Forest of Dean
— DISTRICT COUNCIL —

Statement of Accounts
2023/24







LEVELLING UP the FUTURE of the FOREST

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NARRATIVE REPORT

INTRODUCTION TO FOREST OF DEAN DISTRICT COUNCIL

The Forest of Dean district has a population of 87,000 (2021 Census) living in an area covering 526 square kilometres. Over 100 square kilometres of this is woodland managed by the Forestry Commission. The district has four main towns and many smaller, rural settlements where the majority (approximately 58%) of the population live. For residents the "specialness" of the area is important arising from its cultural identity and natural environment. The Forest of Dean is a great place to live, learn, do business and enjoy.

Political Structure in the 2023/24 Municipal year

Local councillors are elected by the community to decide how the Council should carry out its various activities. They represent public interest as well as individuals living within the ward in which they have been elected to serve for their term of office. They have regular contact with the general public through council meetings, telephone calls and some councillors may hold surgeries. Surgeries provide an opportunity for any ward resident to visit and talk to their councillor face to face.

The Council has 38 elected members representing 21 wards within the Forest of Dean district. There are also 41 parish councils. Elections are held every four years, with the last elections held in May 2023. Additional elections may arise from time to time if a councillor or parish councillor leaves office.

The political make-up of the Council in the 2023/24 municipal year was:

Green Party	15 Councillors
Independent Group	7 Councillors
Labour Party	5 Councillors
Conservative Party	4 Councillors
Progressive Independents	4 Councillors
Liberal Democrats	3 Councillors
Total	**38 Councillors**

There was no overall political majority in 2023/24.

The Council has adopted the Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The Leader of the Council has responsibility for the appointment of members of the Cabinet, the allocation of portfolios and the delegation of Executive Functions. Cabinet Members are held to account by a system of scrutiny which is set out in the council constitution.

The Council is responsible for setting the budget and policy framework within which decisions are made. When major decisions are to be discussed or made, these are published in the Cabinet and Council's Forward Plans in so far as they can be anticipated. If these decisions are to be discussed with officers at a meeting of the Cabinet, this will generally be open for the public to attend, except where personal or confidential matters are being discussed.

The Cabinet for 2023/24 was made up as follows:

Cabinet Member	Portfolio
Mark Topping (Green Party)	Leader and Cabinet Member for Overall Strategy.
Jackie Fraser (Green Party)	Deputy Leader and Cabinet Member for Nature Emergency.
Andy Moore (Green Party)	Deputy Leader and Cabinet Member for Finance.
Adrian Birch (Green Party)	Cabinet Member for Built Environment.
Johnathan Lane (Green Party)	Cabinet Member for Economy.
Chris McFarling (Green Party)	Cabinet Member for Climate Emergency.
Sid Phelps (Green Party)	Cabinet Member for Local Plan
Jackie Dale (Green Party)	Cabinet Member for Communities

On the 18th of April 2024, Councillor Mark Topping stood down as leader of the Council and was replaced by Councillor Adrian Birch.

The Chairman and Deputy Chairman for the Council for 2023/24 were:

Chairman	Councillor Di Martin
Deputy Chairman	Councillor Simon Phelps

Full details of all the committees, including chairs and membership can be found on the Council's website on www.fdean.gov.uk.

Management Structure

On 1st November 2017 the Council transferred the majority of its staff to Publica Group (Support) Limited, a wholly owned local authority company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council. Eleven key statutory and other officers remain employed by the Council at 31st March 2024.

The Council's Locality Leadership Team supports the work of the councillors and was led by the Chief Executive Officer (Head of Paid Service), Mr. Nigel Brinn. Mr Nigel Brinn started on the 30th of October 2023 and Mr Andrew Grant was the interim Chief Executive Officer from 1st April 2023 to the 30th of October 2023. Mr. Andrew Knott ACMA held the statutory roles of Section 151 Officer, Electoral Registration and Returning Officer. The statutory role of Monitoring Officer was held by Mrs. Sian Roxborough.

Bankers
The Council's banking services are provided by Lloyds Bank, 130 High Street, Cheltenham, GL50 IEW.

External Auditor
The appointed external auditor in 2023/24 was Bishop Fleming, 10 Temple Back, Bristol
BS1 6FL

COUNCIL VISION AND PRIORITIES

The Council agreed its Council Plan for 2024-2028 at its meeting of 14 December 2023. The vision and priorities therein will drive budget decisions for the period. They state:

Fundamentally, this Council wants to support those in the district to enjoy an excellent quality of life. We want to improve the Forest of Dean over the coming years, while also looking to the future and planning for the needs of the Forest's future generations.

The Council Plan sets out the following three key priorities:

- **Thriving communities:** We want to support local communities and help them grow so that we can work together to respond to the challenges and opportunities posed by the climate and nature emergencies.
- **Decarbonisation and Nature Recovery**: Protect and enhance the natural environment and be on target to be carbon neutral by 2030.
- **Sustainable Economy**: To improve the Forest of Dean economy while encouraging business to be environmentally sustainable and protecting the well-being of residents.

There are also four principles that underlay the plan:

- **Social Value:** Every decision and action we take will aim to improve the well-being of our residents.
- **Public Engagement:** We want to actively work with people who live in the Forest and encourage them to attend public meetings, take part in surveys, and run community forums. We will aim for all voices to be heard and form part of the council decision-making process.
- **Value for Money:** We will responsibly manage the councils' finances and make sure we use our resources as efficiently as possible. At the same time we will aim for excellence, providing the best service we can.
- **Financial Sustainability:** We will make sure the council is financially stable by exploring innovative approaches to funding, grants, and partnerships without putting the councils' finances at risk.

PERFORMANCE MANAGEMENT

Performance management is a critical element of the Council's management processes. The Council is committed to a joined-up approach to performance management that involves members, Council and Publica employees working together. This ensures that the Council continues to deliver on the issues that matter most to local people and on improving the quality of services at all levels. Our performance management system helps the Council to identify what does and does not work and the factors that support or hinder economic, efficient, and effective service delivery.

Overall, the Council performed well during 2023/24. The Council continues to get recognition for our good performance, sound financial management and value for money. The Council's non-financial and financial performance is regularly monitored and reported to Cabinet and the Strategic Overview and Scrutiny Committee on a quarterly basis. The range of indicators measured and reported includes waste collection, planning appeals, customer service, leisure performance, housing benefit claims and performance and customer complaints. Details of these reports for 2023/24 can be found on the Council's website, under 'Councillors & meetings' in the quarterly performance reports reported to the Cabinet.

DEVELOPMENTS IN SERVICE DELIVERY

The Council is a multifunctional organisation, which works closely with other parts of the public service and the voluntary and community sector, making objective, transparent, evidence-based decisions about how services should be provided and by whom.

Publica Group (Support) Limited

The Council has entered several shared service and partnership arrangements with other organisations, to ensure the delivery of quality services in an efficient, cost-effective manner, including Publica Group (Support) Limited in 2017/18; providing front line services shared with Cotswold District Council and West Oxfordshire District Council. The Council's Information and Communications Technology (ICT), Procurement and Human Resources support is also shared with Cheltenham Borough Council, in addition to the above Councils, using a common platform 'Business World' Enterprise Resource Planning (ERP) system, enabling service resilience within the Councils. Publica Group (Support) Limited is wholly owned by the four Councils.

A key principle of the partnership is that each Council has retained its own identity, with its own elected members and continues to make decisions taking account of the needs of its local community. Staff continue to work in each location. Some members of staff provide a service predominantly to one Council; others provide a service for more than one Council.

A review of Publica Group (Support) Limited was commissioned by the four partner Councils to review the effectiveness of Publica and whether certain services would be better placed back with the Councils. A decision was made by each Council to bring back services into the Council and this programme began in early 2024 and is currently ongoing. It is expected that the 1st staff members will be transferred back to the Councils by the end of 2024.

The Interim Managing Director of Publica Group (Support) Limited is Mr Frank Wilson. Each partner Council has a Head of Paid Service who is responsible for commissioning the partner Councils' services along with their other statutory officers (Section 151 Officer and Monitoring Officer).

Ubico Limited

Ubico Limited was originally formed in 2012 by its shareholders, Cheltenham Borough Council and Cotswold District Council. The company is responsible for delivering the shareholders' Environmental services within their respective council boundaries. The Forest of Dean District Council, Tewkesbury Borough Council and West Oxfordshire District Council joined the partnership on 1st April 2015. Stroud District Council and Gloucestershire County Council joined in 2016. Gloucester City Council joined in November 2021 and each of the eight authorities are now equal shareholders. The Council made the decision during 2022/23 to move its waste collection service to Ubico when the current contract expires in July 2024. Therefore, from the 3rd of August 2024, the waste services will be delivered by Ubico Limited on behalf of the Forest of Dean District Council.

South West Audit Partnership (SWAP)

The Council has a contract with South West Audit Partnership (SWAP) for the provision of its internal audit service. All partner Councils of Publica Group (Support) Limited use this company, ensuring a consistent independent approach to the audit and governance of our services. More details of SWAP are provided in the Related Parties note 15, page 50.

Affordable Housing Scheme Developments

2023-24 saw the Forest of Dean have another good year in enabling the delivery affordable housing with 128 new affordable homes delivered across the district.

Out of the 128 homes provided, 92 of them (72%) were affordable housing for rent, with 32 of them specifically for social rent, while the remaining 36 (28%) were provided as shared ownership homes, enabling households to take their first step onto the housing ladder.

The homes were provided across the district from Newent in the north to Woolaston in the south, with 17 homes provided in rural parishes helping enable households to live and remain in their local communities. Sizes of the homes ranged from one-bedroom flats through to larger four-bedroom houses.

The new affordable homes achieved a mix of Energy Performance Certificate (EPC) ratings, with 20 homes aching an EPC A rating (the most energy efficient rating) whilst 101 homes achieved an EPC B with a further 7 homes achieving an EPC C. The national average for existing homes is EPC D. The benefits of having a property with a good EPC rating is that it will be more comfortable to live in and have lower energy bills, as well as producing less carbon dioxide when compared to an average energy performance rated property (the average rating for homes in the UK is band D*).

Levelling Up and other major Projects

Announced in the UK Budget in March 2021, the Levelling Up Fund (LUF) will invest in infrastructure that improves everyday life across the UK. Nationally, the £4.8 billion fund is intended to support regeneration and town centre investment, local transport projects, and cultural and heritage assets. Projects should be aligned to and support the Government's Net Zero goals demonstrating low or zero carbon best practice. The Levelling Up Fund is a competitive process open to all UK local authorities. Forest of Dean District is identified as a priority place in terms of the need for LUF capital infrastructure support.

In June 2021, the District Council submitted a multiple project bid containing three interrelated projects seeking to secure £20m capital grant support. Forest of Dean District Council worked in partnership with Hartpury University and Hartpury College and Cinderford Town Council to prepare the successful bid. In October 2021, it was confirmed that the Forest of Dean District had been successful in its bid to the Department for Levelling Up, Housing and Communities (DLUHC).

The bid aims to:

- Build connections across the Forest, helping to join our communities.
- Help our local entrepreneurs and home grown talent find a home in the Forest, growing our economy and providing jobs by developing new, suitable space for businesses
- Provide more and better leisure opportunities, helping people stay active and healthy through new leisure facilities and active travel options.
- Provide new further and higher education opportunities so our young people have more choice to get a good education.

From the outset, all three projects are being designed with carbon reduction, renewable energy and electric vehicle/bike charging points in mind to help to tackle the climate emergency.

There are three key elements to the bid:

Investment at Five Acres

The £9m proposal for the Five Acres site will create a new leisure and community hub bringing a derelict site back into use providing modern leisure, community and business facilities for the area, a new 4-court sports hall and an artificial all weather sports pitch. The leisure and community hub will house a satellite site for Hartpury University and Hartpury College, bringing specialist education opportunities for young people to the Forest.

The wider site will be developed in partnership with West Dean Parish Council and will also include modern workspaces for local businesses and help promote active travel by connecting existing walking and cycling routes.

Demolition of the former Collage and Leisure Centre has taken place with only the building to be renovated still standing. A design and build contractor has been appointed through the Southern Construction Framework (SCF). BAM were successful and began their pre-construction work which completed RIBA stage 4 and therefore a planning application has been made and successfully approved in February 2024.

University, Careers and Enterprise Learning Centre at Hartpury Campus
The Flagship University Innovation, Careers and Enterprise Learning Centre, will use £10m to build on the current Hartpury University and Hartpury College site. It will support growth in student numbers, providing new opportunities to over 16's in the Forest. The Centre would focus on encouraging and supporting local young people to stay in education or start their own business in the area.

It will also deliver a new Environmental Laboratory, aiming to support new companies focussed on environmental technology based in the Forest of Dean.

Construction has now begun within the Hartpury Campus for the new learning centre and it is expected to be available and opened by September 2023.

Regeneration in Cinderford Town Centre
In Cinderford town centre, regenerating a number of 3 key buildings and bringing them back into use to provide modern co-working spaces for start-up businesses and new community facilities, arts and events space has been completed with the final project due to be completed in Summer 2024.

The former HSBC bank, Rheola House and the Methodist Church, which is a Listed Building has been refurbished to provide great spaces for residents to meet, work and socialise, boosting town centre footfall. They also continue to generate more match funding in order to continue the great work that they have started.

Overall, the Council has drawdown around 60% of the total Levelling Up funding since the bid was approved in October 2021.

Brickworks

In 2023/24, the Authority took the decision to purchase a site in Cinderford Industrial Estate. This site has been purchased in order to create a long term Council owned Depot for the waste services to be ran from. The current site is not owned by the Council and is also likely to be too small as households increase across the District. This site also generates an income for the Authority as it has current tenants who will not be impacted in the future.

Cinderford Northern Quarter

The Authority continues to fulfil its obligations around the S106 agreement around ecological monitoring on the site whilst the development projects are on hold.

United Kingdom Shared Prosperity Fund Year 2 2023-24

Cumulative spend £128,815 - 12.8%
A total 18 projects are included in this 3 year programme with 2 completed this year and the remainder ongoing:
- Hartpury University/College – Active Travel Feasibility Study
- Forest of Dean & Wye Valley Tourism – Film friendly & digital marketing campaigns

Rural England Prosperity Fund Year 1 2023-24

Total spend £35,898 – 5.8%
A total 5 projects approved within the Investment Plan. Delivery against two of these commenced in year with delivery agents appointed and grant panel arrangements set up.
Rural Business Grant and Community Infrastructure Grant Schemes launched in 2023 –2 grants approved in each category.

- RBG spend £22,508
- CIG spend £13,390

Forest Economic Partnership (FEP)

In October 2019, FEP was officially registered as a Community Interest Company (CIC). A new FEP Board was created to steer the objectives and actions of this new apolitical, non-for-profit organisation. As a CIC, FEP's legal entity is defined by Articles of Association.

The Board currently seats 10 directors, including Cllr Lane the Economy portfolio holder who holds the position of Vice Chair. The CIC Board has capacity to increase to 12 directors.

The Stakeholder Group remains an open forum and over the last year the closed sub-groups have been modified to streamline activity. Digital communications include a monthly e-bulletin and social media channels to promote FEP and stakeholder partner activity. In 2023/24, a Climate Action Net Zero (CANZ) sub-group has been established with input from the Climate Change Lead within the Authority

FEP project activity and meetings continued during in 2023-24. FEP continuing projects include: Inspiring the Forest, Celebrating Success and Digital connectivity Project.

Stakeholder membership has stabilised and the FEP now has over 280 members.

Council's Leisure Services

The management and operation of the Council's leisure centres have been contracted to Freedom Leisure since 2015/16, in order to secure leisure provision across the District. Freedom Leisure is a not-for-profit Trust that has an excellent track record of delivering first class leisure services and facilities across the UK.

CHALLENGES

Medium Term Financial Strategy (MTFS)

The Council's Medium Term Financial Forecast is regularly reviewed, and as part of the February 2024 budget report to Council highlighted an anticipated shortfall of around £2.8m for the 5-year period of the MTFS starting in 2024/25. Work has started early to address this shortfall. However, the Council has a good degree of financial strength borne out by the £1.2m held in the budget future deficit reserve.

Local Government Finance

Due to the war in Ukraine and the cost-of-living crisis, there is continued uncertainty around the way that Local Government will be financed. There have now been a number of single year settlements (since 2016), which make long-term planning difficult. The review of Business Rates and possible Business Rates Reset is still to take place along with the Fair Funding Review outcomes that have still not been completed. More information should become available during the financial year 2024/25 after a general election due in July 2024 and the hope would be for a longer-term (3 years) settlement that will give some certainty around local government finance.

The impacts of the cost-of-living crisis will be felt within this Council for years to come with increased costs for homelessness, rough sleepers, leisure facilities. Along with lost income in car parking, building control and other income streams into 2024/2025 and beyond. As well as additional energy and fuel costs due to the cost-of-living crisis and high oil prices due to the war in Ukraine and unrest in Middle East. The Council has been able to offset some of these additional costs by installing solar panels and reducing the energy usage in the council offices.

Budget Strategy

There are a number of local challenges facing the Council including closing the funding gap, delivery of our regeneration aspirations and service improvement. However, the Council is innovative and has put in place extensive plans to ensure that excellent services are delivered to its residents at an affordable cost. These plans have been enhanced by securing Levelling Up Capital funds for work on regeneration aspirations around the district.

Workforce

Due to the pandemic, other than staff who were required to be in the Council's premises, all staff were instructed to stay at home during lockdown periods and access the Council's IT facilities remotely. This worked successfully and this continues today where most of Publica staff are encouraged to work in an agile way. There is now an agile working strategy and policy across the council workers and Publica employees, which ensures that a mixture of home working and office working is possible if it works for both the Council and employees i.e., when there is a business need for Staff to be in the office then they will be.

We have noticed that residents have been using online and telephone facilities more in order to complete business with the Council and there has been no noticeable reduction in services provided. These services have been enhanced throughout 2023/24 and this work will continue in 2024/25 and beyond to ensure that Council services are available to all, at times that work for everyone.

Major Risks

The fallout of the war in Ukraine and current cost-of-living crisis exposes the Council to a number of major risks. There is also still uncertainty around future funding for the Council and how the gap in the MTFS will be filled which creates additional major risks. By ensuring these are managed effectively and proactively, they are partly ameliorated. The major risks are:

- Uncertainty on future government settlements
- Continued decline in income from fees and charges, council tax and business rates.
- Significant increase in expenditure from increased service demand and financial support requests from contractors and partners due to high costs of energy for all
- Business failures resulting in loss of business rates income.
- Failure to deliver innovative transformational projects that deliver significant savings in the medium term.
- Failure to deliver the Levelling Up projects in the district within the agreed time frames.
- Any of the above will incur reputational damage to the Council.

