and Funding Statement 2022/23

	<b>Net expenditure charged to General Fund £m</b>	<b>Capital accounting adjustments £m</b>	<b>Pensions adjustments £m</b>	<b>Other statutory adjustments £m</b>	<b>Not reported in Net Cost of Services £m</b>	<b>Net reported expenditure in CIES £m</b>
<b>Adult Social Care, Public Health &amp; The Hub</b>						
Adult Social Care & The Hub	73.181	(0.284)	1.416	0.000	(7.849)	79.898
The Hub	0.213	(0.018)	0.206	0.000	(0.188)	0.213
Public Health	0.352	0.000	0.118	0.000	(19.652)	19.886
<b>Childrens Services and Customer Engagement</b>						
Children's Services	68.939	(0.218)	2.296	0.000	(6.000)	72.861
Education	22.281	(4.045)	8.092	(1.352)	(3.842)	23.428
Customer Engagement	17.178	(11.928)	0.773	0.000	9.708	18.625
<b>Economy, Environment &amp; Communities</b>						
Economy, Environment & Communities	56.600	(14.303)	2.930	0.000	1.055	66.918
Resources & Transformation	30.302	(9.862)	2.925	0.000	0.825	36.414
Corporate items	(130.135)	(8.352)	6.868	0.000	(125.416)	(3.235)
	<b>138.911</b>	<b>(49.010)</b>	<b>25.624</b>	<b>(1.352)</b>	<b>(151.359)</b>	<b>315.008</b>
Other operating expenditure	0.000	(8.352)	0.000	0.000	(11.497)	19.849
Financing & investment net expenditure	0.000	0.005	(17.114)	(5.319)	(14.413)	36.841
Taxation & non-specific grant income	(138.425)	30.477	0.000	10.872	122.093	(301.867)
<b>Total cost of providing council services as per outturn</b>	<b>0.486</b>	<b>(26.880)</b>	<b>8.510</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>(26.880)</b>	<b>8.510</b>	<b>4.201</b>	<b>(24.500)</b>	<b>69.831</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	(249.088)	(19.188)	(229.900)
Movement in year	31.162	0.486	30.676
<b>Closing total general fund balances</b>	<b>(217.926)</b>	<b>(18.702)</b>	<b>(199.224)</b>

#### 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.

	2023/24		2022/23		Notes
	£m	£m	£m	£m	
<b>Income</b>					
Fees & charges		(71.086)		(63.166)	1e
Other service income		(6.281)		(7.072)	
Interest and investment income		(6.434)		(4.947)	22d
Income from council tax		(143.861)		(138.899)	1h
Non domestic rates income		(75.000)		(63.834)	1h
Non domestic rates top up grant		(20.745)		(18.638)	1h
Capital grants		(72.339)		(56.728)	3b
Donated Assets given to New Art Gallery		(0.082)		0.000	
Education government grants		(214.616)		(200.639)	3a
Housing benefit government grants		(58.998)		(60.465)	3a
Social care government grants and contributions		(61.524)		(63.256)	3a
Business rates Section 31 grants		(26.158)		(16.881)	3a
Covid-19 government grants		(1.717)		(6.104)	3a
Other government grants		(66.282)		(71.649)	3a
<b>Total income</b>		<b>(825.123)</b>		<b>(772.278)</b>	
<b>Expenditure</b>					
Employee expenses		290.631		307.573	
<u>Other service expenses</u>					
- Housing benefits		60.044		62.636	
- Social care contractor and client payments		169.184		144.199	
- Other contractor payments		35.429		30.591	
- Supplies and services to the council		155.798		137.134	
- Other expenditure		50.037		75.755	
<b>Total other service expenses</b>		<b>470.492</b>		<b>450.315</b>	
Support service recharges		(0.310)		0.047	
Depreciation, amortisation and impairments		26.369		21.723	14a, 17, 29a
Revaluation losses/(gains)		0.596		0.814	14a, 17, 29a
Interest payments and associated costs		11.009		19.454	22d
Precepts and levies		11.701		11.497	1f
Income, expenditure and changes in fair value of investment properties		(0.141)		(0.099)	16
(Gain)/loss on disposal of non-current assets		1.032		8.352	14a, 16b, 17, 18
(Gain)/loss on financial instruments		1.051		5.319	22b, 22d
Pension interest costs		4.127		17.114	1g, 12b
<b>Total expenditure</b>		<b>816.557</b>		<b>842.109</b>	
<b>(Surplus) or deficit on provision of services</b>		<b>(8.566)</b>		<b>69.831</b>	CIES

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 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 that are reversed out in the movement in reserves statements: £1.520 million for Council tax and £3.335 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 reduction on employee expenses is due to the substantial reduction between years of the pension current service cost.

The increase in supplies and services to the Council is due to inflationary pressures during 2023/24.

The increase on other expenditure includes reduced REFFCUS expenditure of £7.2 million and the loss of Council Tax Rebate Payments that were only payable during 2022/23.

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 2023/24 when compared to 2022/23.

### 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 1b) and subjective analysis of comprehensive income and expenditure (note 1d).

	2023/24 £m	2022/23 £m
<b>Adult Social Care, Public Health &amp; The Hub</b>		
Adult Social Care	(15.652)	(12.942)
The Hub	(0.113)	(0.003)
Public Health	0.000	(0.354)
<b>Childrens Services and Customer Engagement</b>		
Childrens Services	(0.315)	(0.526)
Education	(10.401)	(8.647)
Customer Engagement	(2.671)	(2.732)
Economy, Environment & Communities	(21.303)	(20.188)
Resources & Transformation	(18.481)	(13.584)
Corporate items	(2.150)	(4.190)
<b>Total</b>	<b>(71.086)</b>	<b>(63.166)</b>

### 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.

	2023/24 £m	2022/23 £m	Notes
Levies			
- Environment Agency	0.087	0.085	
- West Midlands Combined Authority - transport levy	11.614	11.412	
(Gains) and losses on the disposal of fixed assets	1.032	8.352	14a, 16b, 17, 18
<b>Total</b>	<b>12.733</b>	<b>19.849</b>	

## 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.

	2023/24	2022/23	Notes
	£m	£m	
Interest payable and similar charges	11.009	19.454	22d
Net interest on the net defined benefit liability	4.127	17.114	12b
Interest income	(4.997)	(3.683)	22d
Income, expenditure and changes in fair value of investment properties	(0.141)	(0.099)	16
(Gain)/loss on financial instruments	1.051	5.319	22d
Other investment income	(1.437)	(1.264)	22d
<b>Total</b>	<b>9.612</b>	<b>36.841</b>	

The decrease in interest payable and similar charges is due to a premium incurred due to the early repayment of debt in 2022/23 but not in 2023/24.

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 2023/24 when compared to 2022/23.

## 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.

	2023/24	2022/23	Notes
	£m	£m	
Council tax income	(143.861)	(138.899)	
Non domestic rate distribution	(75.000)	(63.834)	
Non domestic rate top up grant	(20.745)	(18.638)	
Donated Assets given to New Art Gallery	(0.082)	0.000	
All capital grants and contributions	(47.035)	(30.477)	3b
Un-ringfenced government grants	(52.150)	(50.019)	3a
<b>Total</b>	<b>(338.873)</b>	<b>(301.867)</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.

	2023/24			2022/23			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	6.116	0.000	(6.116)	(39.910)	0.000	39.910	12b
Financial instruments (transferred to the financial instruments adjustments account)	(1.051)	0.000	1.051	(5.319)	0.000	5.319	22d
Council tax and NDR statutory adjustments	1.815	0.000	(1.815)	10.872	0.000	(10.872)	29e
Accumulated holiday pay	(0.389)	0.000	0.389	(0.827)	0.000	0.827	29f
Dedicated Schools Grant deficit statutory adjustment	(6.875)	0.000	6.875	(0.525)	0.000	0.525	
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure	(67.261)	0.000	67.261	(80.308)	0.000	80.308	29a
	<b>(67.645)</b>	<b>0.000</b>	<b>67.645</b>	<b>(116.017)</b>	<b>0.000</b>	<b>116.017</b>	
<b>Adjustments between revenue and capital resources</b>							
Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	2.356	(2.356)	0.000	5.055	(5.055)	0.000	28c, 29a
Redistribution of Growth Deal grant clawback to other local authorities	(0.822)	0.822	0.000	0.000	0.000	0.000	28c
Flexible use of capital receipts	(3.194)	3.194	0.000	0.000	0.000	0.000	28c
Statutory provision for the repayment of debt	13.135	0.000	(13.135)	12.786	0.000	(12.786)	29a
Capital expenditure financed from revenue balances	2.156	0.000	(2.156)	2.779	0.000	(2.779)	29a
	<b>13.631</b>	<b>1.660</b>	<b>(15.291)</b>	<b>20.620</b>	<b>(5.055)</b>	<b>(15.565)</b>	
<b>Adjustments to capital resources</b>							
Use of the capital receipts reserve to finance capital expenditure	0.000	1.935	(1.935)	0.000	3.314	(3.314)	28c, 29a
Donated Assets to New Art Gallery	0.082	0.000	(0.082)	0.000	0.000	0.000	
Application of capital grants to finance capital expenditure	72.338	(8.004)	(64.334)	56.728	4.969	(61.697)	19, 28b
<b>Total adjustments to capital resources</b>	<b>72.420</b>	<b>(6.069)</b>	<b>(66.351)</b>	<b>56.728</b>	<b>8.283</b>	<b>(65.011)</b>	
<b>Total adjustments</b>	<b>18.406</b>	<b>(4.409)</b>	<b>(13.997)</b>	<b>(38.669)</b>	<b>3.228</b>	<b>35.441</b>	

### 3. Grant income

#### a. Revenue grants

The Council credited the following government grants, contributions and donations to the CIES in 2023/24.

	2023/24 £m	2022/23 £m
<b>Credited to taxation and non-specific grant income</b>		
Supporting families grant	(1.623)	(1.377)
Street lighting PFI grant	(1.595)	(1.595)
Covid-19 funding	0.000	(3.354)
Small business rates relief	(9.135)	(7.968)
Business Rates Multiplier Cap	(13.343)	(6.491)
Business Rates Retail, Hospitality and Leisure Relief	(3.680)	(2.422)
New burdens funding	(0.410)	(1.650)
Independent living fund	0.000	(0.808)
Public health grant	(19.317)	(18.707)
Local services grant	(3.024)	(5.154)
Other	(0.023)	(0.493)
<b>Total</b>	<b>(52.150)</b>	<b>(50.019)</b>
<b>Credited to services</b>		
Covid-19 funding	(1.717)	(2.750)
Arts Council grants	(1.420)	(1.379)
Housing benefits administration subsidy grant	(0.893)	(0.972)
Housing benefits rent allowances grant	(57.209)	(58.524)
Housing benefit non housing revenue account (HRA) rebates	(0.896)	(0.969)
Dedicated schools grant	(187.440)	(178.023)
Pupil premium	(12.306)	(11.764)
Early Years Supplementary Grant Income	(1.198)	0.000
Maintained School Additional Grant	(3.641)	0.000
Other education grants	(10.031)	(10.852)
Better care fund	(13.981)	(18.165)
Improved better care fund	(14.181)	(14.181)
NHS Section 75 agreement	(7.245)	(13.514)
Adult social care support grant	(24.494)	(15.211)
Homelessness Prevention Grant	(1.094)	(0.986)
Other Local Authorities Contributions	(4.550)	(2.197)
HAF Grant	(1.999)	(1.848)
HO Unaccompanied Asylum-Seeking Children Grant	(1.553)	(1.206)
St Thomas More PFI Grant	(0.773)	(0.773)
Ukraine Refugee Support Grant	(0.268)	(0.970)
Market Sustainability & Fair Cost of Care	(5.530)	(0.966)
Hospital Discharge Fund	(1.988)	(1.193)
Household Support Fund Cost of Living	(5.540)	(5.640)
Family Hub Grant	(1.560)	(0.845)
Black Country Healthcare Foundation Trust (HFT)	(6.520)	(2.047)
Care Grant	(0.247)	(0.835)
Asylum Dispersal Grant	(0.810)	0.000
Council Tax Rebates Grant	0.008	(16.343)
Domestic Abuse Support Grant	(0.706)	(0.692)
Other	(7.363)	(6.130)
<b>Total</b>	<b>(377.145)</b>	<b>(368.975)</b>
<b>Total Revenue Grants</b>	<b>(429.295)</b>	<b>(418.994)</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.

In accordance with its grant conditions Walsall Council has fully utilised Arts Council grants received by it in 2023/24.

A breakdown of Covid-19 funding that Walsall Council received in 2023/24 via Central government is shown in the following table.

	<b>2023/24</b>	<b>2022/23</b>
	<b>£m</b>	<b>£m</b>
<b>Credited to taxation and non-specific grant income</b>		
Business Rates Covid Additional Relief Fund	0.000	(3.354)
<b>Total</b>	<b>0.000</b>	<b>(3.354)</b>
<b>Credited to services</b>		
Infection Control Grant	0.000	0.016
Winter Support Grant	0.000	(0.037)
Workforce Capacity Grant	0.000	(0.176)
Additional Restrictions Grant	0.000	(0.575)
Test and Trace Grant	0.010	(0.022)
Mass Testing Grant	0.000	(0.042)
Covid Recovery Income	(1.727)	(1.930)
Other Covid grants	0.000	0.016
<b>Total</b>	<b>(1.717)</b>	<b>(2.750)</b>
<b>Total Covid-19 funding</b>	<b>(1.717)</b>	<b>(6.104)</b>



## b. Capital grants

Capital grants received by the Council in 2023/24 are shown in the following table.

	2023/24 £m	2022/23 £m
<b>Credited to taxation and non-specific grant income</b>		
Devolved formula capital for schools	(0.469)	(1.552)
Basic Need Grant	(10.745)	0.000
Other education capital grants	(10.439)	(11.102)
Green Homes Local Area Delivery Scheme	(0.374)	(2.036)
Salix Public Sector Decarbonisation Grant	(2.339)	0.000
M6 Junction 10 grants	0.000	(1.093)
Pothole funding	(2.670)	0.000
Other transport grants	(4.660)	(5.143)
Local Authority Housing Fund	(1.388)	(0.188)
Willenhall Levelling Up Fund	(3.209)	0.000
Town Deal	(5.383)	(4.152)
Future High Streets Fund	(3.150)	(1.583)
Darlaston Pool energy efficiency grant	0.000	(2.601)
Other	(2.209)	(1.027)
<b>Total</b>	<b>(47.035)</b>	<b>(30.477)</b>
<b>Credited to services</b>		
Growth Deal	(1.853)	0.000
Disabled facility grants	(3.791)	(3.315)
Department of Health and Social Care Capital Grant	(0.888)	(0.888)
Town Deal	(1.031)	(1.728)
Local Property Investment Fund	(15.886)	(11.123)
Green Homes Local Area Delivery Scheme	(0.779)	(0.854)
Homes England Phoenix 10	0.000	(7.412)
Other	(1.076)	(0.931)
<b>Total</b>	<b>(25.304)</b>	<b>(26.251)</b>
<b>Total capital grants</b>	<b>(72.339)</b>	<b>(56.728)</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 2023/24 that are to be used in 2024/25 or later but have not yet been recognised within the Council's CIES.

	<b>As at 31 March 2024 £m</b>	<b>As at 31 March 2023 £m</b>
<b>Revenue grants in advance</b>		
DLUHC Cyber Grant	0.000	<i>(0.100)</i>
Woodland Creation Accelerator Fund	0.000	<i>(0.075)</i>
TCP Grant	0.000	<i>(0.060)</i>
Childcare Financial Incentives Grant	(0.126)	<i>0.000</i>
Recovery Premium Grant	(0.149)	<i>0.000</i>
Other	(0.131)	<i>(0.082)</i>
<b>Total</b>	<b>(0.406)</b>	<b>(0.317)</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.

	2023/24			2022/23		
	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>(0.040)</b>	<b>(0.040)</b>	<b>0.000</b>	<b>(1.885)</b>	<b>(1.885)</b>
<b>Funding provided to the pooled budget</b>						
By Walsall Council	(4.570)	(17.014)	(21.584)	(4.203)	0.000	(4.203)
By Black Country Integrated Care Board	0.000	(27.217)	(27.217)	0.000	(38.772)	(38.772)
	<b>(4.570)</b>	<b>(44.231)</b>	<b>(48.801)</b>	<b>(4.203)</b>	<b>(38.772)</b>	<b>(42.975)</b>
<b>Expenditure met from the pooled budget</b>						
By Walsall Council	4.701	28.451	33.152	4.203	26.205	30.408
By Black Country Integrated Care Board	0.000	17.652	17.652	0.000	14.859	14.859
	<b>4.701</b>	<b>46.103</b>	<b>50.804</b>	<b>4.203</b>	<b>41.064</b>	<b>45.267</b>
<b>Net (surplus) / deficit on the pooled budget during the year</b>	<b>0.131</b>	<b>1.832</b>	<b>1.963</b>	<b>0.000</b>	<b>0.407</b>	<b>0.407</b>
Carry forwards into next year	(0.131)	0.000	(0.131)	0.000	0.040	0.040
<b>Net (surplus) / deficit on the pooled budget during the year (after carry forwards)</b>	<b>(0.000)</b>	<b>1.832</b>	<b>1.832</b>	<b>0.000</b>	<b>0.447</b>	<b>0.447</b>
<b>Agreed risk share on the pooled budget during the year</b>						
By Walsall Council			1.806			0.265
By Black Country Integrated Care Board			0.027			0.182
			<b>1.833</b>			<b>0.447</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 2023/24 which has been deployed in accordance with the School Standards and Framework Act 1998 are shown in the following table.

	2023/24			2022/23
	Central Expenditure £m	ISB £m	Total £m	Total £m
Final DSG for year before academy and high needs recoupment			(346.821)	(323.262)
Less Academy and high needs figure recouped in year			157.345	145.183
<b>Total DSG after academy and high needs recoupment</b>			<b>(189.476)</b>	<b>(178.079)</b>
Plus: Brought forward from previous year			0.000	(0.142)
<b>Agreed initial budgeted distribution</b>	<b>(49.414)</b>	<b>(140.061)</b>	<b>(189.475)</b>	<b>(178.221)</b>
In year adjustments	0.000	(0.011)	0.011	(0.188)
<b>Final budget distribution for year</b>	<b>(49.414)</b>	<b>(140.072)</b>	<b>(189.486)</b>	<b>(178.409)</b>
Less: Actual central expenditure	56.562		56.562	42.630
Less: Actual ISB deployed to schools		139.799	139.799	136.304
<b>In year carry-forward to 2024/25</b>	<b>7.148</b>	<b>(0.273)</b>	<b>6.875</b>	<b>0.525</b>
Carry-forward to following year			0.000	0.000
Total of DSG unusable reserve at the end of 2022/23			0.525	0.000
Addition to DSG unusable reserve at the end of 2023/24			6.875	0.525
<b>Total of DSG unusable reserve at the end of 2023/24</b>			<b>7.400</b>	<b>0.525</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 2023/24. The DSG is allocated between central Council budget and budgets allocated to individual schools (individual school budgets). Expenditure from central Council budgets and individual school budgets are charged to the CIES under Children's Services & Customer Engagement. Individual schools' balances at 31 March 2024 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)	56	8	13	1
Value of land and buildings at 31 March 2024 (£m)	135.474	22.007	0.000	2.908
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 distinct 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 are currently 3 maintained school in Walsall that are subject to an academy order. These schools are likely to see conversion during 2024/25 with expectation being one conversion in June 2024, one in July 2024 and another in September 2024. At the point of conversion, all assets in relation to these schools 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 (2) (Emma Bennett)	2023/24	85,077	0	18,462	<b>103,539</b>
	2022/23	0	0	0	<b>0</b>
Interim Chief Executive	2023/24	0	129,015	0	<b>129,015</b>
	2022/23	0	41,724	0	<b>41,724</b>
Chief Executive (1) (Dr Helen Paterson)	2023/24	0	0	0	<b>0</b>
	2022/23	165,458	0	0	<b>165,458</b>
Executive Director - Resources & Transformation	2023/24	47,913	158,436	10,397	<b>216,746</b>
	2022/23	0	22,494	0	<b>22,494</b>
Interim Executive Director - Resources & Transformation (Section 151 Officer)	2023/24	0	0	0	<b>0</b>
	2022/23	0	189,735	0	<b>189,735</b>
Executive Director - Children's Services & Community Engagement (2)	2023/24	80,281	0	17,421	<b>97,702</b>
	2022/23	0	0	0	<b>0</b>
Executive Director - Children's Services & Community Engagement (1) (Sally Rowe)	2023/24	65,985	0	14,319	<b>80,304</b>
	2022/23	150,008	0	30,452	<b>180,460</b>
Executive Director - Adult Social Care & Public Health	2023/24	144,908	0	0	<b>144,908</b>
	2022/23	140,008	0	0	<b>140,008</b>
Executive Director - Economy, Environment & Communities (2)	2023/24	137,916	0	29,928	<b>167,844</b>
	2022/23	0	0	0	<b>0</b>
Executive Director - Economy, Environment & Communities (1)	2023/24	0	0	0	<b>0</b>
	2022/23	143,278	0	29,085	<b>172,363</b>
Director - Finance, Corporate Performance and Corporate Landlord (Section 151 Officer)	2023/24	114,701	0	24,890	<b>139,591</b>
	2022/23	17,042	0	3,460	<b>20,502</b>
Director - Governance (Monitoring Officer)	2023/24	114,701	0	24,890	<b>139,591</b>
	2022/23	114,542	0	21,558	<b>136,100</b>
Director - Public Health & Hub (2)	2023/24	58,967	0	8,479	<b>67,446</b>
	2022/23	0	0	0	<b>0</b>
Director - Public Health & Hub (1)	2023/24	50,493	0	10,957	<b>61,450</b>
	2022/23	115,265	0	23,399	<b>138,664</b>
Director - HR, OD and Admin	2023/24	104,701	0	0	<b>104,701</b>
	2022/23	97,845	0	0	<b>97,845</b>
Director - Communications	2023/24	104,701	0	20,827	<b>125,528</b>
	2022/23	101,160	0	20,535	<b>121,695</b>