Because of the actions taken it is expected the risks listed are lessened but cannot be ruled out.

INTRODUCTION TO THE FINANCIAL STATEMENTS

The purpose of this narrative report is to provide electors, local taxpayers, members of the Council and other interested parties with an easy to understand guide to the most significant matters reported in the accounts. It provides an explanation in overall terms of the Council's financial position and assists in the interpretation of the accounting statements. The statements should inform readers of the cost of services provided by the Council in the year 2023/24 and the Council's assets and liabilities at the year-end.

The Accounts for the year ending 31st March 2024 have been prepared and published in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This incorporates International Financial Reporting Standards (IFRSs), so that the accounts are compliant with these standards. The following statements are included:

Statement of Responsibilities for the Statement of Accounts	Sets out the respective responsibilities of the Council and the Section 151 Officer for the accounts.
Statement of Accounting Policies (Note 1 to the notes to the accounts)	This explains the basis for recognition, measurement and disclosure of transactions and other events in the accounts. This includes changes in policy, the basis of charges to revenue and the calculation of items in the Balance Sheet.
Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis	The Comprehensive Income and Expenditure Statement shows the cost in the year of providing services, in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis (included in the note on segmental reporting) reconciles this to the amount chargeable to General Fund reserves in the year.
Balance Sheet	This summarises the overall financial position of the Council at the end of the financial year, showing its assets, liabilities and reserves.
Movement in Reserves Statement	This details the movement during the year in the Council's reserves, analysed into usable reserves (i.e., those that can be used to fund expenditure or reduce local taxation) and unusable reserves.
Cash Flow Statement	This summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
Collection Fund	Reflects the statutory requirement to maintain a separate Collection Fund which shows the transactions in relation to non-domestic business rates and council tax, indicating how the amounts collected are distributed to the Government, Gloucestershire County Council, Gloucestershire Police and Crime Commissioner and Forest of Dean District Council.
Annual Governance Statement	This sets out how the Council is meeting its obligations and the improvements it intends to make to its systems of internal control and corporate governance arrangements.

These accounts are supported by notes to the accounts, which include a glossary of terms to provide readers with further information.

THE COUNCIL'S FINANCIAL PERFORMANCE IN THE YEAR AND ITS POSITION AT THE YEAR END

General Fund Revenue Budget

During 2023/24, the Council continued with the process of formal monitoring of budgets, reporting to cabinet on a quarterly basis. This has assisted in strengthening the sound management of the Council's finances and provides a mechanism to ensure that any budgetary problems are identified and rectified as soon as possible during the year. This has resulted in Council services being delivered within the revised budget, with an overall saving compared to budget of £44,322. This underspend has been used to bolster the Council's working balance.

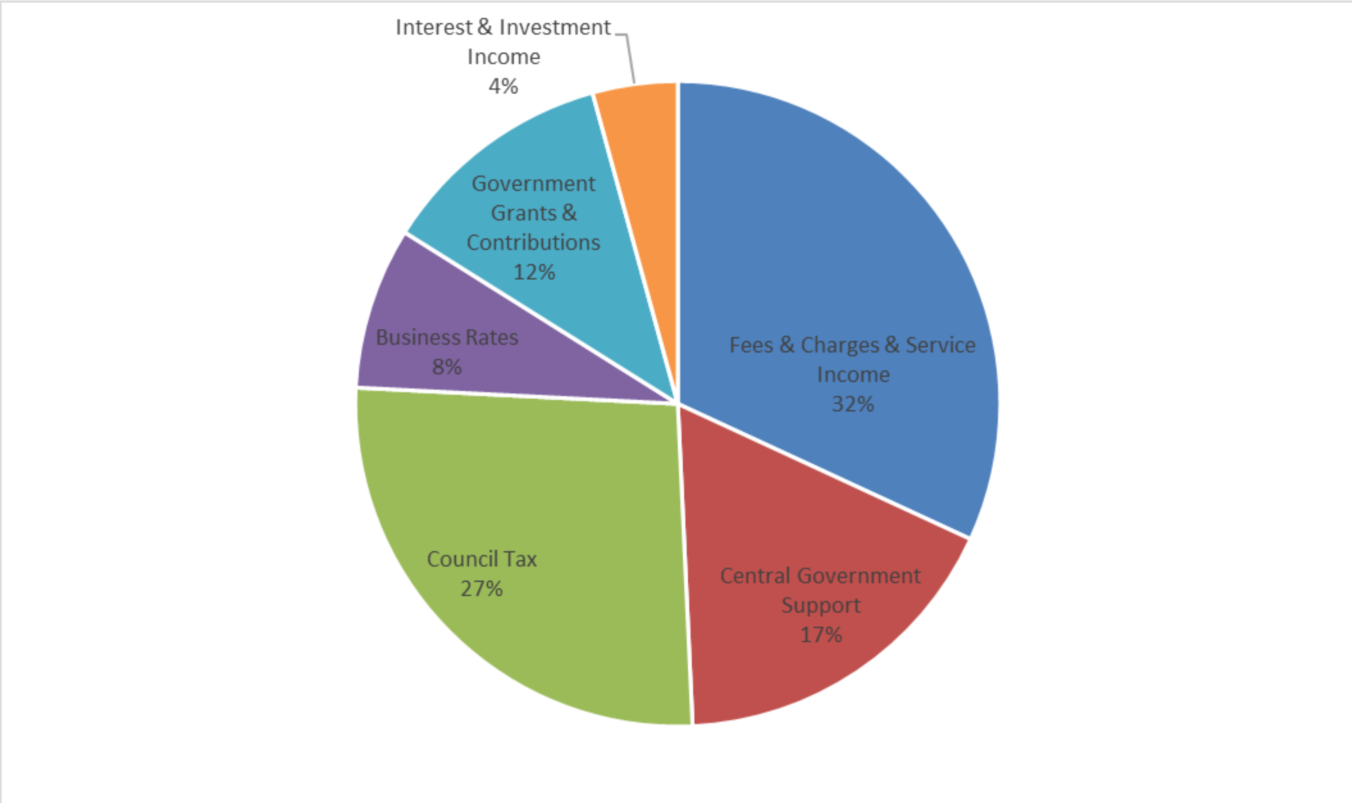
REVENUE OUTTURN 2023/24	***Original Budget 2023/24**	**Current Budget 2023/24**	**Outturn 2023/24**	**(Under) / Overspend 2023/24**
DIRECTORATES	**£**	**£**	**£**	**£**
Finance, Business Support & Jobs	4,327,300	3,952,340	3,910,305	(42,035)
Planning Policy, Performance, Shared Working & Climate Emergency	542,410	568,850	577,877	9,027
Housing, Town & Parish Councils (including Town Centre Development)	188,840	652,779	651,165	(1,614)
Governance, Sport & Leisure, Tourism, Arts & Communities (inc Community Safety)	681,150	319,040	313,301	(5,739)
Development, Asset Management, FEP & Infrastructure	1,324,380	1,322,260	1,264,908	(57,352)
Environment, Wildlife, Heritage & Culture (inc waste & recycling & AONB designation)	3,738,320	3,998,350	3,961,024	(37,326)
Policy & Strategy, Cross Border Issues, Future Generations & Health & Wellbeing	2,100,950	2,352,060	2,456,101	104,041
NET EXPENDITURE ON SERVICES	**12,903,350**	**13,165,679**	**13,134,681**	**(30,998)**
Capital Charges	188,940	(316,460)	(200,607)	115,853
Interest and Investment Income and Expenditure	(1,142,880)	(1,541,380)	(1,615,621)	(74,241)
Transfers to / (from) earmarked reserves	35,580	1,040,721	1,456,154	415,433
NET EXPENDITURE TO BE FINANCED	**11,984,990**	**12,348,560**	**12,774,607**	**426,047**
FINANCED BY:				
Revenue Support Grant	(178,890)	(178,890)	(178,889)	1
New Homes Bonus	(722,300)	(722,300)	(722,297)	3
Section 31 National Non-Domestic Rates Grant	(2,915,750)	(2,915,750)	(2,869,812)	45,938
Share of Non-Domestic Rates	(1,563,800)	(1,927,370)	(2,435,083)	(507,713)
Council Tax Collection Fund Contribution	(183,100)	(183,100)	(183,100)	-
Council Tax less levies	(6,069,560)	(6,069,560)	(6,070,056)	(496)
Other Specific Government Grants	(351,590)	(351,590)	(359,692)	(8,102)
Total Funding	**(11,984,990)**	**(12,348,560)**	**(12,818,929)**	**(470,369)**
Surplus transferred to Working Balance	**-**	**-**	(44,322)	(44,322)

* the original budget contains a capital expenditure and income budget for disabled facilities grants of £600,000, this has been removed in the current budget and outturn figures.

The transfer to the general fund balance is shown in the Movement in Reserves Statement on page 19. The Expenditure and Funding Analysis on page 53 links the increase in the general fund balance, together with the increase in earmarked reserves, with the surplus shown in the Comprehensive Income and Expenditure Statement, showing the adjustments made to ensure the statement complies with generally accepted accounting practice.

Where the money came from

The following chart provides an analysis of our main sources of income this year. The Government provides income in the form of general and specific grants and determines the amount of business rates the Council receives through pooling arrangements. Since the new local government resource regime announced as part of the 2013/14 Local Government Finance settlement, more emphasis is now put on raising income from business rates and council tax locally, as the amount of central government revenue support grant received is phased out.



How the money was spent

The Council provides a wide range of services for the district both directly and indirectly through partnership working. The activities vary widely and include provision for the collection of refuse and recycling, delivery of leisure services, car parking, cemeteries, environmental health and many other services. These are summarised at service level in the table below. Further details will be reported to Cabinet as part of the Financial Outturn 2023/24 report on 13th June 2024 and will be available to view on the Council's website https://www.fdean.gov.uk .

Service	Net (Income)/Expenditure £
Cemeteries	110,274
Climate Change	51,283
Communities	392,118
Corporate	3,161,811
Council Tax and NNDR Collection	(18,295)
Election Services	319,976
Environmental Services	580,560
Housing Services	669,460
Land Charges	(27,367)
Members	529,340
Offices and Land	553,187
Planning and Regeneration	882,014
Support Services	2,630,887
Waste and Recycling Services	3,299,432
Total Service Expenditure	13,134,680

Capital Expenditure

In 2023/24, the Council spent £10.404 million on capital projects and grants, across the general fund capital programme. Key expenditure on capital schemes include: -

	£000
- Levelling Up including Five Acres	6,325
- Acquisition of a Depot and associated units	2,239
- Disabled Facility Grants	810
- S106 Schemes	416
- Social Housing Schemes	207
- Infrastructure Enhancements	165
- Government Initiatives	142
- ICT	100

The Council plans to continue to fund capital from a range of sources including revenue reserves, developer and government contributions and capital receipts. The main spend in 2023/24 was on the Levelling Up projects and the acquisition of a Depot and associated units discussed on pages 6 to 8. The Council have also invested in town centre locations in order to help to regenerate local towns. The Council will make use of prudential borrowing to support the Council's major capital schemes where it is both prudent and affordable.

Treasury Management (Investments and Borrowing)

The CIPFA Code of Practice on Treasury Management in the Public Services governs treasury management in Local Government. This Council has adopted the Code and complies with its requirements, one of which is the receipt by the Council of an annual review at the financial year-end. The Council manages the cash flow arising from the provision of all Council services, using the money market to invest daily cash surpluses and borrow to fund cash shortfalls.

Interest rates rose from 4% to a high of 5.25% in August where they have remained. The Bank of England has successfully reduced inflation from 8.7% at the start of 2023/24 to 3.4% at the end. Borrowing rates rose to 6% in September for medium term loans but came down to between 4.8% and 5.10% towards the end of the year. This has not affected this Council in 2023/24 but may do in future if there is a need to borrow for capital programmes to be delivered. The higher interest rates have had a positive impact on the Councils investments meaning that returns have increased. Interest rates are expected to start reducing from the 2nd quarter of 2024/25 to a low of 3% towards the end of 2025. This should continue to have a positive impact on the Council's investments during 2024/25.

During the year, the Council earned £1,012,214 investment income, £463,214 more than originally budgeted. The majority of this increase was due to the high interest rates throughout 2023/24.

Pension Liability

The Council is required to account for retirement benefits when they are committed, even if the payment is many years in the future, in accordance with International Accounting Standard 19 (IAS 19). The pension liability or asset shown in the accounts represents the Council's pension commitment to increase contributions to make up any shortfall in attributable net assets, or its ability to benefit (via reduced future employer contributions) from a surplus in the pension scheme.

The Council's net asset according to the actuarial assessment at 31st March 2024 was £10.402m, a reduction of £11.206m over the liability figure for 31st March 2023 of £0.804m. The financial and demographic assumptions at 31st March 2024 were much more favourable than they were at 31st March 2023, with a positive impact on the pension fund. Therefore the Council got a Asset Ceiling Calculation completed which showed that an additional £27.102m liability was due for the pension fund due to amendments to expected net asset once agreed past service contributions are paid less the economic benefit available as a reduction in future contributions. Therefore we are showing a net pension liability of £16.7m.

The majority of staff transferred to Publica Group (Support) Limited on 1st November 2017. Full details of the accounting treatment and impact on the Council's pension liability are included in the Pensions note 34, page 76.

Reserves, Balances and Provisions

At the year-end usable reserves stood at £21.637m, a decrease of £0.609m during the year. This is due to changes in working balance, capital receipts and capital grants received, and general movements in earmarked reserves. Of the usable reserves at the year-end, non-earmarked General Reserves or 'Balances' were £1.014m.

At the year-end, provisions (other than those held to cover possible bad or doubtful debts) were £0.241m, an increase of £0.067m during the year.

Changes in accounting policies and estimates

The Council has reviewed its accounting policies during the year and revised them in accordance with the 2023/24 Code of Practice in Local Authority Accounting. The policies are detailed in note 1 to the accounts (pages 21 to 37) and the changes in accounting policies are detailed in note 2 on page 38.

FURTHER INFORMATION

Further information about the accounts is available from Publica, Business Support Services, Forest of Dean District Council, High Street, Coleford. This is part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts during a 'period for the exercise of public rights' before the audit is completed. The accounts are available for inspection by appointment between 1st June 2024 and 12th July 2024 at the Council Offices, and local government electors for the area may exercise their rights to question the auditor about or make objections to the accounts for the year ended 31st March 2024, in writing, during this period.

Andrew Knott ACMA,
Chief Finance (S151) Officer

THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES:

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Finance Officer, who also undertakes the role of the 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 FINANCE (SECTION 151) OFFICER RESPONSIBILITIES*:*

The Chief Finance (Section 151) Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing the Statement of Accounts, the Chief Finance (Section 151) Officer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the local authority Code.

The Chief Finance (Section 151) Officer has also:

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

CERTIFICATE OF CHIEF FINANCE (SECTION 151) OFFICER

I certify that the Statement of Accounts on pages 17 to 20 gives a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March 2024.

ANDREW KNOTT ACMA,
Chief Finance (S151) Officer

DATE: 5th December 2024

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the cost in the year of providing services, in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; and this may be different from the accounting cost. The taxation position is shown in both the Expenditure & Funding Analysis and in the Movement in Reserves Statement.

2022/23 Restated*				2023/24		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	*Continuing Operations*	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
4,586	(762)	3,824	Finance, Business Support & Jobs	4,078	(510)	3,568
1,134	(988)	146	Planning Policy, Performance, Shared Working & Climate Emergency	1,380	(837)	543
16,863	(16,713)	150	Housing, Town & Parish Councils (including Town Centre Development)	17,731	(17,023)	708
823	(471)	352	Governance, Sport & Leisure, Tourism, Arts & Communities (inc Community Safety)	705	(574)	131
7,477	(924)	6,553	Development, Asset Management, FEP & Infrastructure	8,433	(1,025)	7,408
5,851	(2,517)	3,334	Environment, Wildlife, Heritage & Culture (inc waste & recycling & AONB designation)	6,040	(2,484)	3,556
2,464	(717)	1,747	Policy & Strategy, Cross Border Issues, Future Generations & Health & Wellbeing	2,756	(893)	1,863
39,198	**(23,092)**	**16,106**	**Cost of Services**	**41,123**	**(23,346)**	**17,777**
2,809	(507)	2,302	Other operating expenditure *(note 9)*	3,047	(128)	2,919
1,598	(1,379)	219	Financing and Investment (income) and expenditure *(note 10)*	870	(1,992)	(1,122)
3,579	(23,098)	(19,519)	Taxation and non-specific grant (income) and expenditure *(note 11)*	5,162	(28,316)	(23,154)
47,184	**(48,076)**	**(892)**	**(Surplus) or Deficit on the provision of services**	**50,202**	**(53,782)**	**(3,580)**
		(255)	Surplus on revaluation of non-current assets (*note 33)*			(1,438)
		163	Deficit on revaluation of non-current assets (*note 33)*			178
		180	Deficit on revaluation of equity instruments designated at fair value through Other Comprehensive Income (note 33)			(26)
		(8,761)	Remeasurement of the net defined benefit liability /(asset) *(note 34)*			7,746
		(8,673)	**Other Comprehensive (Income) and Expenditure**			**6,460**
		(9,565)	**Total Comprehensive (Income) and Expenditure**			**2,880**

* Refer to Note 7 for detail of Prior Period Adjustment

BALANCE SHEET

This statement shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category is usable reserves i.e., those reserves that the Council may use to provide services, these being subject to the need to maintain a prudent level and constrained by statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt).