### Chief Executive and Interim Chief Executive

During 2022/23 and 2023/24 three officers held the post of Chief Executive (one as an interim). The first officer (Chief Executive 1) held the post up to 7 February 2023 at which date they left the Council. Between 8 February 2023 and 9 October 2023, a second officer (Interim Chief Executive) held the post on an interim basis whilst the Council set about appointing a new Chief Executive on a

permanent basis. The current Chief Executive (Chief Executive 2) has been in post since 10 October 2023.

*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.

*Executive Director – Resources & Transformation*

The Executive Director – Resources & Transformation was appointed to replace the Interim Director – Resources & Transformation (Section 151 Officer). They have been in post since 1 March 2023 initial on an interim basis prior to being appointed permanently.

*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 have been the Council's Section 151 Officer since 8 February 2023.

*Executive Director - Children's Services & Community Engagement*

Two officers have held this post over the period 2022 to 2024. The first officer held the post up to 3 September 2024. The second officer has held the post since 4 September 2024, first on an interim and subsequently a permanent basis

*Executive Director – Economy, Environment & Communities*

Two officers have held this post over the period 2022 to 2024. The first officer held the post up to 31 March 2024. The second officer has held the post since 1 April 2024, first on an interim and subsequently a permanent basis

*Director of Public Health*

Two officers have held this post over the period 2022 to 2024. The first officer held the post up to 3 September 2024. The second officer has held the post since 4 September 2024 on an interim basis.

## 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	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
£50,000 - £54,999	116	111	37	44	7	5	160	160
£55,000 - £59,999	90	29	26	46	14	8	130	83
£60,000 - £64,999	11	2	27	18	6	5	44	25
£65,000 - £69,999	10	10	21	27	8	5	39	42
£70,000 - £74,999	15	16	19	17	4	5	38	38
£75,000 - £79,999	9	5	15	6	6	5	30	16
£80,000 - £84,999	10	23	2	10	1	0	13	33
£85,000 - £89,999	13	1	7	4	3	1	23	6
£90,000 - £94,999	4	4	4	5	2	1	10	10
£95,000 - £99,999	1	4	4	1	0	0	5	5
£100,000 - £104,999	7	4	3	2	1	1	11	7
£105,000 - £109,999	0	0	2	2	1	0	3	2
£110,000 - £114,999	1	0	0	0	1	1	2	1
£115,000 - £119,999	0	0	1	0	0	0	1	0
£120,000 - £124,999	0	0	1	1	0	0	1	1
<b>Total</b>	<b>287</b>	<b>209</b>	<b>169</b>	<b>183</b>	<b>54</b>	<b>37</b>	<b>510</b>	<b>429</b>

The increases within the Council officers are predominately due to pay awards in 2023/24, that moved 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	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24 £m	2022/23 £m
Up to 20,000	10	4	55	36	65	40	0.042	0.199
20,001-40,000	1	0	2	3	3	3	0.079	0.084
40,001-60,000	0	0	1	4	1	4	0.054	0.206
60,001-80,000	0	0	3	1	3	1	0.195	0.065
80,001-100,000	0	0	1	4	1	4	0.084	0.357
100,001-150,000	0	0	1	5	1	5	0.104	0.618
150,001-200,000	0	0	1	0	1	0	0.171	0.000
200,001-250,000	0	1	0	0	0	1	0.000	0.200
300,001-350,000	0	0	0	1	0	1	0.000	0.319
<b>Total</b>	<b>11</b>	<b>5</b>	<b>64</b>	<b>54</b>	<b>75</b>	<b>59</b>	<b>0.729</b>	<b>2.048</b>



## 9. Termination benefits

The Council terminated the contracts of a number of employees in 2023/24, incurring liabilities of £0.974 million (£1.816 million in 2022/23), 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 £0.871 million of basic allowances (2022/23 £0.834 million) and £0.376 million of special responsibility payments (2022/24 £0.340 million) to members during the year.

## 11. Pension scheme accounted for as defined contribution

### Teachers' pension scheme

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 2023/24, the Council paid £13.433 million to the Teachers' Pension Scheme in respect of teachers' retirement benefits. This represented 23.68% of pensionable pay between April 2023 and March 2024. The figures for 2022/23 were £12.854 million and 23.68% of pensionable pay between April 2022 and March 2023. There were no contributions remaining payable at the year-end. The employers contribution for 2024/25 is estimated to be £16.594 million.

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.

### NHS pension scheme

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 2023/24, the Council paid £0.071 million to NHS Pensions in respect of Public Health staff retirement benefits, representing 14.38% of pensionable pay. The figures for 2022/23 were £0.060 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 2023/2024 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.

	2023/24 £m	2022/23 £m	Notes
<b><u>Comprehensive income and expenditure statement</u></b>			
<i>Cost of service:</i>			
Current service cost	25.969	56.692	12e
Past service costs	0.710	0.295	12e
(Gain)/loss from settlements	(2.051)	0.000	12d, 12e
<i>Financing and investment income and expenditure:</i>			
Net interest expense (including admin expenses)	4.127	17.114	12d, 12e
<b>Total post-employment benefit charged to the surplus or deficit on the provision of services</b>	<b>28.755</b>	<b>74.101</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)	(55.919)	56.997	12d
Remeasurement (gains)/losses arising on changes in demographic assumptions	(7.829)	(42.549)	12e
Remeasurement (gains)/losses arising on changes in financial assumptions	(67.643)	(617.537)	12e
Experience (gain)/loss on defined benefit obligation	39.198	45.735	12e
Other actuarial gains/(losses)	0.000	(21.188)	12e
Changes due to applying asset ceiling	109.700	0.000	12g
<b>Total post-employment benefit charged to the comprehensive income and expenditure statement</b>	<b>46.262</b>	<b>(504.441)</b>	
<b><u>Movement in reserves statement</u></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	(28.755)	(74.101)	
<i>Actual amount charged against the general fund balance for pensions in the year:</i>			
Employers' contributions payable to scheme	31.885	31.362	
Retirement benefits payable to pensioners	2.986	2.829	
<b>Total pensions costs in movement in reserves statement</b>	<b>6.116</b>	<b>(39.910)</b>	

When the calculation results in an asset for the Council, the asset must be recognised at the lower of that asset and the asset ceiling, which is calculated as the net present value of future service costs less net present value of future contributions over the future working lifetime. Where the asset ceiling is the lower adjustment is required and is included as a remeasurement.

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.

	2023/24 £m	2022/23 £m
Present value of defined benefit obligation	(1,196.693)	(1,195.855)
Fair value of plan assets	1,231.284	1,133.518
	<b>34.591</b>	<b>(62.337)</b>
Present value of unfunded liabilities	(28.576)	(29.957)
Change due to applying asset ceiling	(109.700)	0.000
<b>Net pension liability arising from defined benefit obligation</b>	<b>(103.685)</b>	<b>(92.294)</b>

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

The movement in the scheme assets during the year are shown in the following table.

	2023/24 £m	2022/23 £m
Opening balance at 1 April	1,133.518	1,169.186
Interest on assets	53.538	30.945
Return on assets less interest	55.919	(56.997)
Other actuarial gains/(losses)	0.000	21.188
Settlement prices received / (paid)	(3.918)	0.000
Employer contributions	34.872	4.491
Member contributions	7.996	7.644
Estimated benefits paid net of transfers in	(50.641)	(42.939)
<b>Fair value of scheme assets pre asset ceiling</b>	<b>1,231.284</b>	<b>1,133.518</b>
Changes due to applying asset ceiling	(109.700)	0.000
<b>Closing balance at 31 March</b>	<b>1,121.584</b>	<b>1,133.518</b>

### e. Reconciliation of present value of the scheme liabilities

The movement in the scheme liabilities during the year are shown in the following table.

	2023/24 £m	2022/23 £m
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)
<b>Opening balance as at 1 April</b>	<b>(1,225.812)</b>	<b>(1,770.412)</b>
Current service cost	(25.969)	(56.692)
Interest cost	(57.665)	(48.059)
Member contributions	(7.996)	(7.644)
<b>Remeasurements (liabilities)</b>		
Gain/(Loss) on financial assumptions	67.643	617.537
Gain/(Loss) on demographic assumptions	7.829	42.549
Experience gain/(Loss)	(39.198)	(45.735)
Estimated benefits paid net of transfers in	50.641	42.939
Past service costs including curtailments	(0.710)	(0.295)
(Liabilities assumed) / extinguished on settlements	5.969	0.000
<b>Closing balance at 31 March</b>	<b>(1,225.268)</b>	<b>(1,225.812)</b>
Present value of funded obligations	(1,196.693)	(1,195.855)
Present value of unfunded obligations		
- Local government pension scheme	(19.446)	(20.569)
- Unfunded teachers scheme	(9.130)	(9.388)

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:

	2023/24	2022/23
<b>Mortality assumptions:</b>		
<u>Longevity retiring today</u>		
- Men	20.6	20.8
- Women	21.4	23.6
<u>Longevity retiring in 20 years</u>		
- Men	21.40	21.60
- Women	24.80	25.10
Rate of increase in salaries	3.75%	3.95%
Rate of increase in pensions (CPI)*	2.75%	2.95%
Rate for discounting scheme liabilities	4.85%	4.75%

\*CPI = Consumer Price Index

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:

	2023/24		2022/23	
	£m	%	£m	%
<b>Debt Securities</b>				
Corporate Bonds	65.054	5.3%	59.664	5.3%
UK Government	150.477	12.2%	52.184	4.6%
Other	143.833	11.7%	120.905	10.7%
<b>Private Equity</b>				
All	93.305	7.6%	87.119	7.7%
<b>Real Estate</b>				
UK Property	82.921	6.7%	79.543	7.0%
<b>Investment Funds and Unit Trusts</b>				
Equities	557.420	45.2%	620.356	54.7%
Infrastructure	63.669	5.2%	61.169	5.4%
Other	9.698	0.8%	17.211	1.5%
<b>Cash and Cash Equivalents</b>				
All	64.907	5.3%	35.367	3.1%
<b>Total</b>	<b>1,231.284</b>	<b>100.0%</b>	<b>1,133.518</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 following sensitivity analysis have not changed from those used in the previous period.

<b>Change in assumptions at 31 March 2024</b>	<b>Approximate % increase to defined benefit obligation</b>	<b>Approximate monetary amount (£m)</b>
0.1% decrease in real discount rate	1.71%	20.989
1 year increase in member life expectancy	4.00%	49.011
0.1% increase in the salary increase rate	0.16%	1.929
0.1% increase in the pension increase rate (CPI)	1.59%	19.432

### **g. Defined benefit pension asset – recognition and measurement**

Hymans Robertson, the actuaries to the West Midlands Pension Scheme, has valued the Council’s pension fund at 31 March 2024 as a surplus meaning that we hold a pension asset rather than a liability.

IAS19 states that where an entity has a surplus in a defined benefit pension plan, then it should measure the net defined benefit of the assets at the lower of:

1. The surplus identified in the plan, or
2. The asset ceiling

Hymans Robertson LLP as our actuary have carried out the asset ceiling calculation for the 2023/24 accounts on the following basis:

Net present value of (employer) future service costs over the future working lifetime

‘less’

Net present value of (employer) future contributions over the future working lifetime

The impact of the above has resulted in a calculated asset ceiling on the net fair value of the funded scheme being a liability of £75.110 million rather than an asset of £34.590 million. This has therefore resulted in an asset ceiling adjustment of £109.700m to the value of assets.

Applying the credit ceiling adjustment to the accounts has resulted in the overall net pension scheme position moving from a net pension asset of £6.014 million to a net pension liability of £103.686 million.

### **h. 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 employer's contribution for 2024/25 is estimated by the actuaries to be approximately £31.809 million.

The weighted average duration of the defined benefit obligation for scheme members is 17 years for 2023/24 (17 years 2022/23).

### 13. External audit costs

The Council incurred costs of £0.414 million (£0.183 million 2022/23) for fees related to external audit services and £0.036 million (£0.015 million 2022/23) 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 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>
Additions	20.418	3.990	20.952	0.820	0.238	1.329	47.747
Revaluations	2.274	0.000	0.000	0.000	2.147	0.000	4.421
Disposals/derecognition of assets	(1.544)	(0.364)	0.000	0.000	0.000	0.000	(1.908)
Reclassification of assets	(0.020)	0.000	0.000	0.000	(0.302)	0.000	(0.322)
Depreciation	(7.122)	(2.325)	(5.306)	0.000	(0.010)	0.000	(14.763)
Impairments	(4.932)	(0.141)	(4.322)	(0.636)	(0.185)	(0.391)	(10.607)
Other movements	0.360	0.000	0.000	0.000	(0.360)	0.000	0.000
<b>Net book value 31 March 2024</b>	<b>359.213</b>	<b>5.323</b>	<b>166.106</b>	<b>4.571</b>	<b>12.835</b>	<b>10.629</b>	<b>558.677</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>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 2024</b>							
Cost/Valuation	365.061	16.067	n/a	7.591	12.835	12.146	413.700
Cumulative Depreciation and Impairments	(5.848)	(10.744)	n/a	(3.020)	0.000	(1.517)	(21.129)
<b>Carrying amount</b>	<b>359.213</b>	<b>5.323</b>	<b>166.106</b>	<b>4.571</b>	<b>12.835</b>	<b>10.629</b>	<b>558.677</b>
Owned	359.213	4.663	161.104	4.571	12.835	10.629	553.015
PFI	0.000	0.000	5.002	0.000	0.000	0.000	5.002
Finance Lease	0.000	0.660	0.000	0.000	0.000	0.000	0.660
<b>Carrying amount</b>	<b>359.213</b>	<b>5.323</b>	<b>166.106</b>	<b>4.571</b>	<b>12.835</b>	<b>10.629</b>	<b>558.677</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 2024, the Council has entered several contracts for the construction or enhancement of property, plant and equipment in 2024/25 and future years which are budgeted to cost £118.133 million. Similar commitments at 31 March 2023 were £32.078 million. The major commitments are shown in the following table:

Projects	Council funded £m	Externally funded £m	Total £m
Enabling Technology	14.138	0.000	<b>14.138</b>
Tablet replacement programme	2.194	0.000	<b>2.194</b>
Other IT projects	6.144	0.000	<b>6.144</b>
Local Property Investment Fund (LPIF)	0.000	9.350	<b>9.350</b>
Walsall Town Deal	0.000	15.202	<b>15.202</b>
Bloxwich Town Deal	0.000	17.040	<b>17.040</b>
Purchase of dispersed temporary accommodation	0.000	1.271	<b>1.271</b>
Lighting Invest to Save	0.000	11.473	<b>11.473</b>
Spark Phoenix 10 remediation	6.500	34.821	<b>41.321</b>
	<b>28.976</b>	<b>89.157</b>	<b>118.133</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 2023/24 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 2023/24 was 31 March 2024. 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 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).

The Park Street and Butlers Precinct valuations were carried out by Avison Young. The valuation was prepared by Mark Shelley BSc MRICS (RICS Registered Valuer) and Scott Ellis 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	4.421	5.323	166.106	4.571	0.000	10.629	191.050
<b>Valued at current value as at:</b>							
2023/2024	312.911	0.000	0.000	0.000	12.835	0.000	325.746
2022/2023	4.894	0.000	0.000	0.000	0.000	0.000	4.894
2021/2022	16.624	0.000	0.000	0.000	0.000	0.000	16.624
2020/2021	11.410	0.000	0.000	0.000	0.000	0.000	11.410
2019/2020	8.953	0.000	0.000	0.000	0.000	0.000	8.953
<b>Grand Total</b>	<b>359.213</b>	<b>5.323</b>	<b>166.106</b>	<b>4.571</b>	<b>12.835</b>	<b>10.629</b>	<b>558.677</b>

Surplus assets have all been assessed as level 2 for valuation purposes. An explanation of valuation levels can be found in the accounting policies on page 99. There has been no change in valuation methodology compared to last year.

## 15. Heritage assets

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

The Council currently holds the following heritage assets on its balance sheet.

	2023/24 £m	2022/23 £m
As at 1 April	31.273	33.961
Additions	0.261	0.000
Revaluations	(0.055)	(2.688)
<b>Balance as at 31 March</b>	<b>31.479</b>	<b>31.273</b>

These assets include art collections (£29.157 million 2023/24, £29.130 million 2021/22), museum collections (£1.912 million 2023/24, £1.912 million 2022/23), civic regalia (£0.223 million 2023/24, £0.223 million 2022/23, Public art/statues £0.187 2023/24, £0.008m 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. Key art works underwent an insurance valuation in August 2017 carried out by Bonhams. It is anticipated that a similar valuation exercise will be carried out in 2024/25.

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

In 2023/24 the Council was donated two art works totalling £0.083 million. Also, public art was installed at Junction 10 of the M6 as part of the highways project. There were no additions of art works during 2022/23.

## d. Disposal of heritage assets

There were no disposals of heritage assets during both 2023/24 and 2022/23.

## 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 several 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.

	<b>2023/24</b>	<b>2022/23</b>
	<b>£m</b>	<b>£m</b>
Rental income from investment properties	(0.090)	(0.094)
<b>Net (surplus)/deficit</b>	<b>(0.090)</b>	<b>(0.094)</b>

## b. Movement on balances

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

	2023/24 £m	2022/23 £m
<b>Balance as at 1 April</b>	<b>2.384</b>	<b>4.760</b>
Net gains/(losses) from fair value adjustments	0.051	0.005
Disposals	(0.180)	0.000
Transfer (to)/from PPE	0.000	(2.381)
<b>Balance as at 31 March</b>	<b>2.255</b>	<b>2.384</b>

The investment properties have all had their annual valuation as at 31 March 2024. 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 (see Note 37 page 99 for an explanation of the fair value levels).

	2023/24 Level 2 £m	2022/23 Level 2 £m
Shops	0.095	0.120
Leased land	2.160	2.264
<b>Total</b>	<b>2.255</b>	<b>2.384</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.

## e. Valuation process for investment properties

The Council's investment property has been valued as at 31 March 2024 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 64.

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.

	2023/24	2022/23
	£m	£m
Balance at start of year	16.404	13.635
<b><i>Additions</i></b>		
- purchase	4.454	5.238
Amortisation for the year	(2.249)	(2.060)
Impairments	(0.060)	(0.409)
<b>Total movements in the year</b>	<b>2.145</b>	<b>2.769</b>
<b>Net carrying amount at end of the year</b>	<b>18.549</b>	<b>16.404</b>
Comprising:		
- Gross carrying amounts	31.863	27.601
- accumulated amortisation	(13.314)	(11.197)
<b>Net book value at 31 March</b>	<b>18.549</b>	<b>16.404</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.

	2023/24	2022/23
	£m	£m
Balance as at 1 April	1.483	0.600
<b><i>Assets newly classified as held for sale:</i></b>		
Property, plant and equipment	0.322	2.294
<b><i>Other movements</i></b>		
Assets sold	(1.303)	(1.411)
<b>Balance as at 31 March</b>	<b>0.502</b>	<b>1.483</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.