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

BALANCE SHEET AT 31 MARCH

Restated* 31 March 2023 £000		Note	**31 March 2024 £000**
10,471	Property, Plant & Equipment	20	12,352
8,989	Investment Property	22	10,665
11	Intangible Assets	24	7
7,225	Long Term Investments	25	7,242
555	Long Term Debtors	27	279
27,251	**Long Term Assets**		**30,545**
4,567	Short term Investments	25	3,092
63	Inventories	26	76
5,246	Short term Debtors	27	6,397
11,292	Cash and cash equivalents	28	6,510
21,168	**Current Assets**		**16,075**
(7,717)	Short term Creditors	29	(6,026)
(28)	Grants Receipts in Advance - capital	17	(28)
(174)	Provisions	30	(241)
(7,919)	**Current Liabilities**		**(6,295)**
(13,995)	Other long term liabilities	34	(16,700)
(13,995)	**Long Term Liabilities**		**(16,700)**
26,505	**Net Assets**		**23,625**
22,246	Usable Reserves		21,637
4,259	Unusable Reserves	33	1,988
26,505	**Total Reserves**		**23,625**

* Refer to Note 7 for detail of Prior Period Adjustment

Signed:

Andrew Knott ACMA,
Chief Finance (S151) Officer
5th December 2024

Councillor Harry Ives,
Chairman of Audit Committee
5th December 2024

MOVEMENT IN RESERVES STATEMENT

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

The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax for the year. The net increase or decrease line shows the statutory general fund balance movement in the year following those adjustments.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2022	968	**11,614**	**12,582**	**7,379**	**3,849**	**23,810**	**(6,870)**	**16,940**
Movement in Reserves during 2022/23								
Total Comprehensive Income and (Expenditure)	892	-	**892**	-	-	**892**	8,673	**9,565**
Adjustments between accounting basis and funding basis under regulations (Note 5)	(884)	-	**(884)**	(1,171)	(401)	**(2,456)**	2,456	**-**
Transfers to/from earmarked reserves (Note 32)	(6)	6	**-**	-	-	**-**	-	**-**
Increase / (decrease) in 2022/23	**2**	**6**	**8**	**(1,171)**	**(401)**	**(1,564)**	**11,129**	**9,565**
Balance at 31 March 2023 - Restated*	**970**	**11,620**	**12,590**	**6,208**	**3,448**	**22,246**	**4,259**	**26,505**
Movement in Reserves during 2023/24								
Total Comprehensive Income and (Expenditure)	3,580	-	**3,580**	-	-	**3,580**	(6,460)	**(2,880)**
Adjustments between accounting basis and funding basis under regulations (Note 5)	(2,080)	-	**(2,080)**	(2,226)	117	**(4,189)**	4,189	**-**
Transfers to/from earmarked reserves (Note 32)	(1,456)	1,456	**-**	-	**-**	**-**	**-**	**-**
Increase / (decrease) in 2023/24	**44**	**1,456**	**1,500**	**(2,226)**	**117**	**(609)**	**(2,271)**	**(2,880)**
Balance at 31 March 2024	**1,014**	**13,076**	**14,090**	**3,982**	**3,565**	**21,637**	**1,988**	**23,625**

* Refer to Note 7 for detail of Prior Period Adjustment

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 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 operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash flows have been made 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.

2022/23 £000		2023/24 £000
(892)	Net (surplus) or deficit on the provision of services	(3,580)
5,534	Adjust net surplus or deficit on the provision of services for non-cash movements (note 35)	4,581
511	Adjust for items in the net surplus or deficit on the provision of services that are investing or financing activities (note 34)	128
5,153	**Cash (inflows) generated from operating activities**	**1,129**
(4,613)	Investing activities (note 36)	1,697
(3,113)	Financing activities (note 37)	1,956
(2,573)	**Net (increase) / decrease in cash and cash equivalents**	**4,782**
(8,719)	Cash and cash equivalents at beginning of the year	(11,292)
(11,292)	Cash and cash equivalents at end of the year (note 28)	(6,510)
2,573	**Net increase / (decrease) in cash and cash equivalents**	**(4,782)**

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

1.1 GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the end of the financial year. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* 2023/24 (The Code), supported by International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and statutory guidance.

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.

The accounting policies of the Council have as far as possible been developed to ensure that the accounts are understandable, relevant, free from material error or misstatement, reliable and comparable.

1.2 ACCOUNTING CONCEPTS

Except where specified in the Code, or in specific legislative requirements, it is the Council's responsibility to select and regularly review its accounting policies, as appropriate.

These accounts are prepared in accordance with a number of fundamental accounting principles:

- Relevance
- Reliability
- Comparability
- Materiality

Additionally, three further concepts play a pervasive role in the selection and application of accounting policies:

Accruals of Income and Expenditure

The financial statements, other than the cash flow statement, are prepared on an accrual's basis, i.e., transactions are reflected in the accounts in the year in which the activity to which they relate takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services, in accordance with the performance obligations in the contract and IFRS15 Revenue Contracts with Customers.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as Inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- All income and expenditure is credited and charged to the Comprehensive Income and Expenditure Statement, unless it comprises capital receipts or capital expenditure.

Going Concern

The accounts are prepared on the assumption that the Council will continue its operations for the foreseeable future. This means in particular that the Comprehensive Income and Expenditure Statement and Balance Sheet assume no intention to significantly curtail the scale of operations.

Primacy of legislative requirements

The Council derives its powers from statute and its financial and accounting framework is closely controlled by primary and secondary legislation. Where legislative requirements and accounting principles conflict, legislative requirements take precedence.

1.3 EMPLOYEE BENEFITS

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include such benefits as salaries and wages, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g., time off in lieu) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy. They are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council can no longer withdraw any offer of benefits.

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 pensioner in the year, not the amount calculated according to the relevant accounting standards. Therefore, in the Movement in Reserves Statement appropriations are required to and from the pensions reserve to remove the notional charges and credits for pension enhancement termination benefits and replace them with the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Employees of the Council and Publica Group (Support) Limited are members of the Local Government Pension Scheme, administered by Gloucestershire County Council. The Council’s liabilities under the Local Government Pension Scheme cover all staff that were members of the scheme at the date of transfer to Publica (1st November 2017), as well as the remaining staff still employed by the Council. The actuarial valuation as at 31st March 2024 has been prepared on this basis.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council and Publica, and is accounted for as a defined benefits scheme.

- The liabilities of the Gloucestershire pension scheme attributable to the Council and ex Council staff transferred to Publica on 1st November 2017 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 earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on the adoption of the AA-rated corporate bond basis.

- The assets of the Gloucestershire pension fund attributable to the Council are included in the balance sheet at their fair value on the following basis:
    - quoted securities – current bid value
    - unquoted securities – professional estimate of fair value
    - unitised securities – current bid price
    - Property – market value.

- The change in the net pension liability is analysed into seven components:

    - Current service cost: the increase in liabilities as a result of the additional year of service earned - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
    - Past service cost: the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - charged to the Surplus or Deficit in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
    - Interest cost on defined obligation: the expected increase in the present value of liabilities during the year as they move one year closer to being paid - charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
    - Interest income on plan assets: the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
    - Gains/losses on settlements: the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – charged to the Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
    - Measurement of the net defined benefit liability: changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve.
    - Contributions paid to the Gloucestershire pension fund: cash paid as employer's contributions to the pension fund, in settlement of liabilities.

Statutory provisions limit the amount chargeable to council tax to that payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pension Reserve to remove the notional charges and credits for retirement benefits and replace them with the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

1.4 GRANTS AND CONTRIBUTIONS

Grants and contributions received from the government and other organisations are not credited to the Comprehensive Income and Expenditure Statement until any conditions attached to the grant or contribution have been satisfied. For example, conditions may be stipulated that specify that the grants or contributions are required to be consumed by the recipient as specified, or they must be returned to the transferor.

Amounts received as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as Revenue or Capital Grants Received in Advance. When the conditions are satisfied, the grant or contribution is credited to the relevant service line (if ring-fenced) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement, so that they are available to fund capital expenditure. Where the grant has yet to be used to finance capital expenditure, it is credited to the Capital Grants Unapplied reserve. Where it has been applied, it is credited to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Principal or Agent for Grants and Contributions

Section 2.6 of the Code describes how the accounting treatment for transactions within a Council's financial statements shall have regard to the general principle of whether the Council is acting as the principal or agent, in line with IFRS 15 Revenue from Contracts with Customers. The Code stipulates that a Council is acting as an agent in situations or circumstances "where the Council is acting as an intermediary." It is acting as a principal in situations or circumstances "where the Council is acting on its own behalf". The guidance specifies that an entity is acting as a principal, i.e., providing the specified goods or services itself, if it controls the goods or services before they transfer to the customer. It is acknowledged for many such arrangements the Council might be acting as both agent and principal with the principal portion being the element of grant that the authority will be awarded themselves as a part of a joint arrangement and which it will recognise in its financial statements.

If the Council is administering the distribution of the grant, is fully reimbursed for delivering that funding (and the Council is not liable for any overpayments), the amount of the award is predetermined based on business rate relief or rateable value, then these factors indicate that the Council is acting as an intermediary and does not have 'control'. Therefore, accounting as an agent would be appropriate. The grant would not then be reported as income and expenditure, and balances relate only to sums due to or from the Council.

If a Council has discretion over to support the businesses and the amount of the award. These factors that would indicate that the Council is not acting as an agent but has control and is acting as principal. In this instance presentation in the CIES will depend on the Council's judgement as to whether the grant relates to specific service objectives or is non-specific grant income.

1.5 OVERHEADS AND SUPPORT SERVICES

The Council operates and manages its corporate and support services separately and expenditure relating to these activities is reported to key decision makers as separate activities. These overheads are not therefore apportioned to services.

1.6 COUNCIL TAX RECOGNITION

Council Tax receivable for the financial year is recognised in the Collection Fund, a separate statutory account maintained by billing authorities. The Fund is charged with the council tax requirements ('precepts and demands') set by the major preceptors and billing authority before the start of the year, leaving (after providing for uncollectable debts) a surplus or deficit, which is then distributed to the same authorities in future years in proportion to their precepts or demands.

The council tax income included in the Council's Comprehensive Income and Expenditure Statement for the year represents its 'demand' plus its share of the collection fund surplus or deficit due for the year, before any distribution. Because the amount of surplus or deficit that can be credited or charged to the Council's general fund is governed by statute, and is limited to that declared at the start of the year, adjustments are made in the Movement in Reserves Statement to the collection fund adjustment account to reflect the difference between the surplus or deficit due for the year and that which can be released according to statute.

There is no statutory requirement for a separate collection fund balance sheet. Instead, the fund balances (arrears, over/pre-payments, bad debts provision and accumulated surpluses or deficits) are distributed across the balance sheets of the billing authority and the major preceptors, in proportion to their precepts and demands. The Council, as a billing authority, therefore accounts for council tax balances on an Agency basis, showing only its share of the fund balances on its balance sheet.

1.7 NATIONAL NON-DOMESTIC RATES (NNDR) INCOME RECOGNITION

NNDR income is recognised in the same way as council tax described above, with the exception that the net income and surplus/deficit credited or charged to the Comprehensive Income and Expenditure Statement is shared between the billing authority, the County Council and central government in statutory proportions. NNDR balances are also distributed across their balance sheets in the same proportions.

1.8 VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

1.9 NON-CURRENT ASSETS - RECOGNITION OF CAPITAL EXPENDITURE

The Council recognises non-current assets when expenditure is incurred on assets:

- Held for use in the production or supply of goods or services, rental to others, or for administrative purposes.
- Expected to be used for more than one financial period.
- Where it is expected that the future economic benefits associated with the asset will flow to the Council.
- Where the cost can be measured reliably.

The initial cost of an asset is recognised to be:

- Purchase price, construction cost, minimum lease payments or equivalent including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the manner required by management.
- Any costs of dismantling and removing an existing asset and restoring the site on which it is located.

The cost of an asset acquired other than by purchase or construction is deemed to be its fair value, except where an asset is acquired via an exchange it is deemed to be the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between their fair values and any consideration paid is credited to the Taxation and Non Specific Grant Income line in the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in a Donated Assets Reserve account. Where gains are credited to the Comprehensive Income and Expenditure Statement they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Subsequent 'enhancement' expenditure is treated as capital expenditure when it is considered it will increase the value of the asset or its useful life or increase the extent to which the Council can use the asset.

De Minimis policy - expenditure on vehicles below £5,000 (excluding VAT) or on other assets below £10,000 (excluding VAT) is not treated as capital expenditure except where the sum of identical assets purchased exceeds this figure, as is the case with waste collection bins and caddies.

Capital assets are held on the Balance Sheet as Non-Current Assets.

1.10 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (PPE)

Assets that have physical substance and are held for use in the provision of services, for rental to others, or for administrative or other operational purposes on a continuing basis are classified as Property, Plant and Equipment. Such assets are categorised as Other Land and Buildings, Vehicles Plant and Equipment, Infrastructure, Community Assets, Surplus Assets and Assets Under Construction (if any).

Infrastructure assets are inalienable assets, expenditure on which is only recoverable by continued use of the asset and there is no prospect for sale or alternative use. Examples include footpaths, cycle tracks and drainage systems.

Community Assets are assets that the authority intends to hold in perpetuity, have no determinable useful lives and which may have restrictions on their disposal. Examples include cemeteries land and open spaces used for recreation.

Surplus Assets are assets which are not being used to deliver services or for administrative purposes but which do not meet the definition of Investment properties or Assets Held for Sale.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it yields benefits to the Council for more than one financial year and the cost of the item can be measured reliably. This excludes expenditure on routine repairs and maintenance, which is charged direct to service revenue accounts when it is incurred.

Measurement

PPE assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The assets are then carried on the Balance Sheet using the following measurement bases:

- Other Land and Buildings – Current value, using the basis of existing use value (EUV) where an active market exists or Depreciated Replacement Cost (DRC), where there is no active market for the asset or it is specialised.
- Infrastructure – depreciated historic cost.
- Community assets – historic cost (where known). The Code offers the option for authorities to measure community assets at valuation. The Council has so far not adopted to change its accounting policy in this way as it does not currently have the management information to make reasonable valuation estimates of community assets.
- Assets under construction – historic cost.
- Surplus Assets – Current value, using the fair value basis (see paragraph 1.18 *Fair Value Measurement*).
- In the case of assets that have short useful lives or low values (or both) i.e., Vehicles, Plant and Equipment, depreciated historic cost is used as a proxy for current value.

Assets included in the Balance Sheet at Current value are re-valued where there have been material changes during the year and as a minimum every five years.

Where there is an upward revaluation, the carrying value is increased and the gain credited to the Revaluation Reserve. This is reflected in the Comprehensive Income and Expenditure Statement as a revaluation gain, included in Other Comprehensive Income and Expenditure. Exceptionally, gains are credited to the Surplus or Deficit on the Provision of Services (and not the Revaluation Reserve) where a revaluation loss or impairment in respect of that asset was previously charged to a service revenue account (adjusted for the depreciation that would have been charged had the revaluation or impairment losses not occurred).

Where decreases in value are identified, they are accounted for as follows:

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

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

Impairment

PPE assets are assessed at the end of each year for evidence of impairment. Where evidence exists and the effect is considered material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the difference.

Where there are revaluation gains for the asset in the Revaluation Reserve the impairment loss is written down against that balance (up to the amount of the accumulated gains).

Where there are no gains in the Revaluation Reserve or an insufficient balance to meet the impairment loss, the remaining loss is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets with a determinable finite useful life, by writing down the carrying value of the asset in the Balance Sheet over the remaining periods expected to benefit from their use. Assets not depreciated are those without a determinable finite useful life (land and community assets), assets that are not yet available for use (assets under construction) and assets reclassified as Held for Sale.

Depreciation is calculated on the following basis:

- Buildings, Vehicles, Plant, Furniture and Equipment, Infrastructure, Surplus assets – straight-line allocation over the asset's estimated useful life. Newly acquired assets are depreciated from the year following that in which they were acquired.

- Assets under construction are not depreciated until they are brought into use.

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

Assets disposed of during the year are depreciated in the year of disposal or in the case of assets reclassified as Held for Sale, in the year they were reclassified.

Componentisation

Where an item of Property Plant and Equipment has components whose cost is significant in relation to the total cost of that item they are identified as separate assets and depreciated separately. The Council's current Componentisation Policy defines a separate component:

- For new assets and enhancements (excluding land), as an item of expenditure with a value greater than £50,000 or 20% of the cost of the asset, whichever is the higher

- For buildings revalued after 1st April 2010, as an item with a current net book value in excess of £250,000 or 20% of the cost, whichever is the higher.

1.11 NON-CURRENT ASSETS - INVESTMENT PROPERTY

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset, in its highest and best use, could be exchanged between market participants at the reporting date. Properties are not depreciated but are revalued annually as necessary dependent on changes in market conditions in the year. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Such gains and losses, however, are not permitted by statutory arrangements to have an impact on the General Fund Balance and are therefore reversed out in the Movement in Reserves Statement and credited to the Capital Adjustment Account and the Capital Receipts Reserve.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement.

1.12 NON-CURRENT ASSETS - INTANGIBLE ASSETS

Expenditure on assets that do not have physical substance and which are controlled by the entity through custody or legal rights (e.g., software licences), is capitalised when it will bring benefits to the Council for more than one financial year. Internally generated assets are capitalised where it can be demonstrated that the project is technically feasible, is intended to be completed (with adequate resources being available), where the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset, and where the expenditure during the development phase can be reliably measured.

Intangible assets are measured at cost, which is amortised over the estimated useful life of the asset to the relevant service line in the Comprehensive Income and Expenditure Statement, to reflect the pattern of consumption of benefits. Estimated remaining useful lives are reviewed annually and an asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are charged to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or cessation of use of an intangible asset is credited or charged to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance, so are reversed out of the General Fund Balance in the Movement in Reserves Statement and charged or credited to the Capital Adjustment Account with any sale proceeds credited to the Capital Receipts Reserve.

1.13 NON-CURRENT ASSETS – DISPOSALS AND 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. Assets are classified as held for sale where the asset is available for immediate sale in its present condition and where the sale is highly probable i.e., the asset has been advertised for sale and a buyer sought and the completion of the sale is expected within twelve months of the balance sheet date.

Except when carried at (depreciated) historic cost, an asset is revalued immediately before its reclassification as Held for Sale, using its existing category's measurement basis. Following reclassification assets are measured at the lower of their carrying values and fair values less costs to sell. Any subsequent gains in value are first used to reverse any losses previously charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement and thereafter recognised in the Revaluation Reserve. Losses in value are charged to the Surplus or Deficit on the Provision of Services (even when there is a balance held for that asset in the Revaluation Reserve).

Depreciation is not charged on Assets Held for Sale, except in the year in which they were classified as held for sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified as non-current assets (Property, Plant and Equipment or Investment 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.

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

Amounts received from a disposal in are categorised as capital receipts. The balance of receipts is required to be credited to the Usable Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

1.14 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets is charged to the relevant service revenue account in the year. To the extent the Council has determined to meet the cost of this expenditure from capital resources (borrowing, capital receipts or grants) a transfer to the Capital Adjustment Account via the Movement in Reserves Statement reverses out the amounts charged to the General Fund Balance so there is no impact on the level of council tax.

1.15 CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Service revenue accounts, support services and trading accounts are charged with the following amounts to record the real cost of holding assets during the year:

- Depreciation of property, plant and equipment used by the relevant service.
- Amortisation of intangible assets used by the service.
- Revaluation and impairment losses, where there are no accumulated gains in the Revaluation Reserve against which the losses can be charged.