	2023/24 £m	2022/23 £m	Notes
Opening capital financing requirement	390.185	374.499	
<b>Capital investment</b>			
Property, plant and equipment	47.747	41.228	14a
Revenue expenditure funded from capital under statute	36.959	44.367	29a
Heritage Assets	0.261	0.000	
Intangible assets	4.454	5.238	17
Provision of capital loans to associate company	1.809	5.481	25c
	<b>91.230</b>	<b>96.314</b>	
<b>Sources of finance</b>			
Capital receipts	(1.935)	(3.314)	28c
Government grants and contributions	(64.334)	(61.697)	29a
Donated assets	(0.082)	0.000	29a
<i>Sums set aside from revenue</i>			
Direct revenue contributions	(2.156)	(2.779)	29a
Minimum revenue provision (MRP)	(13.189)	(12.789)	29a
	<b>(81.696)</b>	<b>(80.579)</b>	
Other movements	0.000	(0.049)	
<b>Closing capital financing requirement</b>	<b>399.719</b>	<b>390.185</b>	
<b>Explanation of movements in year</b>			
Increase in current year underlying need to borrow	22.723	28.524	
Decrease in prior years underlying need to borrow (MRP)	(12.607)	(11.933)	
Reduction in liability on PFI schemes (MRP)	(0.582)	(0.598)	
Reduction in liability on Finance Leases (MRP)	0.000	(0.307)	
<b>Increase/(decrease) in capital financing requirement</b>	<b>9.534</b>	<b>15.686</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 a few leases as lessor that are categorised as finance leases. However, they are not considered to be material. The assets acquired by these leases are carried on the balance sheet as property, plant and equipment with values shown in Note 14a, page 63.

#### *Operating leases*

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

	<b>As at 31 March 2024 £m</b>	<b>As at 31 March 2023 £m</b>
Not later than one year	0.813	0.998
Later than one year and not later than five years	2.158	2.648
Later than five years	3.275	3.101
<b>Total</b>	<b>6.246</b>	<b>6.747</b>

The Council has sub-let some of the vehicles held under these operating leases. At 31 March 2024 the minimum payments expected to be received under non-cancellable sub-leases was £0.057 million (£0.184 million in 2022/23).

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

	<b>2023/24 £m</b>	<b>2022/23 £m</b>
Minimum lease payments	1.099	0.939
Contingent rents	0.004	0.050
Sublease payments received	0.127	(0.129)
<b>Total</b>	<b>1.230</b>	<b>0.860</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:

	<b>As at 31 March 2024 £m</b>	<b>As at 31 March 2023 £m</b>
Not later than one year	1.208	1.400
Later than one year and not later than five years	3.427	3.832
Later than five years	6.717	7.184
<b>Total</b>	<b>11.352</b>	<b>12.416</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 2023/24 the contingent rents received by the Council were £0.442 million (£0.135 million in 2022/23).

### *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

2023/24 was the twenty first 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.

	2023/24
	£m
Payable within one year	2.777
Payable within two to four years	8.669
<b>Total</b>	<b>11.446</b>

### b. Public street lighting

2023/24 was the twentieth 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 2024 (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	2.976	0.567	0.029	3.572
Payable within two to five years	9.559	1.768	0.045	11.372
<b>Total</b>	<b>12.535</b>	<b>2.335</b>	<b>0.074</b>	<b>14.944</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 63.

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:

	2023/24		2022/23	
	PFI liability £m	PPE assets £m	PFI liability £m	PPE assets £m
Balance outstanding at start of year	(2.917)	5.605	(3.515)	6.208
Payments during the year	0.582	0.000	0.598	0.000
Depreciation in year	0.000	(0.603)	0.000	(0.603)
<b>Balance outstanding at year-end</b>	<b>(2.335)</b>	<b>5.002</b>	<b>(2.917)</b>	<b>5.605</b>

### c. Housing 21

2023/24 was the sixteenth 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 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 remaining life of the agreement.

	2023/24
	£m
Payable within one year	11.549
Payable within two to five years	49.157
Payable within six to ten years	68.684
Payable within eleven to fourteen years	61.390
<b>Total</b>	<b>190.780</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 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>
<b>As at 31 March 2024</b>						
Fair value through profit and loss	25.894	0.000	0.000	0.000	42.061	67.955
Fair value through other comprehensive income	31.100	0.000	0.000	0.000	0.000	31.100
Amortised cost	0.000	13.747	8.093	66.167	10.881	98.888
	<b>56.994</b>	<b>13.747</b>	<b>8.093</b>	<b>66.167</b>	<b>52.942</b>	<b>197.943</b>
Non-financial assets	0.000	0.000	0.000	53.820	0.000	53.820
	<b>56.994</b>	<b>13.747</b>	<b>8.093</b>	<b>119.987</b>	<b>52.942</b>	<b>251.763</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. The 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 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 £1.9 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 2 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 page 83).

### Financial liabilities

	Non-current		Current		Total £m
	Borrowings £m	Creditors £m	Borrowings £m	Creditors £m	
<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>
<b>As at 31 March 2024</b>					
Amortised cost	(250.610)	(1.768)	(3.213)	(74.784)	(330.375)
	<b>(250.610)</b>	<b>(1.768)</b>	<b>(3.213)</b>	<b>(74.784)</b>	<b>(330.375)</b>
Non-financial liabilities	0.000	(103.684)	0.000	(12.838)	(116.522)
	<b>(250.610)</b>	<b>(105.452)</b>	<b>(3.213)</b>	<b>(87.622)</b>	<b>(446.897)</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 £5.897 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 2 years.

The non-financial liabilities consist of the net pension liability (further information available in Note 12c), 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 2024 £m	As at 31 March 2023 £m
<b>Fair value through profit and loss</b>				
CCLA Property Fund	Level 1	Unadjusted quoted prices	25.894	26.945
Morgan Stanley Sterling Liquidity Fund	Level 1	Unadjusted quoted prices	15.000	15.000
CCLA Public Sector Deposit Fund	Level 1	Unadjusted quoted prices	15.000	15.000
HSBC Sterling Liquidity Fund	Level 1	Unadjusted quoted prices	11.757	6.000
<b>Fair value through other comprehensive income</b>				
Birmingham Airport	Level 3	Earnings based valuation	30.903	28.249

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 2024		As at 31 March 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
		£m	£m	£m	£m
PWLB loans	2	(156.320)	(127.789)	(176.362)	(158.337)
Other local authority transferred debt	2	(5.897)	(5.912)	(8.449)	(8.507)
Lenders option/borrowers option/market debt	2	(76.223)	(70.757)	(76.221)	(78.161)
Other local authority loans	2	(15.025)	(15.052)	(10.159)	(10.159)
Other loans	2	(0.359)	(0.459)	(0.459)	(0.459)
Short-term creditors	2	(74.784)	(74.784)	(68.797)	(68.797)
Long-term creditors	2	(1.768)	(1.768)	(2.579)	(2.579)
<b>Financial liabilities</b>		<b>(330.376)</b>	<b>(296.521)</b>	<b>(343.026)</b>	<b>(326.999)</b>

The total fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes several 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 2024) 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 2024		As at 31 March 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
		£m	£m	£m	£m
Long-term investments	Level 2	0.000	0.000	5.026	5.044
Short-term investments	Level 2	8.093	8.068	58.617	58.617
Short-term debtors	Level 2	66.167	66.167	53.640	53.640
Long-term debtors	Level 2	13.747	13.747	12.802	12.802
Cash and cash equivalents	Level 2	10.881	10.881	13.775	13.775
<b>Financial assets</b>		<b>98.888</b>	<b>98.863</b>	<b>143.860</b>	<b>143.878</b>

The fair value of the assets is the same as the carrying amount because the Council's portfolio of investments has terms of less than one year. This means that the value on the balance sheet will not be affected by interest rates as the investment are all at a fixed rate maturing within the next year. 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.

	2023/24		2022/23	
	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	1.051	0.000	5.319	0.000
Investments in equity instruments designated at fair value through other comprehensive income	0.000	(2.654)	0.000	(13.568)
<b>Total net gains/losses</b>	<b>1.051</b>	<b>(2.654)</b>	<b>5.319</b>	<b>(13.568)</b>
<b>Interest and dividend income</b>				
Financial assets measured at amortised cost	(2.809)	0.000	(2.928)	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	(3.528)	0.000	(1.922)	0.000
<b>Total interest income</b>	<b>(6.434)</b>	<b>0.000</b>	<b>(4.947)</b>	<b>0.000</b>
<b>Total interest expense</b>	<b>11.009</b>	<b>0.000</b>	<b>19.454</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 23 February 2023 and is available on the Council website. The key issues within the strategy were:

- The authorised limit for the 2023/24 was set at £465.410 million. This is the maximum limit of external borrowings or other long-term liabilities.
- The operational boundary was set at £423.10 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.

The treasury team implement these policies. 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 to place 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.



- The 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 2024 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 31/03/2024	Historical experience of default as at 31/03/2024
	£m	£m
Banks	14.690	0.002
Money market funds	41.756	0.000
Local authorities	0.000	0.000
Trade debtors	44.137	0.000
<b>Total</b>	<b>100.583</b>	<b>0.002</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 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>2023/24</b>	<b>2022/23</b>
	<b>£m</b>	<b>£m</b>
Less than one year	128.093	163.060
Between one and two years	0.980	5.917
Between two and five years	0.000	0.980
More than five years	68.870	65.512
<b>Total</b>	<b>197.943</b>	<b>235.469</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>2023/24</b>	<b>2022/23</b>
	<b>£m</b>	<b>£m</b>
Less than 1 year	(80.805)	(102.083)
Between 1 and 2 years	(13.661)	(6.229)
Between 2 and 5 years	(12.235)	(10.826)
Between 5 and 10 years	0.000	(0.290)
More than 10 years	(223.674)	(223.599)
<b>Total</b>	<b>(330.375)</b>	<b>(343.027)</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	0.075
Increase in interest receivable on variable rate investments	(0.104)
<b>Impact on (surplus) or deficit on the provision of services</b>	<b>(0.029)</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>(0.025)</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>0.741</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 (£30.903 million), CCLA Property Fund (£25.894 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	(1.295)
<b>Impact on (surplus) or deficit on the provision of services</b>	<b>(1.295)</b>
Increase in Birmingham Airport fair value	(1.545)
<b>Impact on other comprehensive income and expenditure</b>	<b>(1.545)</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:

	As at 31 March 2024 £m	As at 31 March 2023 £m
Cash held by the Council	0.030	0.030
Bank current accounts	4.466	2.192
Short-term deposits	48.446	47.771
<b>Total</b>	<b>52.942</b>	<b>49.993</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 2024.

	As at 31 March 2024 £m	As at 31 March 2023 £m
<b>Trade debtors</b>		
- NHS bodies	28.572	25.754
- Central government	2.012	1.940
- Other local authorities	0.832	2.099
- Social care clients	10.599	6.923
- Other trade debtors	8.483	8.294
- Impairment for bad/doubtful debt	(6.361)	(6.090)
	<b>44.137</b>	<b>38.920</b>
<b>Other debtors</b>		
- Capital Debtors	7.869	6.846
- Central Government - VAT	6.439	7.231
- Central Government - Other	5.471	1.339
- Other local authorities	5.366	2.729
- Housing benefit overpayments	6.644	7.480
- Collection fund court costs	2.650	2.961
- Other debtors	1.278	1.595
- Impairment for bad/doubtful debt	(7.248)	(8.230)
	<b>28.469</b>	<b>21.951</b>
<b>Prepayments and accrued income</b>		
- Central Government	0.755	1.675
- Other prepayments/accrued income	4.793	4.378
	<b>5.548</b>	<b>6.053</b>
<b>Total</b>	<b>78.154</b>	<b>66.924</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. £1.781 million of the £8.447 million other trade debtors outstanding on 31 March

2024 (£4.411 million of £8.294 million as at 31 March 2023) were raised within one month of year end and therefore were still within the Council's payment terms.

Within other debtors £0.163 million (£0.381 million as at 31 March 2023) 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 period.

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 2024 £m	As at 31 March 2023 £m	As at 31 March 2024 £m	As at 31 March 2023 £m
Less than one year	11.943	10.802	3.146	2.339
1-2 years	8.016	7.977	2.005	1.923
2-6 years	16.566	14.017	4.447	3.824
More than 6 years	6.618	8.246	3.158	2.447
Impairment for bad/doubtful debt	(9.242)	(11.261)	(4.824)	(4.967)
<b>Total</b>	<b>33.901</b>	<b>29.781</b>	<b>7.932</b>	<b>5.566</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 2024 £m	As at 31 March 2023 £m
Local authority reorganisation transferred debt	1.872	2.682
Loans to associates	11.863	10.055
Other	0.012	0.065
<b>Total</b>	<b>13.747</b>	<b>12.802</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 became operational in October 2023. These loans will be paid back over the following twenty-five years from September 2024.

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 provided in the following financial year.

	<b>As at 31 March 2024 £m</b>	<b>As at 31 March 2023 £m</b>
<b>Trade creditors</b>		
- Capital	(6.097)	(10.253)
- Central Government	(1.107)	(0.295)
- NHS Bodies	(7.113)	(5.928)
- Other local authorities	(0.752)	(1.009)
- Adult Social Care	(12.207)	(9.696)
- Childrens Social Care	(4.856)	(3.734)
- Payments in transit	(13.701)	(11.540)
- Other trade creditors	(19.363)	(13.790)
	<b>(65.196)</b>	<b>(56.245)</b>
<b>Other creditors</b>		
- Central Government	(0.013)	(1.843)
- Other local authorities	(0.021)	0.000
- Accumulated annual leave	(7.332)	(6.943)
- Other creditors	(1.411)	(2.926)
	<b>(8.777)</b>	<b>(11.712)</b>
Receipts in advance	(1.351)	(1.817)
Tax and national insurance	(4.734)	(4.463)
Council tax	(4.628)	(4.951)
NDR	(2.125)	(4.305)
PFI liability	(0.553)	(0.582)
Lease liability	(0.258)	(0.258)
<b>Total</b>	<b>(87.622)</b>	<b>(84.333)</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 2024.

### 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 2024 £m</b>	<b>As at 31 March 2023 £m</b>	<b>Notes</b>
Finance Leases	0.000	(0.243)	
PFI	(1.767)	(2.335)	21b
<b>Total</b>	<b>(1.767)</b>	<b>(2.578)</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.

	Insurance fund £m	Pensions and redundancy £m	NDR appeals £m	Other £m	Total £m
Balance at 1 April 2023	(0.569)	(0.322)	(5.874)	(0.341)	<b>(7.106)</b>
Additional provisions made in 2023/24	(0.468)	(1.282)	(2.219)	0.000	<b>(3.969)</b>
Amounts used in 2023/24	0.497	0.322	3.000	0.199	<b>4.018</b>
Unused amounts reversed in 2023/24	0.000	0.000	0.000	0.029	<b>0.029</b>
<b>Balance at 31 March 2024</b>	<b>(0.540)</b>	<b>(1.282)</b>	<b>(5.093)</b>	<b>(0.113)</b>	<b>(7.028)</b>
<b>Timings of provisions</b>					
Less than 1 year	0.000	(1.282)	(5.093)	(0.113)	<b>(6.488)</b>
Greater than 1 year	(0.540)	0.000	0.000	0.000	<b>(0.540)</b>
<b>Balance at 31 March 2024</b>	<b>(0.540)</b>	<b>(1.282)</b>	<b>(5.093)</b>	<b>(0.113)</b>	<b>(7.028)</b>

### Insurance fund

The Council has an established insurance fund to cover excesses on claims. These outstanding claims amount to £2.227 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 £0.540 million (£0.569 million 2021/22) for which a provision is held to cover this.

### Pensions and redundancy costs

The Council has created an additional provision of £1.282 million for pension and redundancy costs in relation to restructures undertaken during 2023/24. During 2023/24 £0.322 million was charged against the 2022/23 provision. The £1.282 million will be carried forward to 2024/25 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 111.

### Other

In addition to the above provisions the Council holds £0.113 million (£0.340 million 2022/23) for other costs where the expected timing of any resultant transfer of economic benefit or future events cannot be accurately predicted.

## 28. Usable reserves

Movements in the Council's usable reserves can be found in the movement in reserves statement (page 31) and note 2 (page 44).

	As at 31 March 2024 £m	As at 31 March 2023 £m	Notes
General fund reserve	(19.560)	(18.702)	MIRS
Earmarked general fund reserves	(188.526)	(199.224)	28a
Capital grants unapplied account	(65.079)	(57.075)	28b
Capital receipts reserve	(7.252)	(10.847)	28c
<b>Total</b>	<b>(280.417)</b>	<b>(285.848)</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 2024/25.

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.



	<b>Balance as at 31/03/2022 £m</b>	<b>Transfers (in)/out 2022/23 £m</b>	<b>Balance as at 31/03/2023 £m</b>	<b>Transfers (in)/out 2023/24 £m</b>	<b>Balance as at 31/03/2024 £m</b>
<b>Treasury reserves</b>					
Borrowing re-scheduling	(20.276)	7.710	(12.566)	(9.348)	(21.914)
MRP equalisation	(10.733)	0.665	(10.068)	0.537	(9.531)
Changes in investment fair value	0.000	(1.000)	(1.000)	(2.000)	(3.000)
<b>Grants carried forward into future years</b>					
Dedicated schools grant	(0.142)	0.142	0.000	0.000	0.000
Grant funding carried forward under IFRS	(9.669)	1.676	(7.993)	0.804	(7.189)
Private finance initiative	(22.041)	4.031	(18.010)	1.986	(16.024)
Housing 21	(1.217)	0.740	(0.477)	0.477	0.000
Public health	(4.049)	0.140	(3.909)	(0.200)	(4.109)
Social care grant	(2.823)	0.244	(2.579)	2.579	0.000
Better care grant	(1.036)	0.996	(0.040)	0.040	0.000
Council tax support grant	(3.521)	0.000	(3.521)	0.000	(3.521)
Covid-19 funding	(18.931)	18.427	(0.504)	0.143	(0.361)
<b>Demand led</b>					
Demand led services	(3.039)	(8.761)	(11.800)	(0.195)	(11.995)
Proud	(17.489)	3.639	(13.850)	4.157	(9.693)
<b>Improvement projects</b>					
Carbon management reduction programme	(2.360)	(0.187)	(2.547)	2.159	(0.388)
Economic growth programme	(3.715)	0.684	(3.031)	0.364	(2.667)
Connected gateways	(4.750)	1.249	(3.501)	0.597	(2.904)
Project reserve	(1.915)	0.479	(1.436)	0.828	(0.608)
Willenhall Masterplan	0.000	(1.425)	(1.425)	(0.453)	(1.878)
Revenue implications of capital	(1.526)	(1.046)	(2.572)	0.000	(2.572)
Improvement projects	(3.104)	0.087	(3.017)	1.802	(1.215)
Reset programme	(8.337)	7.317	(1.020)	1.020	0.000
Enterprise Zones	(2.628)	(1.229)	(3.857)	(2.099)	(5.956)
<b>Council liabilities</b>					
Business rates retention scheme	(4.401)	1.795	(2.606)	(7.069)	(9.675)
Insurance fund	(6.145)	0.000	(6.145)	0.000	(6.145)
Mediation	(7.650)	(1.642)	(9.292)	2.644	(6.648)
Pay and Pensions	(20.954)	(1.257)	(22.211)	9.340	(12.871)
Workforce planning	(9.613)	2.186	(7.427)	0.434	(6.993)
Combined Authority	(2.120)	0.000	(2.120)	2.120	0.000
Risk management	(8.729)	(1.923)	(10.652)	0.652	(10.000)
Cost of living	0.000	(8.262)	(8.262)	0.227	(8.035)
Audit & Inspection	(1.757)	(0.080)	(1.837)	0.224	(1.613)
<b>Other earmarked reserves</b>					
	(12.503)	3.025	(9.478)	2.151	(7.327)
<b>School balances</b>					
	(12.727)	2.256	(10.471)	(3.223)	(13.694)
<b>Total</b>	<b>(229.900)</b>	<b>30.676</b>	<b>(199.224)</b>	<b>10.698</b>	<b>(188.526)</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.

	2023/24	2022/23
	£m	£m
Balance as at 1 April	(57.075)	(62.044)
Current year capital grants unapplied credited from comprehensive income and expenditure statement	(29.600)	(20.458)
Prior year capital grants applied against capital expenditure	21.596	25.427
<b>Balance as at 31 March</b>	<b>(65.079)</b>	<b>(57.075)</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.

	2023/24	2022/23
	£m	£m
Balance brought forward	(10.847)	(9.106)
Capital receipts received during the year	(2.356)	(5.055)
Capital receipts applied against prior year expenditure	0.083	0.485
Redistribution of Growth Deal grant clawback to other local authorities	0.822	0.000
Capital receipts applied against capital expenditure	1.852	2.829
Capital receipts used to finance transformation costs under flexible use of capital receipts regulations	3.194	0.000
<b>Total</b>	<b>(7.252)</b>	<b>(10.847)</b>

## 29. Unusable reserves

Movements in the Council's unusable reserves can be found in the movement in reserves statement (page 31) and note 2 (page 44).