The Council cannot raise council tax to cover depreciation, amortisation or revaluation and impairment losses. It is, however, required to make an annual provision (known as Minimum Revenue Provision or MRP) from revenue towards reducing its overall borrowing requirement, equal to an amount calculated on a prudent basis by the Council in accordance with statutory guidance. The above charges are therefore reversed out of the General Fund Balance and replaced by a MRP contribution to the Capital Adjustment Account in the Movement of Reserves Statement.

1.16 LEASES

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

Defining a Finance Lease

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. This is likely to apply if some or all of the following situations are met:

- If the lessee will gain ownership of the asset at the end of the lease term (e.g., in the case of hire purchase)
- If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised.
- If the lease term is for the major part of the economic life of the asset, even if title is not transferred. The economic life of the asset is deemed to be consistent with the useful life of the asset in the depreciation policy. The Council recognises the major part to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease. If this rate cannot be determined the incremental borrowing rate applicable for that year is used. The Council recognises “substantially all” to mean 90% of the value of the asset. In some circumstances, a level of 75% is used if the Council believes that using this level will give a result that better reflects the underlying transaction.
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.
- If the lessee cancels the lease, the lessor’s losses associated with the cancellation are borne by the lessee.
- Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g., in the form of a rent rebate equalling most of the sales proceeds at the end of the lease)
- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.
- Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Lessee Accounting for a finance lease

Where the Council is leasing an asset (for example as a tenant) that is deemed a finance lease, it will recognise that asset within its asset register, and account for that asset as though it were an owned asset.

The initial recognition of the asset is at the fair value of the asset, or if lower, the present value of the minimum lease payments. A liability is also recognised at this value, which is reduced as lease payments are made. Lease payments made to the lessor are split between the reduction in the liability and interest, which is charged to the Comprehensive Income and Expenditure Statement.

Lessor Accounting for a finance lease

Where the Council grants a finance lease over property or items of plant or equipment the carrying values of the relevant assets are written out of the Balance Sheet to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement, as part of the gain or loss on disposal. The amount receivable on disposal (representing the minimum lease payments due), is credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal, matched by a cash receipt (if a premium has been paid) or a long term debtor (if to be settled by payments in future years) on the Balance Sheet.

The amount receivable on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

Where the amount due under the lease is settled by payments in future years the amount receivable on disposal is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve.

When received future lease payments are apportioned between:

- A charge for the acquisition of the assets, which reduces the lease debtor.
- Finance interest, which is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

An amount equivalent to the charge for the acquisition of the assets is at the same time transferred from the Deferred Capital Receipts Reserve to the Capital Receipts Reserve.

Defining an Operating Lease

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards arising from ownership of the asset.

Lessor Accounting for an operating lease

Where the Council grants an operating lease over property or items of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the relevant service income line or, if the asset is classified as an investment property, to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Lessee Accounting for operating leases

Rentals paid under operating leases are charged to the service using the asset in the Comprehensive Income and Expenditure Statement.

1.17 FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised in the Balance Sheet when the authority becomes party to the contractual provisions of the instrument. In the case of a financial asset this is when the authority becomes committed to its purchase, except in the case of trade receivables, which are recognised when the goods or services have been supplied. Financial liabilities are recognised when the cash or goods or services have been received.

Financial Liabilities

Financial liabilities are initially measured at fair value and then carried at amortised cost. Where interest is payable this is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Normally this means, for the Council's borrowings, the amount recognised in the Balance Sheet represents the outstanding principal repayable plus any accrued interest, and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year stated in the loan agreement. For current payables with no stated interest rate the amount recognised is the outstanding invoiced amount.

Financial Assets

Under IFRS 9 applicable from 2018/19, the authority's financial assets are classified into three types:

- Financial assets at amortised cost – where payments consist solely of principal and interest and the reason for holding is to collect cash flows.
- Fair value through Other Comprehensive Income (OCI) – where payments consist solely of principal and interest and the reason for holding is to collect cash flows and sell *and* where payments do not consist solely of principal and interest but where the authority has designated the instrument as Fair value through OCI.
- Fair value through Profit and Loss (P&L) - where payments do not consist solely of principal and interest.

Under IAS39, which applied up until 2018/19, financial assets were classified as:

- Loans and receivables – assets that had fixed or determinable payments and were not quoted in an active market. These were initially measured at fair value and carried at amortised cost.
- Available-for-sale assets – those that had a quoted market price and/or did not have fixed or determinable payments. These were initially measured and carried at fair value, except in the case of equity instruments that did not have a quoted price in an active market and for which a reliable fair value could not be established; these were permitted to be carried at cost.

Financial assets at amortised cost

These are initially measured at fair value and carried at amortised cost. Where interest is receivable, this is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Normally this means, for the Council's loans and investments, the amount recognised in the Balance Sheet is the outstanding principal receivable plus any accrued interest, and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year stated in the loan agreement.

Deposits, bonds and loans are assessed on recognition for impairment due to the likelihood that payments due under the contract will not be made and, if material, a provision for twelve month expected credit losses set aside from the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the risk of default increases significantly after initial recognition and for trade and lease receivables a provision is set aside based on expected lifetime credit losses, if deemed significant or material.

For current receivables with no stated interest rate the amount recognised is the outstanding invoiced amount, less any allowance for impairment (provision for bad or doubtful debts).

Any gains and losses that arise on the disposal or de-recognition of the asset are credited or charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Fair value through OCI

These are initially measured at cost (equivalent to fair value) and carried at fair value. For instruments quoted in an active market, fair values are based on their market prices at the reporting date, except where the instruments will mature within twelve months of that date, in which case they are assumed not materially different to (and therefore equal to) their carrying values.

Interest receivable is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Dividends from equity instruments designated by the authority as Fair value through OCI are credited to the same line when they become receivable by the Council.

Changes in fair value are balanced by an entry to the Financial Instruments Revaluation Reserve (FIRR) (formerly the Available-for-Sale Reserve), with the gain or loss being recognised in Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Any gains or losses held in the FIRR on de-recognition of the asset are credited or charged to the General Fund Balance via the Movement in Reserves Statement.

Fair value through P&L

These are initially measured at cost and carried at fair value. For instruments quoted in an active market, fair values are based on their market prices at the reporting date, except where the instruments will mature within twelve months of that date, in which case they are assumed not materially different to (and therefore equal to) their carrying values.

Dividends are credited to the Financing and Investment Income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) when they become receivable by the Council. Changes in fair value and any gains or losses on de-recognition are charged or credited to the same line in the CIES and, in the case of pooled investment funds reversed to the Pooled Investment Funds Adjustment Account via the Movement in Reserves Statement (MIRS). Sale proceeds on de-recognition are credited to usable capital receipts via the MIRS.

1.18 FAIR VALUE MEASUREMENT

The Council measures certain non-financial assets (Surplus Assets, Investment Property and Assets Held for Sale) and its Available-for-sale financial assets at fair value at the balance sheet 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:

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

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. In the case of a non-financial asset, the authority takes into account the market participants' ability to use 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'.

Inputs to the valuation techniques used in measuring fair value are categorised within the fair value hierarchy as follows:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 - directly or indirectly observable inputs other than quoted prices
- Level 3 - unobservable inputs for the asset or liability.

1.19 INVENTORIES

Inventories held in stores are included in the Balance Sheet at the latest price paid. This is a departure from the requirements of the Code, which require inventories to be shown at the lower of cost and net realisable value. The effect of the different treatment is not considered material.

1.20 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

1.21 PROVISIONS

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing or amount of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council becomes aware of the event, based on its best estimate of the likely settlement. When payments are eventually made, they are charged to the provision carried on the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes more likely than not that a transfer of economic benefits will not be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service line in the Comprehensive Income and Expenditure Statement.

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

1.22 CONTINGENT LIABILITIES

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

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

1.23 RESERVES

The Council sets aside specific amounts as usable reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to form part of the Surplus or Deficit in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure in that year.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits, and they do not represent usable resources for the Council – these reserves are known as unusable reserves.

1.24 CONTINGENT ASSETS

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

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

1.25 PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

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

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

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

1.26 EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

1.27 ESTIMATION TECHNIQUES

Estimation techniques are the methods adopted to assess the values of assets, liabilities, gains and losses and changes in reserves in situations where there is uncertainty as to their precise value. Unless specified in the Code or in legislative requirements, the method of estimation will generally be the one that most closely reflects the economic reality of the transaction.

1.28 JOINTLY CONTROLLED OPERATIONS

Jointly controlled operations are activities undertaken by the Council, together with other organisations, involving the shared use of assets and resources of the organisations rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and charges or credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Such operations and assets, not being separate entities, are accounted for in the Council only accounts and are not separate entities for Group account purposes.

1.29 GROUP ACCOUNTS

Ubico Limited

At 31st March 2023 the Council had a 12.5% shareholding in Ubico Limited, a local authority owned company which has eight members, providing environmental services to the shareholder Councils. Since the Council has no control or joint control or significant influence over the company, there is no requirement to produce consolidated group accounts.

Publica Group (Support) Limited

While the Council has an interest in the Company the Council's share of profit for the year and net assets at the balance sheet date have not been consolidated into the Council's single entity accounts. The figures involved are not material to the accuracy of the accounts, and the Council has not prepared Group Accounts on this basis.

2. CHANGES IN ACCOUNTING POLICY AND ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. There is also the requirement for an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

In compiling the 2023/24 accounts there are no material effects in relation to these standards.

In response to the Covid-19 pandemic and an urgent consultation being ran across Local Government in February 2022, CIPFA/LASAAC deferred the implementation of IFRS 16 Leases in the Public Sector until the 2024/25 financial year, with an effective date of 1st April 2024.

IFRS 16 is not anticipated to have a material effect on the financial statements or balances of the council since the changes mainly affect the recognition of leases by lessees and the authority does not have any finance lease liabilities or material operating leases (see note 23 on the Council as lessee).

3. MATERIALITY JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out on pages 21 to 37 the Council has had to make certain judgements about balances and transactions which may be uncertain depending on future events.

PPE Revaluations
The Council Property Assets have been valued by the valuers employed by Publica Group (Support) Limited.

Our valuation report quotes the following:

“We have undertaken our due diligence on the individual markets, have compiled comparable evidence and have had regard to this in preparing our valuation figures. We have not provided commentary on the individual markets of the individual Properties, however provide a generic market commentary as follows:

Following a period of general uncertainty during and shortly after the global pandemic, the property market has settled. Transactions have, as expected, increased and evidence is more readily available than for the preceding period.

The hospitality and retail sectors were dramatically hit due to long term closures as a result of lockdown measures. High cost of energy and rising costs of raw materials has led to a somewhat shaky recovery. The distribution and the grocery sector of retail continue to perform well, having benefitted from a shift towards online purchasing.

The UK left the European Union 31/01/2021. Whilst Brexit is of less significance than the Covid 19 pandemic there are ramifications, particularly around the supply of cross border goods. The hangover from Brexit remains albeit having increasingly less influence on the market. Supply of goods has been further impacted by the war in Ukraine. The UK has experienced a high inflationary period with both food and energy prices rising sharply over the preceding 12 month period”.

This will also apply to any investments that include PPE valuations such as the Gloucestershire Pension Fund’s property assets.

Publica Group (Support) Limited
The Council jointly owns (with West Oxfordshire District Council, Cotswold District Council and Cheltenham Borough Council) Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other member Councils under contract. While the Council has an interest in the Company the Council's share of profit for the year and net assets at the balance sheet date have not been consolidated into the Council's single entity accounts. The figures involved are not material to the accuracy of the accounts, and the Council has not prepared Group Accounts on this basis.

In addition, the company is considered to be an employment vehicle, employing and paying staff and then recharging these costs back to the Councils. It does not trade and does not make a profit, with any surpluses generated being redistributed back to the Councils. Each Council has retained its governance arrangements and member control over decisions. Publica are unable to make financial decisions that will have an impact on the Medium Term Financial Strategy of the Councils, without proper approval having been given by each Council in accordance with the Council's constitution and financial and contract rules.

Pension Liability
No allowance has been made in the Councils' accounts for any transfer out of the Local Government Pension Scheme (LGPS) of the pension liability to Publica Group (Support) Limited. The service contract and tripartite agreement between the Council, Gloucestershire Pension Fund and Publica Group (Support) Limited mean that the pension liability and risk relating to the pension fund remains with the Council, following the TUPE transfer of the majority of the Council's staff to Publica on 1st November 2017. Therefore, the Council is reporting the pension liability for both staff transferred to Publica, and the Council's retained staff, in the accounts.

Although Publica, as the employer of many of the current staff may be initially responsible for paying any exit contributions (for example), for any of its staff that are members of the LGPS, such cost will be reimbursed by the relevant Council. The accounts have been prepared on the basis that the full pension fund liability for the LGPS sits in the Council's accounts. There are no separate disclosures for Publica as they are not responsible for any LGPS liability.

Changes in the current economic climate and the surge in interest rates have resulted in a significant change in the discount rate used by the authority's actuary to calculate pension fund assets and liabilities. This in turn moved the overall pension results from a net deficit of £804k in 2022/23 to a net surplus of £10,402k in 2023/24.

Under IFRIC 14 a defined benefit liability is calculated as the net total of the present value of the defined benefit obligation minus the fair value at the end of the reporting date of the plan assets. If the fair value of the plan assets exceeds the calculated obligations (an asset), IAS 19 contains a restriction over the amount of the asset that can be recognised.

In effect it requires a calculation of the 'Asset Ceiling' this being based on the future current and past service costs less expected contributions.

The authority has commissioned the actuary to carry out this calculation and the authority has chosen to restate the 2022/23 accounts and amend the pension liability as detailed below.

	2023/24 £000	Restated * 2022/23 £000
Present value of the defined benefit obligation:-	(74,966)	(75,228)
Fair value of plan assets	85,368	74,424
Asset Ceiling Calculation:-		
Expected net asset once agreed past service contributions are paid	(28,302)	(20,438)
Economic benefit available as a reduction in future contributions	1,200	7,247
Net liability arising from defined benefit obligation	**(16,700)**	**(13,995)**

* Refer to Note 7 for detail of Prior Period Adjustment

Split by funding:

	2023/24 £000	Restated * 2022/23 £000
Net liability - Funded	(14,846)	(12,125)
Net liability - Unfunded	(1,854)	(1,870)
Net liability arising from defined benefit obligation	**(16,700)**	**(13,995)**

* Refer to Note 7 for detail of Prior Period Adjustment

The Pension ‘Asset Ceiling’ and ‘Cap Calculation’ are still being refined nationally as to the agreed accounting treatment.

Business Rate Appeals Provision

The Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities to retain a proportion of the business rates generated in their area. The current arrangements for the retention of business rates came into effect on 1st April 2013. From this date, district councils such as Forest of Dean assume a share of the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. A successful appeal may mean the Council having to refund rates paid in previous years. The Council has therefore set aside a provision to cover its share of the repayments it estimates will be made and made a judgement as to the timescale over which they are likely to be repaid. There has been another revaluation period that applies to bills from 1st April 2023 so there is expected to be a future impact on this provision in future years.

The current provision is based on the expected success rate of appeals lodged at the year end, together with an estimated reduction in the rating list, based on historical experience.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the Council’s Balance Sheet at 31st March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of assets falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £10,381 for every year that useful lives had to be reduced.
Pensions Liability/Asset	Estimation of the net liability/asset to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions' liability of changes in individual assumptions can be measured. For example, a 0.1% decrease in the discount rate assumption would result in an increase in the pension obligation of approximately 1%, and a one year increase in member life expectancy would increase the pension obligation by approximately 3% to 5%. A sensitivity analysis is included in Note 34-Pensions. The impact of the continuing uncertainties on the carrying value of these assets cannot be assessed at this stage as it depends on the extent and their effect on the wider economy in the long term, and there is currently insufficient evidence available to assess this. The current high rates of interest impact on the pension fund figures significantly and have led to a requirement to identify an asset in the accounts. We have carried out a calculation in perpetuity under IFRIC 14 for the current year based on a discount rate of 4.8%, a salary increase rate of 3.3%, projected current service costs per annum of £703,000 and projected primary contributions of £685,000. Any one or all of these factors could change over the next 2 years before the next triennial revaluation at which point, we believe any projected surplus will be adjusted for.
Non-domestic rates (NDR) appeals provision	This provision has been set up to meet losses arising from the successful appeal of businesses against the rateable value of their properties . For appeals up to 31st March 2017 (2010 list) and 31st March 2023 (2017 list), the provision is based on an expected success rate of appeals submitted at 31st March 2017 and an estimated reduction in rateable value.	For appeals up to 31st March 2017 a 1% increase in the assumed success rate, together with a 1% reduction in the rates payable, would result in an increase in the estimated provision required of £6,300 of which the Council's share would be £2,520. This would reduce any collection fund surplus able to be distributed to the Council in future years. For appeals from 1st April 2017 a 1% change in the level of provision would equate to a change in provision of £108,800 of which the Council's share would be £43,520.

Item	Uncertainties	Effect if actual results differ from assumptions
	Appeals from 1st April 2017 onwards (2017 list), are subject to a new process known as Check, Challenge, Appeal. As yet there is limited information upon which to base an estimate of the provision necessary under the new process, so the estimated provision has been based on 2% of the Rating list (2017) as at 31st March 2023. This figure has then been averaged out with the figure produced by applying the 2010 list process to the actual appeals under the Check, Challenge, and Appeal process. For appeals from 1st April 2024 onwards (2023 list), there is as yet limited information upon which to base an estimate of the provision necessary	

In terms of future uncertainty, the insourcing of staff from Publica may create increased costs through additional LGPS and the loss of the economies of scales through the partnership working. This should be offset by the reduction of management overhead and a more tailored service for local residents, members and other interested parties.

5. ADJUSTMENTS BETWEEN ACCOUNTING AND FUNDING BASIS UNDER THE REGULATIONS

This note details the adjustments that have been made to Comprehensive Income and Expenditure so that it equals the amount available, under statutory provisions, to meet future capital and revenue expenditure.

The following describes the major reserves and the adjustments made:

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure.