	As at 31 March 2024	As at 31 March 2023	Notes
	£m	£m	
Revaluation reserve	(115.655)	(114.324)	29a
Capital adjustment account	(114.856)	(98.101)	29a
Financial instruments revaluation reserve	(24.198)	(21.544)	29b
Pooled investment funds adjustment account	4.106	3.055	29c
Pensions reserve	103.685	92.294	29d
Collection fund adjustment account	3.485	5.300	29e
Accumulated absences account	7.332	6.943	29f
Dedicated Schools Grant adjustment account	7.400	0.525	5
Deferred capital receipts reserve	(0.012)	(0.065)	
<b>Total</b>	<b>(128.713)</b>	<b>(125.917)</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.

	2023/24		2022/23		Notes
	Capital adjustment account £m	Revaluation reserve £m	Capital adjustment account £m	Revaluation reserve £m	
Balance at 1 April	(98.101)	(114.324)	(94.138)	(113.069)	
<b>Items relating to capital expenditure</b>					
Depreciation of non-current assets	13.427	1.337	13.379	1.135	14a
Impairment of non-current and intangible assets	9.356	1.311	5.150	0.881	14a, 17
Revaluation (gains)/losses on property, plant and equipment	0.596	(4.962)	0.816	(5.828)	14a, 18
Amortisation of intangible assets	2.249	0.000	2.060	0.000	17
Revenue expenditure funded from capital under statute (REFFCUS)	36.959	0.000	44.367	0.000	19
Transformation costs financed by flexible use of capital receipts	3.194	0.000	0.000	0.000	
Non-current assets written off on disposal or sale	2.405	0.983	10.849	2.557	14a, 16b, 17, 18
<b>Capital financing applied in the year</b>					
Use of capital receipts to finance capital expenditure	(1.852)	0.000	(2.829)	0.000	19, 28c
Use of capital receipts to finance prior year capital expenditure	(0.083)	0.000	(0.485)	0.000	19, 28c
Flexible Use of Capital Receipts funding	(3.194)	0.000	0.000	0.000	28c
Use of current year capital grants to finance capital expenditure	(17.434)	0.000	(10.019)	0.000	19
Donated asset given to New Art Gallery	(0.082)	0.000	0.000	0.000	15c
Use of grant to finance REFFCUS	(25.304)	0.000	(26.251)	0.000	3b, 19
Use of carried forward capital grants to finance capital expenditure	(21.596)	0.000	(25.427)	0.000	19, 28b
Statutory provision for the financing of capital investment	(13.189)	0.000	(12.789)	0.000	19
Capital expenditure charged against the general fund	(2.156)	0.000	(2.779)	0.000	19
Movement in the market value of investment properties	(0.051)	0.000	(0.005)	0.000	16b
<b>Balance at 31 March</b>	<b>(114.856)</b>	<b>(115.655)</b>	<b>(98.101)</b>	<b>(114.324)</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).

	2023/24	2022/23	Note
	£m	£m	
Balance at 1 April	(21.544)	(7.976)	
(Upward)/downward revaluation of investments	(2.654)	(13.568)	22b, 22d
<b>Balance at 31 March</b>	<b>(24.198)</b>	<b>(21.544)</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).

	2023/24	2022/23	Note
	£m	£m	
Balance at 1 April	3.055	(2.264)	
(Upward)/downward revaluation of investments	1.051	5.319	22b, 22d
<b>Balance at 31 March</b>	<b>4.106</b>	<b>3.055</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 when the benefits come due to be paid. Further information on the changes in the defined benefit pension scheme are shown in note 12 page 57.

	2023/24	2022/23	Note
	£m	£m	
Opening balance at 1 April	92.294	630.926	
Remeasurements of net defined benefits liabilities/(assets)	(92.193)	(578.542)	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	28.755	74.101	12b
Employer's pensions contributions and direct payments to pensioners payable in the year	(34.871)	(34.191)	12b
Changes due to applying asset ceiling	109.700	0.000	12g
<b>Balance at 31 March</b>	<b>103.685</b>	<b>92.294</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 108.

	2023/24	2022/23
	£m	£m
Balance at 1 April	5.300	16.172
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	1.520	(0.193)
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	(3.335)	(10.679)
<b>Balance at 31 March</b>	<b>3.485</b>	<b>5.300</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.

	2023/24	2022/23
	£m	£m
Balance at 1 April	6.943	6.116
Movement by which officer remuneration charged to CIES is different to that chargeable in year in accordance with statutory requirements compared to previous year	0.389	0.827
<b>Balance at 31 March</b>	<b>7.332</b>	<b>6.943</b>

## 30. Note to cash flow statement

	2023/24 £m	2022/23 £m	Notes
<b>Adjustment for non-cash items in the net surplus/deficit on the provision of services</b>			
Depreciation	(14.763)	(14.514)	14a, 29a
Revaluations and impairments	(9.953)	(5.967)	14a, 29a
Amortisation and impairments of intangible assets	(2.249)	(2.060)	17, 29a
Increase/(decrease) in debtors	15.411	8.075	25
(Increase)/decrease in creditors	(7.113)	21.593	26
Increase/(decrease) in inventories	(0.055)	(0.107)	
Movement in pension liability	6.116	(69.610)	12
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(3.389)	(13.457)	14a, 19, 30a
Other non-cash items charged to the net surplus/deficit on the provision of services	(0.766)	(3.738)	
<b>Total</b>	<b>(16.761)</b>	<b>(79.785)</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	2.356	5.055	28c
Any other items for which the cash effects are investing or financing cash flows	68.123	41.056	
<b>Total</b>	<b>70.479</b>	<b>46.111</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 2023/24 are shown in note 3.

### Local Government

Walsall Council is a constituent member of the West Midlands Combined Authority (WMCA) which 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 2023/24 is shown in note 10. During 2023/24, £0.356 million of works and services were commissioned from companies in which members had declared an interest. In addition, the Council paid grants totalling £0.937 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 of £1.809 million were provided by the Council during 2023/24. The Council paid £1.225 million to Sherbourne Recycling Ltd for the processing and transportation of mixed recycling waste during 2023/24. Further information about Sherbourne Recycling Ltd can be found on page 107.

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 2023/24.

## 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 material transactions between the WMGCL and Walsall Council in 2023/24.

### 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 2023/24.

### 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 2023/24.

### 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 £1.808 million of capital loans to Sherbourne Recycling Ltd in 2023/24. Further details can be found on page 107.

## 32. Events after the balance sheet date

The statement of accounts was authorised for issue by the Chief Financial Officer on 30 May 2024. 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 2024, 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 events.

In accordance with IAS 10 – Events after the reporting period, there is one non-adjusting event.

### M6 Junction 10 Compulsory Purchase Order Compromise Agreement

The major transport improvement at M6 Junction 10 in Walsall was jointly funded by National Highways and the Council. As Walsall Council operates and maintains the local roads as the local highway authority, Cabinet approved the making of a Compulsory Purchase Order (CPO) under the Highways Act 1980 for the acquisition of land and new rights for the scheme. The CPO was published in April 2018 approved by the Secretary of State in July 2019. General Vesting Declarations (GVD) were published during September and October 2019, each acquiring the required freehold or other legal rights.

The Council and National Highways entered into a Compromise Agreement (CA) with a landowner who objected to the CPO in order for their objection to be removed. The CA set out the methodology for assessing claims but due to various factors, a difference in opinion on the value of claims payable has arisen. As a result of ongoing negotiations and legal advice, a final settlement of £0.992 million has been agreed with the landowner in May 2024.

## 33. Contingent liabilities and contingent assets

A legal claim has been submitted against the Council in 2023/24 in relation to the ending of a contractual arrangement. At present this claim is working its way through the legal system. Therefore, it is unclear what impact this legal claim will have on the Council.



In accordance with IAS37 Provisions, Contingent Liabilities and Contingent Assets the Council is not able to disclose any further information at this stage.

### 34. Critical judgements in applying accounting policies

In applying the accounting policies set out in note 37, 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:

- 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 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.
- In determining whether to include full group accounts due to the Council's interest in Sherbourne Recycling Ltd as an associate, the annual results of the company have been inspected and the Council's share of these results using the equity accounting method as outlined by the Code calculated. Based on these results it was determined that the Council's share is not material and would not distort the Council's financial position to a reader of the accounts. Instead, a decision was made to provide a summary of the company's results and the Council's relevant share of the profit and loss instead within the accounts (page 107).

### 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 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if actual results differ from assumptions</b>
Pensions Liability – note 12	Estimation of the net liability to pay pensions depends on several 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 pension liability of changes in individual assumptions can be measured. For details on sensitivity for pension schemes please refer to page 60.

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 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 as at 31 March 2024 £m	Change in valuation	
		1% £m	5% £m
Operational land and buildings - non-DRC valuation	61.947	0.619	3.097
Operational land and buildings - DRC valuation	303.114	3.031	15.156
Surplus assets	12.835	0.128	0.642
Investment Properties	2.255	0.023	0.113
Assets held for sale	0.502	0.005	0.025
<b>Grand Total</b>	<b>380.653</b>	<b>3.806</b>	<b>19.033</b>

Of our total operational land and buildings approximately 83% 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 2024.

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. Accounting policies being adopted in the following year

From 1 April 2024 International Financial Reporting Standard (IFRS) 16 – Leasing will apply to all local authorities. This standard will change the way leases taken by local authorities (where the Council is the lessee) are accounted for. The standard will result in assets being recognised on the balance sheet as right of use assets rather than being off balance sheet as is the current position.

The definition of operating and operating leases will no longer apply to leases where the Council is the lessee. However, it will not change the accounting of leases where the Council is the lessor. In these cases, there will still be a distinction between operating and finance leases.

In addition to bringing assets onto the balance sheet with a corresponding financing liability, revenue expenditure will be split between a financing cost (interest) and the repayment of the lease principal. However, this will not change the total cost to the Council.

It is anticipated that the introduction of IFRS16 will increase the assets held by the Council by an estimated £2.608m with a corresponding increase in liabilities.

## 37. Material accounting policies

### General principles

The statement of accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year end of 31 March 2024. The Council is required to prepare an annual statement of accounts 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

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.

## 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

#### Local government pension 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
- Unlisted securities - current bid price
- Property - market value

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.

Accounting Standard IAS19 (Employee Benefits) states an entity shall recognise the net defined benefit liability/asset in the statement of financial position. In line with IAS19 and IFRIC14 (the standard that limits the recognition of the asset), when the actuary determines a defined benefit asset, the asset is recognised at the lower of the surplus in the defined benefit plan and the asset ceiling calculated by the actuary.

### 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 because 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.

#### 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.

### 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.

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

#### 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 these 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 in the following table.

	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.**

The Council has adopted a policy of applying full depreciation in the year of acquisition and no depreciation in the year of disposal.

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.

### 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 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.

SRL started operating in September 2023 as a mixed recycling centre.