2022/23 Usable Reserves				2023/24 Usable Reserves		
General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000		General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000
			Adjustments to Revenue Resources			
			Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements			
			Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (charged or credited to the Capital Adjustment Account)			
(328)	-	-	Charges for depreciation, amortisation and impairment of non-current assets	(317)	-	-
(1)	-	-	Revaluation losses on Property, Plant and Equipment	(21)	-	-
15	-	-	Movements in the fair value of Investment properties	(563)	-	-
6,172	-	401	Capital grants and contributions	8,117	-	(117)
(5,936)	-	-	Revenue Expenditure Funded from Capital Under Statute	(7,310)	-	-
(20)	-	-	Amounts of non-current assets written off on sale as part of the gain/loss on disposal	-	-	-
			Reversal of other entries			
413	-	-	Pension costs transferred from the Pensions Reserve	1,937	-	-
(759)	-	-	Fair value gains and losses of pooled Investment Funds	(9)	-	-
783	-	-	Council tax and NNDR net deficit transferred to the Collection Fund Adjustment Account	(18)	-	-
(1)	-	-	Holiday Pay transferred from the Accumulated Absences Account	(1)	-	-
338	**-**	**401**	**Total adjustments to Revenue Resources**	**1,815**	**-**	**(117)**
			Adjustments between Revenue and Capital resources			
511	(511)	-	Transfer of non-current asset sale proceeds from revenue to capital receipts	128	(128)	-
-	-	-	Payments to the government housing receipts pool funded by a transfer from capital receipts	-	-	-
34	-	-	Capital expenditure financed from revenue balances transferred to the Capital Adjustment Account	116	-	-
545	**(511)**	**-**	**Total adjustments between Revenue and Capital Resources**	**244**	**(128)**	**-**
			Adjustments to Capital resources			
-	1,696	-	Use of capital receipts to finance capital expenditure	-	2,388	-
-	(13)	-	Transfer from Deferred Capital Receipts upon receipt of cash	-	(13)	-
1	(1)	-	Capital Grants and loans repaid	21	(21)	-
1	**1,682**	**-**	**Total adjustments to Capital Resources**	**21**	**2,354**	**-**
884	**1,171**	**401**	**Total adjustments between Accounting and Funding basis under the regulations**	**2,080**	**2,226**	**(117)**

6. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Section 151 Officer on 5th December 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 31st March 2024, the figures in the financial statements and notes have been adjusted to reflect the impact of this information, where material.

7. PRIOR PERIOD ADJUSTMENT 2022/23

Through the 2023/34 financial audit, Bishop Fleming and the Forest of Dean District Council identified a change in the way pension liabilities were accounted for. Therefore, this identified an adjustment in relation to the 2022/23 published accounts.

Under IAS19, IFRIC14 it requires an additional liability to be recognised where agreed past service contributions would give rise to a future surplus and not be available after they are paid. i.e. available as a refund or reduction in future contributions. The Council with support from the actuary has made a further disclosure to cover the onerous funding commitment/additional liability within the accounts. Details of the changes by line item per statement can be seen below: -

Effect on the Comprehensive Income and Expenditure Account 2022/23

Page 17 of the Published 2023/24 Accounts	2022/23 Published £000	2022/23 As Restated £000	Correction £000
Remeasurement of the net defined benefit liability /(asset) *(note 33)*	(21,952)	(8,761)	13,191
Other Comprehensive (Income) and Expenditure	(21,864)	(8,673)	13,191
Total Comprehensive (Income) and Expenditure	**(22,756)**	**(9,565)**	**13,191**

Effect on the Balance Sheet as at 31st March 2023

Page 18 of the Published 2023/24 Accounts	2022/23 Published £000	2022/23 As Restated £000	Correction £000
Other Long Term Assets	1,066	-	(1,066)
Other long term liabilities	(1,870)	(13,995)	(12,125)
Net Assets	**(804)**	**(13,995)**	**(13,191)**
Unusable Reserves	17,450	4,259	(13,191)
Total Reserves	**17,450**	**4,259**	**(13,191)**

Effect on the Movement in Reserves Statement 2022/23

Page 19 of the Published 2023/24 Accounts	2022/23 Published £000	2022/23 As Restated £000	Correction £000
	Unusable Reserves	Unusable Reserves	Unusable Reserves
Total Comprehensive Income and (Expenditure)	21,864	8,673	(13,191)
Increase / (decrease) in 2022/23	**24,320**	**11,129**	**(13,191)**

Effect on the Pension Reserve 2022/23

Page 74 of the Published 2023/24 Accounts	2022/23 Published £000	2022/23 As Restated £000	Correction £000
Re-measurement of the net defined benefit liability	21,952	8,761	(13,191)
Balance at 31st March	**(804)**	**(13,995)**	**(13,191)**

Effect on the transactions relating to post-employment benefits 2022/23

Page 76 of the Published 2023/24 Accounts	2022/23 Published £000	2022/23 As Restated £000	Correction £000
Asset ceiling adjustment	-	(13,191)	(13,191)
Total-post-employment benefit charged to CIES	**19,762**	**6,571**	**(13,191)**

Effect on the Pension Asset and Liabilities recognised in the Balance Sheet at 31st March 2023

Page 77 of the Published 2023/24 Accounts	2022/23 Published £000	2022/23 As Restated £000	Correction £000
Asset Ceiling Calculation:-			
Expected net asset once agreed past service contributions are paid	-	(20,438)	(20,438)
Economic benefit available as a reduction in future contributions	-	7,247	7,247
Net liability arising from defined benefit obligation	**-**	**(13,191)**	**(13,191)**
Split by funding:			
Net liability - Funded	1,066	(12,125)	(13,191)
Net liability arising from defined benefit obligation	**1,066**	**(12,125)**	**13,191**

8. TRADING OPERATIONS & AGENCY SERVICES

The Council has the following trading activity, the deficit of which is included in the Comprehensive Income and Expenditure Statement. An analysis of the trading activities is as follows:

	2023/24 £000	2022/23 £000
Car Parking Expenditure	207	204
Car Parking Income	(183)	(195)
Revaluations	1	-
Net Deficit	**25**	**9**

The Council own a number of car parks within the district where a charge for parking is made. Car park trading operations are included within the Development, Asset Management, FEP & Infrastructure shown on the face of Comprehensive Income and Expenditure Statement.

Agency Services

During 2023/24, the council acted as an agent to the government in the distribution of Cost of Living grants to local residents. The expenditure incurred was £0.570 million, which was fully reimbursed by government grant received in 2023/24.

9. OTHER OPERATING (INCOME) AND EXPENDITURE

	2023/24 £000	2022/23 £000
Parish Council precepts	2,995	2,745
Levies	52	48
(Gains)/Losses on Disposal of non-current assets	-	2
Right to Buy income	(128)	(493)
Net Other Operating Expenditure	**2,919**	**2,302**

Income from Right to Buy sales is due to the Council following the transfer of its housing stock to a housing association in 2003.

10. FINANCING AND INVESTMENT (INCOME) AND EXPENDITURE

	2023/24 £000	2022/23 £000
Interest payable and similar charges	-	1
Net interest on the net defined benefit liability (asset)	(78)	587
Interest receivable and similar income	(1,013)	(717)
Income and expenditure in relation to investment properties and changes in their fair value (surplus) / deficit	(40)	(411)
Fair value changes in financial assets (increase)/decrease	9	759
Net Taxation and Non Specific Grant Income	**(1,122)**	**219**

11. TAXATION AND NON SPECIFIC GRANT (INCOME) AND EXPENDITURE

	2023/24 £000	2022/23 £000
Council Tax	(9,314)	(8,774)
Non-Domestic Rates (income) and expenditure:		
- Billing authority share	(7,253)	(4,812)
- Collection Fund (surplus) / deficit	892	671
- Tariff payable to central government	3,748	2,659
- Levy payable to central government less Pool (surplus)/deficit	521	250
- NDR renewable energy contribution	(312)	(129)
	(2,404)	(1,361)
Non-ring-fenced government grants	(4,129)	(3,755)
Capital grants and contributions	(7,307)	(5,629)
Net Taxation and Non Specific Grant Income	**(23,154)**	**(19,519)**

12. OFFICERS' REMUNERATION

Remuneration disclosures for Senior Officers whose *salary* is less than £150,000 but equal to or more than £50,000 per year:

Post Title	Salary including Fees and Allowances £	Expense Allowances £	Compensation for loss of office £	Benefits-in-kind £	Total Remuneration excluding pension contributions £	Pension contributions £	Total Remuneration including pension contributions £	
	2023/24							
Interim Head of Paid Service (April to October)	111,117	-	-	-	111,117	-	111,117	e.
Chief Executive (November to March)	45,212	224	-	-	45,436	9,363	54,799	e.
Monitoring Officer	82,800	378	-	-	83,178	17,140	100,318	
Chief Finance Officer	98,343	642	-	-	98,985	20,311	119,296	d.
Interim Head of Legal Services	70,743	1,005	-	-	71,748	14,378	86,126	c.
	408,215	**2,249**	**-**	**-**	**410,464**	**61,192**	**471,656**	
	2022/23							
Head of Paid Service	88,160	545	-	-	88,705	17,234	105,939	
Monitoring Officer	62,563	705	-	-	63,268	12,700	75,968	
Chief Finance Officer	70,783	658	-	-	71,441	14,369	85,810	d.
Interim Head of Legal Services	55,315	1,103	-	-	56,418	11,229	67,647	c.
	276,821	**3,011**	**-**	**-**	**279,832**	**55,532**	**335,364**	

Notes:

a. For the purposes of this disclosure, senior employee means Head of Paid Service and chief officers whose annual salary is between £50,000 and £150,000.

b. The Council does not operate a Performance Pay System and does not pay bonuses to any member of staff.

c. The Interim Head of Legal Services is directly employed through FODDC and shared with Cotswold and West Oxfordshire District Councils.

d. In December 2020, the Chief Financial Officer was also appointed as the Returning Officer for the District. The 2023/24 figures include remuneration (£12,474) for this additional role. This has no impact on the primary statements including the Balance Sheet and Comprehensive Income and Expenditure Statement.

e. An Interim Head of Paid Service was employed until October 2023 when a new Chief Executive Officer was appointed by the Council.

The Council did not employ any other staff receiving more than £50,000 remuneration for the year (excluding employer's pension contributions).

There were no exit packages including compulsory and other redundancies during 2023/24.

13. MEMBERS' ALLOWANCES

In 2023/24 the Council paid £320,126 (2022/23 £314,853) in allowances and expenses to 38 members. The Expenditure reflects members' allowances approved by Council for 2023/24, the approved budget was for 38 members and there were no vacancies during the financial year. Full details of the Members' Allowances scheme for 2023/24 can be found on the Council's website.

14. TERMINATION BENEFITS

No contracts were terminated, or costs incurred in either 2023/24 or 2022/23.

15. RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions with related parties; bodies or individuals with 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 significant influence over the general operations of the Council; it is responsible for providing the statutory framework within which the Council operates, providing the majority 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 shown in note 17.

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 13. During 2023/24 works and services to the value of £140,304 were commissioned from organisations in which 16 members had an interest, grants totalling £260,810 were paid to voluntary organisations in which 12 members had an interest. In all instances, contracts were awarded in accordance with the Council's standing orders and grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of these transactions are recorded in the Register of Members' Interests, open to public inspection at the council offices during office hours.

Other public bodies (subject to common control by central government)

The Council collects precepts on behalf of Gloucestershire County Council, Gloucestershire Police and Crime Commissioner and the Town and Parish Councils within the district's area. Precepts for the County and Police and Crime Commissioner are shown in the notes to the Collection Fund.

5 members of the District Council have declared an interest in Gloucestershire County Council, 3 of whom are elected members. 11 members of the District Council are also members of Town or Parish Councils. 1 member is also the Deputy Police and Crime Commissioner. Parish Precepts are shown in the Comprehensive Income and Expenditure Statement.

Council employees are eligible to be members of the Local Government Pension Scheme, administered by Gloucestershire County Council. The total employer's contributions paid into the Pension fund by the Council were £2,630,000 in respect of 2023/24 (£2,603,000 in 2022/23). Further detail can be found in note 34 on page 76.

South West Audit Partnership (SWAP)

Forest of Dean District Council is a Member of SWAP which is a company limited by guarantee and is wholly owned and controlled, as an in-house company, by the members and is a local authority controlled company for the purposes of Part V of the Local Government and Housing Act 1989. The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the Company in the event of it being wound up while he is a member or within one year after he ceases to be a member.

Ubico Limited

Ubico Limited was set up on 1st April 2012, to deliver environmental services, and was jointly owned by Cheltenham Borough Council and Cotswold District Council. During 2015 and 2016, Forest of Dean District Council, Tewkesbury Borough Council, West Oxfordshire District Council, Stroud District Council and Gloucestershire County Council joined the company as shareholders. During 2021/22 (November 2021) Gloucester City Council became an eighth shareholder within Ubico and all waste services were transferred. This Council now holds an equal 1/8th shareholding in the Company.

The company provides services to the shareholder Councils on a not-for-profit basis and therefore qualifies for the Teckal exemption (named after the EU case that established the principle). As a Teckal company, Ubico Limited must ensure that the percentage of work undertaken outside of the shareholder contracts is less than 20% of its total activity.

While the Council has a 1/8th shareholding in Ubico Limited, no members of Forest of Dean District Council serve on the company's Board of Directors, the Council is not deemed to have significant influence over the company. The separate operating practices, management structure and majority-voting on the Ubico board do not constitute any means of joint-control over the company. The Council's interest is therefore classed as an investment in Ubico.

Publica Group (Support) Limited

Publica Group (Support) Limited is a not-for-profit company limited by guarantee with no share capital.

Forest of Dean District Council, along with West Oxfordshire District, Cotswold District and Cheltenham Borough Councils have jointly set up Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council and services to other members Councils under contract.

Publica Group (Support) Limited is a Teckal company fulfilling the conditions set out in Regulation 12(4) of the Public Contracts Regulations 2015. The Company is subject to management supervision by the Members. As such, the Company is a body governed by public law as defined in the Public Contracts Regulations 2015.

While Publica Group (Support) Limited works closely with the Council, the company has its own board of Directors, its own Management team, and operates independently from the Council.

During 2023/24 the Council purchased services from Publica Group (Support) Limited to the value of £7,431,753 (£6,534,115 in 22/23) and the company generated a surplus for the year of £253,115 (£105,108 for 2022/23). Whilst the Council is a partner, the Council's share of Publica's net assets of £153,629 have not been included or consolidated into Group accounts, as they are not deemed material to the accounts.

16. EXTERNAL AUDIT COSTS

The total audit fees payable to the Council's external auditor in 2023/24 were £182,491, (£81,955 in 2022/23), made up as follows:

	2023/24 £000	2022/23 £000
Fees payable for 2022/23 with regard to external audit services carried out by the appointed auditor as set by PSAA.	-	44
Fees payable for 2023/24 with regard to external audit services carried out by the appointed auditor as set by PSAA.	141	
Audit Fee Variations	-	9
VFM Audit	-	9
2021/22 Remote working fee not paid.	-	(5)
2022/23 Variation in Value for Money Fee charged.	(1)	-
2022/23 Certification of grant claims carried out.	5	-
Fees payable to for the certification of grant claims and returns.	7	25
Fees payable for the certification of grant claims and returns for 2023/24.	30	-
	182	**82**

17. GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

	2023/24 £000	2022/23 £000
Credited to Taxation and Non Specific Grant Income:		
Revenue Support Grant	179	28
New Homes Bonus	722	702
Business Rates Relief Grants	2,869	2,588
Transparency	8	8
Rural Services Delivery Grant	147	131
Lower Tier Grant	-	119
Services Grant	105	179
Funding Guarantee	78	-
Levy Account Surplus Grant	21	-
	4,129	3,755
Credited to Services:		
Housing Benefit Grant	14,398	14,051
Disabled Facilities Grant	810	543
NNDR Administration	121	118
Council Tax Administration Subsidy	-	89
DWP Additional Grant	49	43
Discretionary Housing Payments	72	65
Levelling Up Support Grant	86	125
Council Tax Rebate Grant	-	143
Council Tax Rebate New Burdens	11	144
Shared Prosperity Funding	207	127
Covid-19 Self-Isolation Administration Grant	-	11
Covid-19 New Burdens Grants	-	67
Alternate Fuel New Burden Grant	33	-
Other Government Grants	389	303
Capital Grants & Contributions	7,307	5,629
Contributions from County Council	314	396
Total	**27,926**	**25,609**

The council has received the following grants and contributions that have yet to be recognised as income, as they have conditions attached to them which have yet to be met. The balances at the year-end are as follows:

	2023/24 £000	2022/23 £000
Grants Receipts in Advance (Capital Grants)		
Disabled Facilities Grant	28	28
Total Grants Receipts in Advance (Capital Grants)	28	28

18. SEGMENTAL REPORTING

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the Council (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 services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2022/23			EXPENDITURE & FUNDING ANALYSIS	2023/24		
Net expenditure chargeable to General Fund balances £000	Adjustments between the funding and accounting basis £000	Net expenditure in the Comprehensive Income and Expenditure Statement £000		Net expenditure chargeable to General Fund balances £000	Adjustments between the funding and accounting basis £000	Net expenditure in the Comprehensive Income and Expenditure Statement £000
4,016	(192)	3,824	Finance, Business Support & Jobs	3,910	(342)	3,568
305	(159)	146	Planning Policy, Performance, Shared Working & Climate Emergency	578	(35)	543
282	(132)	150	Housing, Town & Parish Councils (including Town Centre Development)	651	57	708
427	(75)	352	Governance, Sport & Leisure, Tourism, Arts & Communities (inc Community Safety)	313	(182)	131
1,247	5,306	6,553	Development, Asset Management, FEP & Infrastructure	1,265	6,143	7,408
3,487	(153)	3,334	Environment, Wildlife, Heritage & Culture (inc waste & recycling & AONB designation)	3,962	(406)	3,556
1,948	(201)	1,747	Policy & Strategy, Cross Border Issues, Future Generations & Health & Wellbeing	2,455	(593)	1,862
11,712	**4,394**	**16,106**	**Net Cost of Services**	**13,134**	**4,642**	**17,776**
(11,720)	(5,278)	(16,998)	Other income and expenditure	(14,635)	(6,722)	(21,357)
(8)	**(884)**	**(892)**	**(Surplus) or Deficit**	**(1,501)**	**(2,080)**	**(3,581)**
(12,582)			Opening General Fund Balance including earmarked reserves at 1 April	(12,590)		
(8)			Add (Surplus) or deficit in year	(1,501)		
(12,590)			**Closing General Fund Balance including earmarked reserves at 31 March (i)**	**(14,091)**		

EXPENDITURE AND FUNDING ANALYSIS

Note to Expenditure & Funding analysis

2022/23					2023/24			
Adjustments for capital purposes (note 1 below) £000	Net changes for the Pension Adjustments (note 2) £000	Other Differences (note 3) £000	Total Adjustments £000	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for capital purposes (note 1 below) £000	Net changes for the Pension Adjustments (note 2) £000	Other Differences (note 3) £000	Total Adjustments £000
-	(192)	-	(192)	Finance, Business Support & Jobs	-	(342)	-	(342)
-	(159)	-	(159)	Planning Policy, Performance, Shared Working & Climate Emergency	-	(35)	-	(35)
(1)	(131)	-	(132)	Housing, Tow n & Parish Councils (including Tow n Centre Development)	187	(130)	-	57
-	(75)	-	(75)	Governance, Sport & Leisure, Tourism, Arts & Communities (inc Community Safety)	-	(182)	-	(182)
5,395	(89)	-	5,306	Development, Asset Management, FEP & Infrastructure	6,313	(170)	-	6,143
-	(152)	(1)	(153)	Environment, Wildlife, Heritage & Culture (inc w aste & recycling & AONB designation)	-	(405)	(1)	(406)
-	(202)	1	(201)	Policy & Strategy, Cross Border Issues, Future Generations & Health & Wellbeing	-	(595)	2	(593)
5,394	**(1,000)**	**-**	**4,394**	**Net Cost of Services**	**6,500**	**(1,859)**	**1**	**4,642**
(5,842)	587	(23)	(5,278)	Other Income and Expenditure from the Funding Analysis	(6,671)	(78)	27	(6,722)
(448)	**(413)**	**(23)**	**(884)**	**Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit**	**(171)**	**(1,937)**	**28**	**(2,080)**

Notes

(1) **Adjustments for capital purposes**

This column adds in revaluation gains/losses on Property, Plant and Equipment and Revenue Expenditure funded from capital under statute (REFCUS) in the service lines and for:

- Other operating expenditure – adds gains/losses on disposals of Property, Plant and Equipment
- Financing and investment income and expenditure – the statutory charges for capital financing (Minimum Revenue Provision) and revenue financing of capital expenditure are deducted as these are not chargeable under generally accepted practices, and changes in the fair value of Investment properties are added.
- Taxation and non-specific grant income and expenditure – this line is credited with capital grants receivable in the year which have no conditions or for which conditions were satisfied in the year.

Depreciation and amortisation charges are included in the service lines in the Net Expenditure chargeable to the General Fund balances column of the Expenditure and Funding analysis (as they are included in reports to management), but then reversed out in Other Income and Expenditure so they have no impact on council tax. The reversal is removed in the Other Income and expenditure line in the Adjustments for capital purposes column above to ensure such charges are included in the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.

(2) Net change for the Pensions Adjustments

- for services - the removal of employer pension contributions and their replacement with current and past service costs
- for Financing and investment income and expenditure – the addition of net interest on the pensions defined benefit liability.

(3) Other Differences

- For Financing and Investment Income and Expenditure – adjustments to the general fund for changes in the fair value of pooled investment funds.
- For Taxation and non-specific grant income and expenditure – timing differences between the income for council tax and non-domestic rates (NDR) credited under statutory regulations and that recognised under generally accepted accounting practice.
- For services – the addition of the accumulated absences accrual representing annual and other leave due to staff at 31st March 2024

SEGMENTAL INCOME

The net expenditure chargeable to the general fund balance in the Expenditure and Funding Analysis includes the following items on a segmental basis:

	2023/24		2022/23	
	Depreciation, amortisation and impairment £000	Revenues from external customers £000	Depreciation, amortisation and impairment £000	Revenues from external customers £000
Finance, Business Support & Jobs	58	(259)	68	(360)
Planning Policy, Performance, Shared Working & Climate Emergency	-	(837)	-	(988)
Housing, Town & Parish Councils (including Town Centre Development)	-	(1,164)	-	(1,205)
Governance, Sport & Leisure, Tourism, Arts & Communities (inc. Community Safety)	58	(574)	60	(471)
Development, Asset Management, FEP & Infrastructure	200	(708)	200	(634)
Environment, Wildlife, Heritage & Culture (inc. waste & recycling & AONB designation)	-	(2,481)	-	(2,510)
Policy & Strategy, Cross Border Issues, Future Generations & Health & Wellbeing	-	(834)	-	(698)
Total included in cost of services	**316**	**(6,857)**	**328**	**(6,866)**
Financing & Investment income & Expenditure		(720)		(478)
Taxation and other Non-Specific Grant Income		(312)		(129)
Total included in Fees, Charges & other service income, Note 19		**(7,889)**		**(7,473)**

19. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

	2023/24 £000	2022/23 £000
Expenditure		
Employee benefit expenses	1,042	1,717
Publica Contract	7,554	7,062
Other service expenses	32,307	30,171
Depreciation, amortisation, impairment	316	328
Revaluation losses on Property, Plant & Equipment (note 5)	21	1
Investment Properties Changes in Fair Value (loss)	648	171
Changes in Fair Value of Investments (loss)	105	759
Interest payments	-	587
Precepts and levies	8,209	6,372
Loss on disposal of non-current assets (see note 9)	-	16
Total Expenditure	**50,202**	**47,184**
Income		
Fees, charges and other service income	(7,307)	(6,945)
Publica Contract	(582)	(528)
Right to Buy Income (see note 9)	(128)	(493)
Gain on disposal of non-current assets (see note 9)	-	(14)
Investment Properties Changes in Fair Value (gain)	(85)	(186)
Changes in Fair Value of Investments (gain)	(96)	-
Interest and investment income	(1,091)	(715)
Income from council tax and non-domestic rates	(16,567)	(13,586)
Government grants and contributions	(27,926)	(25,609)
Total Income	**(53,782)**	**(48,076)**
(Surplus) or Deficit on the Provision of Services	**(3,580)**	**(892)**

20. PROPERTY, PLANT AND EQUIPMENT

2022/23								2023/24						
Other Land and buildings £000	Vehicles, Plant and equipment £000	Infra-structure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000		Other Land and buildings £000	Vehicles, Plant and equipment £000	Infra-structure assets £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
							Cost or valuation							
7,022	1,062	388	170	1,650	614	10,906	At 1st April	7,079	904	412	170	1,755	1,091	11,411
27	52	24	-	-	637	740	Additions	-	196	165	-	-	595	956
(129)	-	-	-	105	-	(24)	Revaluation increases / (decreases) recognised in the Revaluation Reserve	942	-	-	-	31	-	973
(1)	-	-	-	-	-	(1)	Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	(23)	-	-	-	-	-	(23)
-	(210)	-	-	-	-	(210)	Derecognition - disposals	-	(15)	-	-	-	-	(15)
160	-	-	-	-	(160)	-	Other Reclassifications	-	-	-	-	-	-	-
-	-	-	-	-	-	-	Other rounding adjustment	-	-	-	-	(1)	-	(1)
7,079	**904**	**412**	**170**	**1,755**	**1,091**	**11,411**	**At 31st March**	**7,998**	**1,085**	**577**	**170**	**1,785**	**1,686**	**13,301**
							Accumulated Depreciation and Impairment							
(147)	(584)	(191)	-	-	-	(922)	At 1st April	(214)	(519)	(207)	-	-	-	(940)
(183)	(126)	(16)	-	-	-	(325)	Depreciation charge	(183)	(115)	(15)	-	-	-	(313)
116	-	-	-	-	-	116	Depreciation written out to the Revaluation Reserve	287	-	-	-	-	-	287
-	-	-	-	-	-	-	Depreciation written out to the surplus / deficit on the provision of services	2	-	-	-	-	-	2
-	191	-	-	-	-	191	Derecognition - disposals	-	15	-	-	-	-	15
(214)	**(519)**	**(207)**	**-**	**-**	**-**	**(940)**	**At 31st March**	**(108)**	**(619)**	**(222)**	**-**	**-**	**-**	**(949)**
6,865	**385**	**205**	**170**	**1,755**	**1,091**	**10,471**	**Net Book Value at 31st March**	**7,890**	**466**	**355**	**170**	**1,785**	**1,686**	**12,352**

Depreciation

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

- Buildings – 10 – 50 years, depending in the estimated useful life of the asset.
- Vehicles, Plant, Furniture and Equipment – between 1 and 10 years, depending on the estimated useful life of the asset
- Infrastructure – 10 - 40 years.

Revaluation of Non-Current Assets

The Council formally re-values its land and buildings on a rolling programme to ensure they are revalued at least every five years. Valuations at 31st March 2024 were carried out by Publica Group (Support) Limited valuer Richard Webb MRICS. The basis of the valuations is shown in the Statement of Accounting Policies.

Valued at	Land and Buildings £000	Vehicles Plant and Equipment £000	Infra-structure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property Assets £000
Historic Cost	-	1,068	577	170	-	1,686	3,501
Current Cost in:							
2019/20	-	17	-	-	-	-	17
2020/21	-	-	-	-	-	-	-
2021/22	1,292	-	-	-	-	-	1,292
2022/23	474	-	-	-	-	-	474
2023/24	6,232	-	-	-	1,785	-	8,017
Total	**7,998**	**1,085**	**577**	**170**	**1,785**	**1,686**	**13,301**

Non-current assets owned by the Council include the following:

	Number of assets held at 31 March	
	2024	**2023**
Other Land and Buildings:		
Off Street Car Parks	18	18
Lorry Parks	1	1
Office Buildings	1	1
Public Conveniences	11	11
Cemetery Buildings	2	2
Swimming Pools	1	1
Vehicles, Plant and Equipment	26	24
Surplus Assets	16	15

Componentisation

Under the Code the Council is required to account separately for expenditure on major building components incurred from 1st April 2010, so that they can be depreciated over their respective useful lives. No components were identified in 2023/24.

Fair Value Measurement of surplus Assets

The fair values of surplus assets valued at 31st March 2024 have been based on a market approach using current market conditions, recent sale prices and other relevant information for similar assets in the local area. The level of observable inputs is therefore significant, leading to the properties being categorised as Level 2 in the fair value hierarchy.

21. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2023/24 £000	2022/23 £000
Opening Capital Financing Requirement	**-**	**-**
Capital Investment:		
Property Plant and Equipment	956	740
Investment Properties	2,239	1,627
Revenue Expenditure Funded from Capital under Statute	7,310	5,936
Capital Receipts	(2,388)	(1,696)
Government grants and other contributions	(8,001)	(6,573)
Sums set aside from revenue:		
Direct revenue contributions	(116)	(34)
Minimum Revenue Provision	-	-
Closing Capital Financing Requirement	**-**	**-**
Explanation of movements in year:		
Increase in underlying need to borrow (unsupported by government financial assistance)	-	-
Assets acquired under finance leases	-	-
Increase/(decrease) in Capital Financing Requirement	**-**	**-**

Commitments under capital contracts at 31st March 2024, the council was committed to completing the schemes within its capital programme for 2024/25. A total of £1,879,995 had not been spent but was contractually committed at 31st March 2024 (£6,392,186 at 31st March 2023). This increase is due to the ongoing Levelling Up projects and the commitments made for these projects in order to deliver the projects by March 2025.

22. INVESTMENT PROPERTY

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2023/24 £000	2022/23 £000
Rental income from investment property	720	477
Direct operating expenses arising from investment property	(117)	(80)
Net gain/(loss)	**603**	**397**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on its right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct, enhance or develop investment property, however some lease agreements require the Council to repair and maintain properties.

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

	2023/24 £000	2022/23 £000
Balance at start of year	**8,989**	**7,348**
Additions:		
Purchases	2,239	1,626
Net gains/(losses) from fair value adjustments	(563)	15
Balance at year-end	**10,665**	**8,989**

Fair Value measurement of Investment Properties

The fair values of Investment properties have been based on a market approach using current market conditions, recent sale prices and other relevant information for similar assets in the local area. Where existing rents have been capitalised, the yield has been obtained by using market knowledge and evidence. The level of observable inputs is therefore significant, leading to the properties being categorised at Level 2 in the fair value hierarchy. In estimating the fair values of the Investment properties, the highest and best use of the properties is their current use.

23. ASSETS HELD UNDER LEASES

Council as Lessee

Finance Leases

The Council does not currently have any finance leases as a Lessee.

Operating Leases

The Council has acquired a number of assets by entering into operating leases. In addition, the Council has entered into long-term agreements with a number of local schools to operate leisure facilities in premises owned by the schools, outside of the school opening hours. These agreements have been reviewed and it has been determined these are effectively operating leases although no rental payments are made; instead the Council contributes to the running costs of the premises. For accounting purposes, it has been decided to disclose a notional payment of £1 per year per leisure centre.

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

	2023/24 £000	2022/23 £000
Property, Plant & Equipment		
Not later than 1 year	13	6
Later than 1 year and not later than 5 years	35	24
Later than 5 years	51	57
	99	**87**

The expenditure charged to all service lines in the Comprehensive Income and Expenditure Statement during the year in relation to the Property, Plant & Equipment leases was £23,210 (£19,556 2022/23).

Council as Lessor

Finance Leases

The Council has leased a number of vehicles to Ubico Limited.

The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the vehicles acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts.

	2023/24 £000	2022/23 £000
Finance lease debtor (net present value of minimum lease payments):		
Current – payments due within 1 year	13	13
Non-current – payments due after 1 year	22	35
Unearned finance income	2	3
Gross investment in the lease	**37**	**51**

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Not later than 1 year	14	14	13	13
Later than 1 year and not later than 5 years	23	34	22	32
Later than 5 years	-	3	-	3
	37	**51**	**35**	**48**

The Council has not set-aside an allowance for uncollectable debts in relation to its finance leases. Any outstanding debts would be accounted for within the Sundry Debtors bad debt.

Operating Leases

The Council owns a number of properties it leases to other organisations under operating leases. Most of the assets are held as Investment Properties. The future minimum lease payments receivable under non-cancellable leases in future years are:

	2023/24 £000	2022/23 £000
Not later than 1 year	593	514
Later than 1 year and not later than 5 years	1,468	1,259
Later than 5 years	911	895
	2,972	**2,668**

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.

24. INTANGIBLE ASSETS

	2023/24 £000	2022/23 £000
Balance at start of year:		
Gross carrying amounts	70	70
Accumulated amortisation	(58)	(56)
Net carrying amount at start of year	12	14
Amortisation for the period	(4)	(3)
Net carrying amount at end of year	**8**	**11**
Comprising:		
Gross carrying amounts	70	70
Accumulated amortisation	(62)	(59)
	8	**11**

25. FINANCIAL INSTRUMENTS

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

	Long Term		Current	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Investments				
Financial assets at amortised cost (note 1 below)	-	-	3,022	4,501
Fair value through P&L – Pooled Funds (note 2)	5,336	5,345	56	52
Quoted Equity Investment (note 3)	1,906	1,880	14	14
Total Investments	**7,242**	**7,225**	**3,092**	**4,567**
Cash & cash equivalents				
Financial assets at amortised cost	-	-	(1,476)	3,766
Fair value through P&L (note 4)	-	-	7,986	7,526
Total cash & cash equivalents	**-**	**-**	**6,510**	**11,292**
Debtors				
Financial assets at amortised cost	279	555	583	1,125
Total included in debtors (note 5)	**279**	**555**	**583**	**1,125**
Total Financial Assets	**7,521**	**7,780**	**10,185**	**16,984**
Financial Liabilities at amortised cost				
Creditors (note 6)	-	-	(2,777)	(4,592)
Total Financial Liabilities	**-**	**-**	**(2,777)**	**(4,592)**

(1) These comprise deposits with banks and other local authorities and bank certificates of deposit.

(2) These comprise units in the CCLA pooled property fund purchased during 2017/18 and units in the Schroders Income Maximising Fund and CCLA Diversified Income Fund, the carrying (fair) value of which has been assessed using Level 1 inputs in the fair value hierarchy (quoted prices for identical units) at 31st March 2024.

(3) This comprises shares in Fundamentum Social Housing REIT (Real Estate Investment Trust) purchased during 2019/20

(4) These comprise money market funds that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(5) Further details of current debtors are given in note 27, page 68. The figures shown above exclude payments in advance and non-exchange transactions, such as taxes and grants due, which are not classified as financial instruments.

(6) Further details of current creditors are given in note 29, page 69. The figures shown above exclude receipts in advance, which are not classified as financial instruments.

Income, Expense, gains and losses

	2023/24				2022/23			
	Financial Liabilities measured at amortised cost	Financial Assets Loans and receivables	Financial Assets Available-for-sale	Total	Financial Liabilities measured at amortised cost	Financial Assets Loans and receivables	Financial Assets Available-for-sale	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Interest expense	-	-	-	-	1	-	-	1
Total expense in Surplus or Deficit on the Provision of Services	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**1**
Interest Income	-	(756)	(257)	(1,013)	-	(486)	(231)	(717)
Total Income in Surplus or Deficit on the Provision of Services	**-**	**(756)**	**(257)**	**(1,013)**	**-**	**(486)**	**(231)**	**(717)**
(Net gain)/loss for the year	**-**	**(756)**	**(257)**	**(1,013)**	**1**	**(486)**	**(231)**	**(716)**

Fair Values of Assets and Liabilities

Financial liabilities and financial assets (represented by loans and receivables) are carried on the balance sheet at amortised cost. Their fair values can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. As the majority of the assets and liabilities are instruments that will mature in the coming twelve months, the carrying amounts are deemed to approximate to fair value. The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial assets (represented by Available-for-Sale assets) are carried on the balance sheet at fair value. Where an instrument will mature in the next twelve months the fair value is assumed to be equal to its cost, equal to its fair value on the purchase date. The valuation basis therefore uses Level 1 inputs in the fair value hierarchy (i.e., quoted prices in an active market).

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key Risks

The Council’s activities expose it to a variety of financial risks. The key risks are:

- credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- liquidity risk – the possibility that the Council might not have funds available to meet its commitment to make payments.
- re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous rates or terms.
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates.

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

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with banks and financial institutions unless they meet identified minimum credit criteria in accordance with Fitch, Moody's and Standard and Poor's ratings services. 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 above. The full Investment Strategy for 2023/24 was approved by Council on 16th February 2023 and is available on the Council's website.

The Council used the creditworthiness services of Arlingclose Limited during 2023/24. The maximum investment that could be made with an approved UK counterparty was £4 million, and with an approved non-UK counterparty £2 million. 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 counter-parties.

The Council's maximum exposure to credit risk in relation to its investments of £18.376m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of default applies to all of the Council's investments but there was no evidence at 31st March 2024 that this was likely to crystallise.

The following analysis summarises the Council's potential maximum exposure to credit risk (using investments outstanding and arranged at 31st March 2024), based on experience of default assessed by the ratings agencies and the Council's experience of its customer collection levels over the last five financial years and adjusted to reflect current market conditions.

	Amount at 31 March 2024 £000 (a)	Historical experience of default % (b)	Adjustment for market conditions at 31 March 2024 % (c)	Estimated maximum exposure to Default £000 (a*c)
Deposits with banks and financial institutions				
AA rated counterparties (UKGov)	1,001	-	-	-
A rated counterparties	8,042	4.20	0.86	69
Local Authorities (UKLA)	2,021	-	-	-
Credit risk not applicable*	7,312	-	-	-
	18,376			**69**

*credit risk is not applicable to pooled funds where the Council has no contractual right to receive any particular sum of money

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 86% (2023: 112%) to adjust for current and forecast economic conditions.