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 2024 for readers of the accounts to provide an overview of SRL's current financial position.

	2023/24		2022/23	
	Sherbourne Recycling Limited £m	Walsall share £m	Sherbourne Recycling Limited £m	Walsall share £m
Current assets	4.275	n/a	5.572	n/a
Non-current assets	66.633	n/a	54.219	n/a
Current liabilities	(0.427)	n/a	(0.606)	n/a
Non-current liabilities	(72.299)	n/a	(58.968)	n/a
<b>Net assets</b>	<b>(1.818)</b>	<b>(0.357)</b>	<b>0.217</b>	<b>0.043</b>
Cash & cash equivalents within current assets	1.551	n/a	3.004	n/a
<b>Reserves</b>				
Share Capital	1.000	0.197	1.000	0.197
Profit and (loss) reserve	(2.818)	(0.554)	(0.782)	(0.155)
	<b>(1.818)</b>	<b>(0.357)</b>	<b>0.218</b>	<b>0.042</b>
<b>Revenue</b>				
(Profit)/loss from operations	2.035	0.400	0.998	0.196
Interest income (including exchange rate (gains)/losses) included in profit/loss	0.132	n/a	0.398	n/a

The 2022/23 comparative

## 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.

	2023/24			2022/23			Collection Fund Notes
	Council Tax £m	NDR £m	Total £m	Council Tax £m	NDR £m	Total £m	
<b>Income</b>							
Council tax income	(165.419)	0.000	(165.419)	(159.107)	0.000	(159.107)	
Business rates income	0.000	(64.531)	(64.531)	0.000	(65.537)	(65.537)	
<b>Total income</b>	<b>(165.419)</b>	<b>(64.531)</b>	<b>(229.950)</b>	<b>(159.107)</b>	<b>(65.537)</b>	<b>(224.644)</b>	
<b>Expenditure</b>							
<i>Payments to precepting bodies</i>							
Walsall Council	145.381	71.244	216.625	138.706	52.849	191.555	3
West Midlands Police Authority	14.825	0.000	14.825	13.494	0.000	13.494	3
West Midlands Fire and Rescue Authority	5.345	0.719	6.063	4.894	0.533	5.427	3
Costs of collection	0.000	0.320	0.320	0.000	0.321	0.321	
Transitional protection payments	0.000	(10.404)	(10.404)	0.000	0.806	0.806	
Enterprise Zone and other deferred payments	0.000	0.066	0.066	0.000	0.101	0.101	
Interest paid on refunds to ratepayers	0.000	0.087	0.087	0.000	0.000	0.000	
Write offs in year	3.885	0.028	3.913	0.107	0.939	1.046	
Allowance for impairments	(2.293)	(0.144)	(2.437)	1.691	0.326	2.017	6
Provision for appeals	0.000	(0.789)	(0.789)	0.000	(1.007)	(1.007)	6
<b>Total expenditure</b>	<b>167.142</b>	<b>61.126</b>	<b>228.268</b>	<b>158.892</b>	<b>54.868</b>	<b>213.760</b>	
<b>(Surplus)/deficit for year</b>	<b>1.723</b>	<b>(3.405)</b>	<b>(1.681)</b>	<b>(0.215)</b>	<b>(10.669)</b>	<b>(10.884)</b>	
<b>Collection fund balance</b>							
Balance brought forward at 1 April	(0.543)	6.028	5.485	(0.328)	16.697	16.369	
Prior year balance adjustment	0.000	0.000	0.000	0.000	0.000	0.000	
(Surplus)/deficit for the year	1.723	(3.405)	(1.681)	(0.215)	(10.669)	(10.884)	
<b>Balance carried forward at 31 March</b>	<b>1.180</b>	<b>2.623</b>	<b>3.804</b>	<b>(0.543)</b>	<b>6.028</b>	<b>5.485</b>	
<b>Allocated to:</b>							
Walsall Council	1.037	2.447	3.484	(0.483)	5.783	5.300	
Walsall Council Enterprise Zone and other deferred payments	0.000	0.066	0.066	0.000	0.101	0.101	
West Midlands Police Authority	0.106	0.000	0.106	(0.044)	0.000	(0.044)	
West Midlands Fire and Rescue Authority	0.037	0.026	0.063	(0.016)	0.060	0.044	
Central government	0.000	0.084	0.084	0.000	0.084	0.084	
	<b>1.180</b>	<b>2.623</b>	<b>3.803</b>	<b>(0.543)</b>	<b>6.028</b>	<b>5.485</b>	

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.

2023/24 was the seventh and final year the Council participated in the 100% Business Rates Retention pilot with the six other West Midlands Metropolitan Authorities, with each billing authority retaining 99% of Non-Domestic Rates (NDR) received with the remaining 1% for the West Midlands Fire Service.

Going forward, in replacement of the Business Rates Retention scheme, Walsall Council will be part of the West Midlands Combined Authority Trailblazer deeper devolution deal. Upon the arrangement coming into effect 1 April 2024, the Council will continue to retain 99% of non-domestic rating income. This agreement comes into effect from 1 April 2024 and will be in place for the Financial Years 2024-25 to 2033-34 inclusive.

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. 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).

Band	Weighting	Chargeable dwellings	Band D equivalent 2023/24	Band D equivalent for 2022/23
A	6/9	33,844	22,553	22,299
B	7/9	21,697	16,876	16,765
C	8/9	16,181	14,383	14,239
D	9/9	9,378	9,378	9,274
E	11/9	5,171	6,320	6,270
F	13/9	2,215	3,200	3,210
G	15/9	776	1,293	1,285
H	18/9	44	87	76
		<b>89,306</b>	<b>74,090</b>	<b>73,418</b>

### 2. Payments to precepting bodies

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

	2023/24			2022/23		
	Council Tax £m	NDR £m	Total £m	Council Tax £m	NDR £m	Total £m
<b>Walsall Council</b>						
Precept demand	144.163	75.771	219.934	138.425	71.027	209.452
Surplus/(deficit) payment	1.218	(4.527)	(3.309)	0.281	(18.178)	(17.897)
	<b>145.381</b>	<b>71.244</b>	<b>216.625</b>	<b>138.706</b>	<b>52.849</b>	<b>191.555</b>
<b>West Midlands Police Authority</b>						
Precept demand	14.707	0.000	13.467	13.467	0.000	13.467
Surplus/(deficit) payment	0.118	0.000	0.027	0.027	0.000	0.027
	<b>14.825</b>	<b>0.000</b>	<b>13.494</b>	<b>13.494</b>	<b>0.000</b>	<b>13.494</b>
<b>West Midlands Fire and Rescue Authority</b>						
Precept demand	5.302	0.765	6.067	4.885	0.717	5.602
Surplus/(deficit) payment	0.043	(0.046)	(0.003)	0.009	(0.184)	(0.175)
	<b>5.345</b>	<b>0.719</b>	<b>6.064</b>	<b>4.894</b>	<b>0.533</b>	<b>5.427</b>

### 3. Business rates tax base

For 2023/24, the total non-domestic rateable value at the year-end is £202.772 million (£202.199 million in 2022/23). The national multipliers for 2023/24 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 2022/23).

#### 4. 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 2023/24 to the value of £20.745 million (£18.638 million in 2022/23).

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.

#### 5. 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.

	2023/24			2022/23		
	Walsall £m	Preceptors £m	Total £m	Walsall £m	Preceptors £m	Total £m
Balance at 1 April	(11.261)	(1.563)	(12.824)	(9.830)	(1.303)	(11.133)
Write offs during year	3.373	0.468	3.841	0.053	0.007	0.060
Contributions (to)/from provisions during year	(1.354)	(0.194)	(1.548)	(1.484)	(0.267)	(1.751)
<b>Net (Increase) / Decrease in Provision</b>	<b>2.019</b>	<b>0.274</b>	<b>2.293</b>	<b>(1.431)</b>	<b>(0.260)</b>	<b>(1.691)</b>
<b>Balance at 31 March</b>	<b>(9.242)</b>	<b>(1.289)</b>	<b>(10.531)</b>	<b>(11.261)</b>	<b>(1.563)</b>	<b>(12.824)</b>

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

	2023/24			2022/23		
	Walsall £m	Preceptors £m	Total £m	Walsall £m	Preceptors £m	Total £m
Balance at 1 April	(4.967)	(0.050)	(5.017)	(4.644)	(0.047)	(4.691)
Contributions (to)/from provisions during year	0.143	0.001	0.144	(0.323)	(0.003)	(0.326)
<b>Net (Increase) / Decrease in Provision</b>	<b>0.143</b>	<b>0.001</b>	<b>0.144</b>	<b>(0.323)</b>	<b>(0.003)</b>	<b>(0.326)</b>
<b>Balance at 31 March</b>	<b>(4.824)</b>	<b>(0.049)</b>	<b>(4.873)</b>	<b>(4.967)</b>	<b>(0.050)</b>	<b>(5.017)</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 2024 require a provision to be set aside in the collection fund account. Walsall's share of this provision, £5.093 million, is shown in note 27 Provisions page 86.



	<b>2023/24</b>			<b>2022/23</b>		
	<b>Walsall £m</b>	<b>Preceptors £m</b>	<b>Total £m</b>	<b>Walsall £m</b>	<b>Preceptors £m</b>	<b>Total £m</b>
Balance at 1 April	(5.874)	(0.060)	(5.934)	(6.871)	(0.070)	(6.941)
Amounts utilised in the year	3.000	0.030	3.030	2.633	0.027	2.660
Contributions (to)/from provisions during year	(2.219)	(0.022)	(2.241)	(1.636)	(0.017)	(1.653)
<b>Net (Increase) / Decrease in Provision</b>	<b>0.781</b>	<b>0.008</b>	<b>0.789</b>	<b>0.997</b>	<b>0.010</b>	<b>1.007</b>
<b>Balance at 31 March</b>	<b>(5.093)</b>	<b>(0.052)</b>	<b>(5.145)</b>	<b>(5.874)</b>	<b>(0.060)</b>	<b>(5.934)</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 (2022/23 £586).
- John Leckie Memorial Fund – for the provision of scholarships. Current fund balance £29,714 (2022/23 £29,714).
- Walsall Agricultural Fund – for the provision of a prize fund. Current fund balance £774 (2022/23 £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 2023/24 the balance of residents' monies held was £2.207 million (£2.145 million in 2022/23).

# 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.

**Asset Ceiling:** Where a pension reserve is valued at a surplus, an asset ceiling adjustment is applied (IAS 19). The asset ceiling is the present value of future benefits to the Council, contained within the pension reserve surplus.

## 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 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 highly 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 highly 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)