The Council also uses non-credit rated institutions, such as smaller building societies or bank subsidiaries where the parent has a satisfactory rating. In these circumstances, these investments are classified as Other Counterparties.

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.

The Council does not generally allow credit for its trade debtors as payment is due immediately. This means that all of the £333,799 trade debtor balance is technically past its due date for payment. The past due amount can be analysed by age as follows:

	2023/24 £000	2022/23 £000
Less than 3 months	247	273
3 to 6 months	23	27
6 months to 1 Year	29	44
Over 1 year	35	17
	334	**361**

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If needed, the Council has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise the finance to meet its commitments under financial instruments. The Council has no long-term borrowings, and all trade and other payables are due to be paid in less than one year.

Interest rate risk

The Council has limited exposure to interest rate movements on its 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 will have the following impacts:

- for investments held at variable rates higher interest income will be credited to the Comprehensive Income and Expenditure Statement
- Investments held at fixed rates will experience a fall in their fair values.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations and includes an expectation of interest rate movements. From this strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The Treasury team monitors market and forecast interest rates within the year to adjust exposures appropriately.

If all interest rates had been 1% higher during 2023/24, with all other variables held constant, the financial effect would be:

	£
Increase in interest receivable on variable rate investments	152,418
Impact on Surplus or Deficit on the Provision of Services	**152,418**

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk

The Council, excluding the pension fund, does not generally invest in instruments with this type of risk.

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.

26. INVENTORIES

	2023/24 £000	2022/23 £000
Waste wheeled bins	68	50
Other Inventories	8	13
Total Inventories	**76**	**63**

27. DEBTORS

LONG TERM DEBTORS	31 March 2023	During 2023/24		31 March 2024
		Additions	Repayments/ Write Offs	
	£000	£000	£000	£000
Refuse/Recycling Vehicles	507	-	(263)	244
Finance Lease - principal outstanding	48	-	(13)	35
	555	**-**	**(276)**	**279**

SHORT TERM DEBTORS	2023/24 £000	2022/23 £000
Debtors falling due within one year:		
Central Government bodies	1,804	1,294
Other Local Authorities	1,755	686
NHS bodies	44	173
Other entities and individuals	3,765	3,783
Prepayments	433	784
Total Debtors and Prepayments	**7,801**	**6,720**
Less Provision for Bad and Doubtful Debts:		
Other entities and individuals	(1,113)	(1,144)
Collection Fund	(291)	(330)
Total Provision for Bad and Doubtful Debts	**(1,404)**	**(1,474)**
Net Debtors and Prepayments	**6,397**	**5,246**

28. CASH AND CASH EQUIVALENTS

	2023/24 £000	2022/23 £000
Short term Deposits	56	4,006
Money Market Funds	7,986	7,526
Bank Current Accounts	(1,532)	(240)
Total cash and cash equivalents	**6,510**	**11,292**

29. SHORT TERM CREDITORS

	2023/24 £000	2022/23 £000
Creditors falling due within one year:		
Central Government bodies	536	2,122
Local Authorities	2,001	965
Other entities and individuals	3,481	4,623
Untaken Leave Accruals	8	7
Total Short Term Creditors	**6,026**	**7,717**

30. PROVISIONS

	Balance at 1st April £000	Additional provisions made in Year £000	Amounts used in Year £000	Balance at 31st March £000
Short term				
General Insurance	1	-	-	1
Business Rates Retention – Appeals	173	131	64	240
Total 2023/24	**174**	**131**	**64**	**241**
Total 2022/23	**183**	**40**	**49**	**174**

General Insurance

The Insurance Provision was established to fund the cost of insurance policy excesses arising from claims against the Council by third parties. The provision represents the value of an assessment of the Council's liability in respect of the current insurance claims outstanding with the Council's insurers. Transfers between the Insurance Provision and the Insurance Reserve are made in order to provide adequate funding for the outstanding claims liability notified by the insurance company.

The insurance reserve is used to fund losses for which the Council does not carry insurance cover, fluctuations in insurance premiums and corporate risk management strategy implementation.

Business Rates Retention

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

From this date local authorities assume a share of the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This includes amounts paid over to central government in respect of 2012/13 and prior years. Consequently, the Council considers it necessary to make a provision to cover its share of the repayments likely to be made. This provision has been set up to meet losses arising from the successful appeal of businesses against the rateable value of their properties.

For appeals up to 31st March 2017 (2010 list) and 31st March 2023 (2017 list), the provision is based on an expected success rate of appeals submitted at 31st March 2017 and an estimated reduction in rateable value.

Appeals from 1st April 2017 onwards (2017 list), are subject to a new process known as Check, Challenge, Appeal. As yet there is limited information upon which to base an estimate of the provision necessary under the new process, so the estimated provision has been based on 2% of the Rating list (2017) as at 31st March 2023. This figure has then been averaged out with the figure produced by applying the 2010 list process to the actual appeals under the Check, Challenge, and Appeal process.

For appeals from 1st April 2024 onwards (2023 list), there is as yet limited information upon which to base an estimate of the provision necessary

31. CONTINGENT LIABILITIES

Two Rivers Housing

The Council transferred its housing stock to Two Rivers Housing on 31st March 2003. As part of the transfer arrangements the Council provided a warranty to Two Rivers Housing and its funders covering future liabilities or claims that may occur in respect of land transferred to them. The warranty covers potential liabilities such as contamination caused by previous land use which could give rise to a potential risk to the occupants of houses built on the land.

The Council decided to self-insure the liability instead of paying for insurance cover following an environmental study that concluded that the risk of contamination of the land is very low. These arrangements will be kept under review in 2024/25.

Municipal Mutual Insurance Limited

The Council's former insurers Municipal Mutual Insurance Limited ceased trading in 1992; the Council became a party to the scheme of administration for liabilities outstanding at that time. Whilst there is a very low risk that the assets of the company will not meet the liabilities from insurance claims, the scheme guarantees that the Council will reimburse the total of payments made in respect of claims less £50,000.

At 31st March 2024 this potential total liability equated to £28,176 made up as follows:

	£	2023/24 £
Gross claim payments to date		190,073
15% levy paid 2013/14	(16,420)	
10% levy paid 2015/16	(10,947)	(27,367)
Net Payments		**162,706**
Levy retention		50,000
Amount subject to Levy at 25%		**112,706**
Potential liability 31st March 2023		**28,176**

This position is kept under review annually to ensure that a solvent run-off of the company's business is still anticipated. There remains the possibility that the company may require a greater % levy in future but the likelihood and timing of any additional liabilities is unknown at this stage.

32. TRANSFERS TO / FROM EARMARKED RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement on page 19. Movements in the *earmarked* reserves shown on the statement are detailed below:

	* Balance at 31 March 2022 £000	*Transfers out 2022/23 £000	*Transfers in 2022/23 £000	*Balance at 31 March 2023 £000	Transfers out 2023/24 £000	Transfers in 2023/24 £000	Balance at 31 March 2024 £000
Earmarked Reserves							
Capital Reserves	**606**	-	80	**686**	-	130	**816**
Equalisation Reserves	**2,581**	(870)	770	**2,481**	(210)	1,050	**3,321**
Repairs & Renewals Reserves	**1,156**	(87)	579	**1,648**	(267)	260	**1,641**
Reserves for Commitments	**17**	(17)	39	**39**	(39)	-	**-**
Other Earmarked Reserves	**3,875**	(329)	492	**4,038**	(721)	1,300	**4,617**
Covid 19 Timing Reserves	**959**	(579)	-	**380**	(364)	-	**16**
Third Party Reserves	**2,420**	(385)	313	**2,348**	(331)	648	**2,665**
Total	**11,614**	**(2,267)**	**2,273**	**11,620**	**(1,932)**	**3,388**	**13,076**

* Restated due to reclassification of two reserves

Purpose of reserves

Capital Reserves – to finance the general fund capital programme and new initiatives**.**

Equalisation Reserves – to smooth out fluctuations in expenditure or income as a result of cyclical events, for example local elections. Also, to cushion the impact of fluctuating activity levels (for example housing benefit payments) or movements in investment recovery, interest or exchange rates.

Repairs and Renewals Reserves – to meet the cost of planned and reactive repairs to buildings and infrastructure and to fund the renewals programme for computer equipment**.**

Reserves for Commitments **–** to cover the cost of budget commitments where spending did not take place in the year approved, but is planned to take place in the following year.

Other Earmarked Reserves – sums built up to cover the future costs of planned expenditure, for example organisational restructures and council initiatives**.**

Covid-19 Timing Reserves – created to manage government funding relating to ongoing Covid-19 costs.

Third Party Reserves – This is monies held by the Council on behalf of other parties in order to deliver priorities of the Council.

33. UNUSABLE RESERVES

The Council keeps a number of reserves on the Balance Sheet which do not represent usable resources for the Council as they are required to be held for statutory reasons, or to comply with proper accounting.

Reserve	31st March 2024 £000	Restated* 31st March 2023 £000	Purpose of Reserve
Revaluation Reserve	5,211	4,034	Store of gains on revaluation of non-current assets not yet realised through sales.
Financial Instruments Revaluation Reserve	(270)	(296)	Store of gains and losses arising from changes in the fair value of Available-for-Sale financial assets not yet realised through sales.
Pooled Investment Funds Adjustment Account	(488)	(479)	Store of gains and losses arising from changes in the fair value of pooled investment funds since 1st April 2018
Capital Adjustment Account	17,814	15,437	Store of capital resources set aside to meet past expenditure.
Collection Fund Adjustment Account	(502)	(483)	Balancing account to allow for differences in statutory requirements and proper accounting practices for council tax surpluses/deficits.
Pensions Reserve	(19,804)	(13,995)	Balancing account to allow inclusion of Pension Liability in the Balance Sheet. The net liability arising from defined benefit obligation is £3,104k, as shown in note 34.
Deferred Capital Receipts Reserve	35	48	Holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place.
Accumulated Absences Account	(8)	(7)	Balancing account to allow for differences in statutory requirements and proper accounting practices for staff leave and additional hours not taken at the year end.
Total Unusable Reserves	**(1,988)**	**(4,259)**	

* Refer to Note 7 for detail of Prior Period Adjustment

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost.
- used in the provision of services and the gains are consumed through depreciation.
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date were consolidated into the Capital Adjustment Account.

	2023/24 £000	2022/23 £000
Balance at 1st April	**4,035**	**4,025**
Upward revaluation of assets	1,438	255
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(178)	(163)
Difference between fair value depreciation and historical cost depreciation written off to Capital Adjustment Account	(83)	(83)
Other – Rounding Adjustment	(1)	-
Balance at 31st March	**5,211**	**4,034**

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains gains arising from increases in the value of investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are revalued downwards or impaired and the gains are lost, or when the investments are disposed of and the gains realised.

	2023/24 £000	2022/23 £000
Balance at 1st April	**(296)**	**(116)**
Upward revaluation of investments	26	(180)
Balance at 31st March	**(270)**	**(296)**

Pooled Investment Funds Adjustment Account

This reserve contains gains and losses on pooled funds arising from changes in their fair value from 1st April 2018. Such changes are initially charged to the surplus or deficit in the provision of services but reversed out to this reserve by a statutory override in the Movement in Reserves Statement.

	2023/24 £000	2022/23 £000
Balance at 1st April	**(479)**	**279**
Downwards revaluation of investments	(9)	(759)
Other – Rounding Adjustment	-	1
Balance at 31st March	**(488)**	**(479)**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The account is credited with amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The account contains accumulated gains and losses on Investment Properties. The account also contains revaluation gains accumulated on Property Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 5 provides details of the source of all the transactions posted to the account apart from those involving the Revaluation Reserve.

	2023/24 £000	2022/23 £000
Balance at 1st April	**15,437**	**13,321**
Reversal of items relating to capital expenditure debited or credited to CIES:		
Charges for depreciation and impairment of non-current Assets	(313)	(325)
Revaluation losses on Property Plant & Equipment	(21)	(1)
Amortisation of Intangible Assets	(4)	(3)
Revenue expenditure funded from capital under statute	(7,310)	(5,936)
Amounts of Non-current Assets written off on disposal or sale as part of the gain/loss on disposal to CIES	-	(20)
Adjusting amounts written out of the Revaluation Reserve	83	83
Net written out amount of the cost of Non-current Assets consumed in year	**(7,565)**	**(6,202)**
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	2,388	1,696
Capital grants and contributions credited to CIES that have been applied to capital financing	7,312	5,276
Application of grants to capital financing from the Capital Grants Unapplied Account	689	1,297
Capital expenditure charges against the General Fund	116	34
Movements in the market value of Investment Properties debited or credited to CIES	(563)	15
Other - Rounding Adjustment	-	(1)
Financing and movement in the market value of Investment properties in year	**9,942**	**8,318**
Balance at 31st March	**17,814**	**15,437**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Account (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.

	2023/24 £000	2022/23 £000
Balance at 1st April	**(483)**	**(1,266)**
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory reuirements	(19)	783
Balance at 31st March	**(502)**	**(483)**

Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the 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 the resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds, or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. Further information is shown within note 34 on page 76.

	2023/24 £000	Restated * 2022/23 £000
Balance at 1st April	(13,995)	(23,169)
Re-measurement of the net defined benefit liability	(7,746)	8,761
Reversal of items relating to retirement benefits charged or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(693)	(2,190)
Employers' pension contributions and payments to pensioners payable in the year	2,630	2,603
Balance at 31st March	**(19,804)**	**(13,995)**

* Refer to Note 7 for detail of Prior Period Adjustment

Deferred Capital Receipts Reserve

This comprises capital receipts receivable in future years, for example from finance leases and mortgage repayments, which are not usable until they are received.

	2023/24 £000	2022/23 £000
Balance at 1st April	**48**	**61**
Transfer to the Capital Receipts Reserve upon receipt of cash	(13)	(13)
Balance at 31st March	**35**	**48**

Accumulated Absences Account

This account absorbs the differences that would otherwise arise on the General Fund balance from accruing for leave earned but not taken. Statutory arrangements require that the impact on the general Fund Balance is neutralised by transfers to or from the account.

	2023/24 £000	2022/23 £000
Balance at 1st April	**(7)**	**(6)**
Settlement or cancellation of accrual made at the end of the preceding year	7	6
Amounts accrued at the end of the current year	(8)	(7)
Balance at 31st March	**(8)**	**(7)**

34. DEFINED BENEFIT PENSION SCHEMES

Participation in the pension scheme

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

Forest of Dean District Council is a member of the Gloucestershire County Council Pension Fund, for which Gloucestershire County Council is the administering authority. It is contracted out of the State Second Pension. The scheme is a defined benefit statutory scheme that is administered in accordance with the Local Government Pension Scheme Regulations 1997 (as amended). This means that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.

The principal risks to the authority of the pension 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 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 1.3 on page 22.

Publica Group (Support) Limited

During 2017/18 the Council transferred the majority of its staff under TUPE legislation to Publica Group (Support) Limited, a wholly owned local authority company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council. The pension fund disclosure notes on the following pages include the staff transferred to Publica. All staff are pooled as the Council continues to underwrite the pension liabilities on the whole scheme.

2023/24 to 2025/26 Up-Front Payment of Pension Scheme Deficit Contributions

In 2023/24 the Council made an up-front payment of the LGPS deficit contributions for the three years 2023/24 to 2025/26 totalling £4.895 million. The up-front payment took advantage of the independent actuary's calculation of the return these contributions could achieve once invested by the Pension Fund.

Actual payments made in 2023/24 were £2.630 million, which included the 2023/24 element of the £4.895 million up-front payment.

The discount calculated by the actuary for making the up-front payment rather than the normal method of monthly payments in arrears over the three-year period was £0.301 million, reducing total payments from £5.196 million to £4.895 million. The equivalent discounted annual Lump sums certified across the 3 years, are calculated to be, as follows:

- £1.791 million relating to 2023/24
- £1.628 million relating to 2024/25
- £1.476 million relating to 2025/26

The return was judged to be far greater than could have been achieved by investing the amounts as part of the Council's treasury management strategy, so the decision represented good value for money for the Council.

The £3.104m relating to 2024/25 and 2025/26 has been charged to the General Fund via the Movement in Reserves Statement, with the amount being credited to the Pension Reserve.

Transactions relating to post-employment benefits

The Council recognises the costs of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund in the Movement in Reserves Statement (MIRS). The following transactions have been made in the Comprehensive Income and Expenditure Statement (CIES) and the General Fund Balance via the MIRS during the year:

	2023/24 £000	Restated * 2022/23 £000
Comprehensive Income and Expenditure Statement (CIES):		
Services Cost comprising:		
Current service cost	(771)	(1,603)
Financing and Investment Income and Expenditure:		
Net interest expense	78	(587)
Total post-employment benefit charged to Surplus or Deficit on Provision of Services	(693)	(2,190)
Other post-employment benefit charged to CIES:		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	4,925	(3,537)
	456	1,614
Changes in financial assumptions	3,152	30,866
Asset ceiling adjustment	(13,911)	(13,191)
Other experience	(2,368)	(6,991)
Total remeasurements recognised in Other Comprehensive Income	(7,746)	8,761
Total post-employment benefit charged to CIES	**(8,439)**	**6,571**
Movement in Reserves Statement:		
Reversal of net charges made to Surplus or Deficit on Provision of Services for post-employment benefits in accordance with the Code	11,095	2,190
Actual amount charged against General Fund Balance for pensions in the year		
Employers' contributions payable to scheme	2,630	2,603

* Refer to Note 7 for detail of Prior Period Adjustment

Pension Assets and Liabilities recognised in the Balance Sheet

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

	2023/24 £000	Restated * 2022/23 £000
Present value of the defined benefit obligation:-	(74,966)	(75,228)
Fair value of plan assets	85,368	74,424
Asset Ceiling Calculation:-		
Expected net asset once agreed past service contributions are paid	(28,302)	(20,438)
Economic benefit available as a reduction in future contributions	1,200	7,247
Net liability arising from defined benefit obligation	**(16,700)**	**(13,995)**

* Refer to Note 7 for detail of Prior Period Adjustment

Split by funding:

	2023/24 £000	Restated * 2022/23 £000
Net liability - Funded	(14,846)	(12,125)
Net liability - Unfunded	(1,854)	(1,870)
Net liability arising from defined benefit obligation	**(16,700)**	**(13,995)**

* Refer to Note 7 for detail of Prior Period Adjustment

In 2023/24 the change in bank interest rates led to a significant increase in the net discount rate applied to pension fund obligations. A consequence of this is that when combined with the up-front payment of £3.104 million made by the authority, the actuarial calculations produce a surplus (negative net liability) of £10.402 million.

Accounting standards IAS19 and IFRIC 14 require that subject to certain conditions, 'the surplus should be recognised as an asset on the employer's Balance Sheet' but only to the extent that an employer can gain an economic benefit from it.

IFRIC 14 stipulates that a 'Minimum Funding Requirement' may limit the ability of the entity to reduce future contributions. In effect it requires employers to establish if they are subject to a minimum funding requirement and if so carry out a calculation to determine the 'cap' on the amount that can be recognised.

To calculate the 'Cap' an actuarial calculation has been carried out of 'the net present value of future service costs less net present value of future contributions, in perpetuity', based on the IAS19 Results Schedule as at 31 March 2024 for Forest of Dean District Council.

This calculation has shown that there is technically a cap of £1,200k and therefore the onerous funding commitment/additional liability calculation has been made and processed through the calculations. This has therefore meant that an additional liability has been created for the onerous funding commitments that the Council has. This has therefore been restated for 2022/23 as well as shown in Note 7.

Reconciliation of present value of the scheme liabilities (defined benefit obligations)

	Funded Liabilities Local Government Pension Scheme		
	2023/24 £000	2022/23 £000	
Balance at 1st April	(75,228)	(100,292)	
Current service cost	(771)	(1,603)	
Interest cost	(3,514)	(2,688)	
Contributions by scheme participants	(225)	(232)	
Re-measurement gain/(loss):			
Arising from changes in financial assumptions	3,152	30,866	a.
Arising from changes in demographic assumptions	456	1,614	
Other experience	(2,368)	(6,057)	b.
Past service costs	-	-	
Benefits paid	3,379	3,026	
Unfunded benefits paid	153	138	
Balance 31st March	**(74,966)**	**(75,228)**	
Present value of Funded liabilities	(73,112)	(73,358)	
Present value of Unfunded liabilities	(1,854)	(1,870)	
Balance 31st March	**(74,966)**	**(75,228)**	

a. Discount rate (net of CPI Inflation) increased significantly between 21/22 and 22/23 leading to a large balance sheet gain.
b. 2022/23 Includes (5,489) resulting from applying Pensions Increase order for April 23 of 10.1% which is significantly higher than the assumptions built into obligations at the start of the period.

Reconciliation of movements in the fair value of the scheme (Plan) assets:

	Funded Assets Local Government Pension Scheme	
	2023/24 £000	2022/23 £000
Balance at 1st April	**74,424**	**78,907**
Interest income	3,592	2,101
Re-measurement gain/(loss):		
Return on plan assets (excluding the amount included in the net interest expense)	4,925	(3,537)
Other experience		(934)
Cashflows		
Contribution by employees into the scheme	225	232
Contribution by employer	5,581	681
Contributions by employer in respect of unfunded benefits	153	138
Unfunded benefits paid	(153)	(138)
Benefits paid	(3,379)	(3,026)
Balance 31st March	**85,368**	**74,424**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels, etc.

The Gloucestershire County Council pension fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full triennial valuation of the scheme as at 31st March 2022. The significant assumptions made in their calculations have been:

	Local Government Pension Scheme	
	2023/24	2022/23
Mortality assumptions:		
Longevity at 65 for current pensioners		
Men	21.6 years	21.7 years
Women	24.1 years	24.3 years
Longevity at 65 for future pensioners*		
Men	22.5 years	22.7 years
Women	25.7 years	25.9 years
Rate of inflation/pension increase (CPI)	2.80%	3.00%
Rate of increase in salaries	3.30%	3.50%
Rate for discounting scheme liabilities	4.80%	4.75%

* Future pensioner numbers assume members aged 45 as at the time of last formal valuation date.

Local Government Pension scheme assets at 31st March comprised:

	Fair Value of Scheme Assets 2023/24			Fair Value of Scheme Assets 2022/23		
Asset Category	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000
Equity Securities:						
Consumer	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-
Energy & Utilities	-	-	-	-	-	-
Financial institutions	-	-	-	-	-	-
Health & Care	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-
Other	-	-	-	-	-	-
Debt Securities:						
Corporate Bonds - investment grade	-	-	-	-	-	-
Corporate Bonds - non investment grade	-	-	-	-	-	-
UK Government	-	-	-	-	-	-
Other	-	-	-	-	-	-
Private equity:						
All	-	2,042.4	2,042.4	-	1,416.3	1,416.3
Real Estate:						
UK Property	3,084.9	2,173.6	5,258.5	2,609.6	2,362.4	4,972.0
Overseas property	-	1,669.5	1,669.5	-	1,300.4	1,300.4
Investment Funds and Unit Trusts:						
Equities	-	51,496.7	51,496.7	-	47,623.9	47,623.9
Bonds	6,252.4	9,182.0	15,434.4	4,758.4	8,024.0	12,782.4
Infrastructure	-	3,568.6	3,568.6	-	2,657.3	2,657.3
Other	-	3,709.6	3,709.6	-	2,959.5	2,959.5
Derivatives:						
Foreign Exchange	83.5	-	83.5	-	-	-
Other	-	-	-	-	-	-
Cash & Cash equivalents:						
All	2,104.8	-	2,104.8	712.2	-	712.2
Totals	**11,525.6**	**73,842.4**	**85,368.0**	**8,080.2**	**66,343.8**	**74,424.0**

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

	2023/24 %	2022/23 %
Equity Investments	67	70
Bonds	18	17
Property	12	12
Cash	3	1
Total	**100**	**100**

Commutation

An allowance is included for members of the pension fund retiring in the future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits.

Guaranteed Minimum Pension (GMP) Equalisation

The full impact of GMP indexation arising from the initial ruling in October 2018 has been allowed for in the accounting disclosures.

The further ruling, in November 2020, relating to historical transfers is unlikely to have a significant impact on the pension obligations of a typical employer, and the historic individual member data needed to assess the impact is not readily available. As a result, no allowance has been made for this within these accounts.

McCloud/Sargeant treatment

An allowance has been made for the McCloud judgement.

Goodwin treatment

Work undertaken to assess the potential impact of this ruling indicates that any such impact would be very small for a typical fund. As such no allowance has been made.

Other court cases

Section 37 confirmations (Virgin Media vs NTL Pension Trustees II Ltd ruling) – no allowances have been made within the accounting balance sheet for this initial legal judgement from July 2023 as the ruling only applies to the above-named private pension scheme and the judgement is currently being appealed.

Walker and O'Brien court cases - no allowances have been made as our understanding is that these are unlikely to be significant judgements in terms of the impact on the pensions obligations of a typical employer.

Sensitivity analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the tables above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the 31st March 2024, and assumes for each change that the assumption analysed changes whilst all other assumptions remain constant. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous financial year.

Change in assumptions at year ended 31st March 2024	Approximate % increase to Employer	Approximate cost to Employer £000
1 year increase in member life expectancy	4%	2,999
0.1% decrease in Real Discount Rate	1%	1,114
0.1% increase in the Salary Increase Rate	0%	124
0.1% increase in the Pension Increase Rate	1%	1,009

The above figures have been derived based on the membership profile of the scheme as at the most recent actuarial valuation, being 31st March 2022.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible. Funding levels are monitored on an annual basis, with the most recent triennial valuation having taken place on 31st

March 2022. The Council is anticipated to pay primary employers contributions of approximately £685k for the period 1st April 2024 to 31st March 2025.

35. CASH FLOW STATEMENT – NON-CASH ITEMS INCLUDED IN SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES

The cash flows from operating activities include the following items:

	2023/24 £000	2022/23 £000
Interest received	(1,013)	(717)
Interest paid	-	1

The surplus on the provision of services has been adjusted for the following non-cash movements:

	2023/24 £000	2022/23 £000
Depreciation	(313)	(325)
Impairment and downward valuations	(21)	(1)
Amortisation	(4)	(3)
Movement in bad debt provision	31	(77)
Increase (-) / decrease in creditors	2,409	4,227
Increase / decrease (-) in debtors	(1,937)	3,829
Increase / decrease (-) in inventories	13	10
Movement in pension liability	5,041	(1,371)
Carrying amount of non-current assets sold or derecognised	-	(19)
Other non cash items charged to the net surplus or deficit on the provision of services	(638)	(736)
	4,581	**5,534**

The surplus on the provision of services has been adjusted for the following financing activities:

	2023/24 £000	2022/23 £000
Proceeds from the sale of PPE, investment property and intangible assets	**128**	**511**

36. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2023/24 £000	2022/23 £000
Purchase of property, plant and equipment, investment property and intangible assets	3,338	2,411
Purchase of Investments	52,100	151,890
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(141)	(524)
Proceeds from the sale of short and long term investments	(53,600)	(158,390)
Net cash (inflows) / outflows from investing activites	**1,697**	**(4,613)**

37. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2023/24 £000	2022/23 £000
Other (receipts) / payments for financing activities	1,956	(3,113)
Net cash flows from financing activites	**1,956**	**(3,113)**

THE COLLECTION FUND - INCOME AND EXPENDITURE ACCOUNT

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund. It shows the transactions in relation to Business Rates and Council Tax and how these have been distributed to the Government, major preceptors and the General Fund.

2022/23 £000		Note	2023/24 £000
	INCOME		
62,236	**Council Tax**	1	66,462
10,608	**Non-Domestic Rates**	3	13,751
(17)	**Transitional protection payments - non domestic rates**		2,985
3,415	**Contribution towards previous year's deficit - non-domestic rates**		2,150
76,242	**Total Income**		**85,348**
	EXPENDITURE		
60,862	**Precepts & Demands from major preceptors and the Authority - Council Tax**	2	64,846
	Non-Domestic Rates	3	
6,015	Shares paid to county council and the billing authority		9,066
6,015	Payment of central share to government		9,066
118	Charge payable to General Fund for Costs of Collection		121
130	Other transfers to General Fund per the NDR regulations		315
	Impairment of debts/appeals for Council Tax		
148	Increase in provision		224
	Impairment of debts/appeals for non-domestic rates		
(10)	Increase in provision		398
600	**Contribution towards previous year's surplus - Council Tax**		1,298
73,878	**Total Expenditure**		**85,334**
2,364	**Surplus / (Deficit) for the Year**		**14**
(2,347)	Balance of fund at 1st April		**17**
17	**Balance of fund at 31st March**	4	**31**

NOTES TO THE COLLECTION FUND

1. COUNCIL TAX

Council Tax is levied as an amount per property. Each property is allocated to a tax band depending on its assessed value, with Z being the lowest value and H being the highest. For the purposes of creating a tax base, each band is defined as a proportion of a band D property. For example, a band B property is defined as 7/9ths of a band D property.

The tax base is calculated in terms of band D equivalent properties and reflects a projected collection rate (98.5%) which anticipates changes during the year arising from successful appeals against valuation banding, new properties, demolition, disabled persons relief and exemptions.

The tax rate, expressed as an amount per band D property, is calculated by aggregating demands on the Collection Fund from Forest of Dean District Council, Gloucestershire County Council, Gloucestershire Police and Crime Commissioner and the various Parish Councils throughout the district and dividing it by the tax base.

The tax base for 2023/24 was as follows:

Band	Number of chargeable dwellings	Proportion to Band D	Band D equivalent	Tax base
Z	11.09	5/9	6.16	6.09
A	4,237.76	6/9	2825.17	2,789.86
B	7,953.03	7/9	6185.69	6,108.37
C	7,596.38	8/9	6752.34	6,667.94
D	5,341.94	1	5341.94	5,275.17
E	4,175.73	11/9	5103.67	5,039.87
F	2,000.79	13/9	2890.03	2,853.90
G	963.64	15/9	1606.07	1,585.99
H	70.70	2	141.39	139.63
Armed Forces Class O contribution in lieu of council tax			169.44	169.44
Council Tax base at 31st March 2024			31,021.90	30,636.26
Council tax collectable (excl Parish Precepts)				£61,845,121
Parish Precepts collectable				£2,994,397
Total tax collectable				£64,839,518
Band D tax for 2023/24 (excl Parish Precepts)				£2,018.69

2. PRECEPTS AND DEMANDS

Significant precepts on the fund for 2023/24 were as follows:

	Precept £000	Surplus £000	Total £000
Gloucestershire County Council	46,683	936	47,619
Gloucestershire Police & Crime Commissioner	9,040	179	9,219
Forest of Dean District Council and Parishes	9,117	183	9,300
Special Precepts	6	-	6
	64,846	**1,298**	**66,144**

3. BUSINESS RATES

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area based on local rateable values multiplied by a uniform rate set by the government. Certain reliefs are available, and the figure shown is net of these reliefs. Up until 2012/13 the total amount collectible for the year, less deductions for the cost of collection and bad and doubtful debts, was paid to a central pool (NNDR pool) managed by central government, which in turn paid back to authorities' general funds their share of the pool based on a standard amount per head.

From 1st April 2013 the Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities' general funds to retain a proportion of the business rates generated in their area, subject to their general funds paying a 'tariff' payment to the government if the amount exceeds a 'baseline funding' level or receiving of a 'top-up' if it is below the funding level.

District Councils such as Forest of Dean receive 40%, County Councils 10% and central government 50% of business rates collectible, with write offs, provision for impairment of debts and any surplus or deficit generated being shared in the same proportions. If growth exceeds a certain threshold, then the Council's general fund must pay a 'levy' to central government on the extra growth, or if the rates collectible fall below a certain amount the Council receives a 'safety net' payment from the government.

The Council is a member of the Gloucestershire Business Rates Pool, in which any levy payment or safety receipt is 'pooled' across several authorities. This enables each pool member to benefit from a lower levy rate payable should the growth in its business rates exceed its levy threshold, whilst receiving from the pool a safety net payment should its rates fall below its safety net threshold, contributed by the pool member.

In 2023/24 the authority benefited from a Pool distribution of £357,446 (£297,856 in 2022/23).

The total non-domestic rateable value at 31st March 2024 was £51.47 million (£40.26 million at 31st March 2023) and the national non-domestic multipliers for 2023/24 were 51.2p (51.2p in 2022/23) (standard rate) and 49.9p (49.9p in 2022/23) (small business rate), resulting in gross income of £13.75 million in 2023/24 (£10.60 million in 2022/23).

4. FUND BALANCE

The fund balance for council tax is shared between the Council and its major precepting authorities (Gloucestershire County Council and the Gloucestershire Police & Crime Commissioner), in proportion to their precepts. The fund balance for non-domestic rates is shared between the Council, Gloucestershire County Council and central government, in the statutory proportions.

The respective authorities' share of the balance is as follows:

Council Tax

	FODDC share £000	County Council share £000	Police share £000	Central Government share £000	Total £000
Balance at 1st April	279	1,426	276	-	1,981
Increase (reduction) in the Year	13	69	12	-	94
Balance at 31st March	**292**	**1,495**	**288**	**-**	**2,075**

Business rates

	FODDC share £000	County Council share £000	Police share £000	Central Government share £000	Total £000
Balance at 1st April	(786)	(196)	-	(982)	(1,964)
Increase (reduction) in the Year	(32)	(8)	-	(40)	(80)
Balance at 31st March	**(818)**	**(204)**	**-**	**(1,022)**	**(2,044)**

Balance at 31st March	**(526)**	**1,291**	**288**	**(1,022)**	**31**

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING CODE OF PRACTICE
Although the preparation and control of accounting is regulated, there is no statutory basis for accounting entries. Instead, Local Authorities have to comply with the CIPFA/LASAAC Code of Practice on Local authority accounting in the United Kingdom (The Code).

ACCOUNTING PERIOD
This is the length of time covered by the accounts. It is normally a period of 12 months commencing on 1 April. The end of the accounting period is the balance sheet date.

ACCOUNTING POLICIES
The principles, bases, conventions, rules and practices applied by an organisation that specify how the effects of transactions and other events are to be reflected in its financial statements.

ACCOUNTS
A generic term for statements setting out details of income and expenditure or assets and liabilities or both, in a structured manner. Accounts may be categorised either by the type of transactions they record, e.g., revenue account, capital account or by the purpose they serve, e.g., management accounts, final accounts, balance sheets.

ACCRUAL
Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

ACTUAL
Actual, as opposed to budget, expenditure and income directly attributable to an accounting period.

ACTUARIAL BASIS
The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.

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

BALANCES
Working balances are reserves needed to finance expenditure in advance of income from debtors, precepts and grants. Any excess may be applied, at the discretion of the Council, to reduce future demands on the Collection Fund or to meet unexpected costs during the year. Balances on holding accounts and provisions are available to meet expenditure in future years without having adverse effect on revenue expenditure.

BILLING AUTHORITY
The authority that sets council tax and collects it from council taxpayers.

BUDGET
A financial plan that expresses an organisation’s service delivery plans and capital programmes in monetary terms.

BUDGET STRATEGY
A document setting out how an organisation is going to meet its policies and priorities, taking into account the resources available to the organisation. This will include proposals for efficiency savings and possible service changes or reductions, which may free up resources for use on other policies or priorities.

CAPITAL EXPENDITURE
This is expenditure on items providing benefits to the organisation over more than one year, such as land, buildings or vehicles.

CAPITAL FINANCING
This describes the various sources of finance used to pay for capital expenditure. There are various options available and used by the Council: capital receipts, capital grants, capital contributions and revenue financing.

CAPITAL GRANTS
Grants received towards capital expenditure on a specific service or project.

CAPITAL PROGRAMME
This is a financial plan of the capital expenditure projects that the organisation intends to carry out over a specified time period.

CAPITAL RECEIPT
This is income resulting from the sale of assets such as land or property. The Government decides what proportion of each capital receipt can be used by the Council to finance new capital expenditure. Capital receipts cannot be used to fund revenue expenditure.

CASH AND CASH EQUIVALENTS
Cash in hand plus deposits in banks or building societies, repayable on demand or within 24 hours, and deposits maturing within 3 months of the date taken out.

CIPFA
The Chartered Institute of Public Finance and Accountancy. This is the professional body for accountants working in local government and other public bodies. The Institute provides financial and statistical information services for local government and advises central Government and other bodies on local government and public finance matters.

COLLECTION FUND
This is a statutory fund kept separate from the main accounts of the Council. It records all income due from Council Tax and National Non-Domestic Rates and shows how that income was shared between central government, the County Council and the Police and Crime Commissioner.

CONSISTENCY
One of the fundamental accounting concepts, it requires accountants to treat similar items of income and expenditure in the same way both within an accounting period and from one accounting period to the next.

CONTINGENT ASSET
An asset which exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events, for example a claim for compensation that a Council is pursuing through the due legal process, where the outcome will only be decided by the decision of the courts.

CONTINGENT LIABILITY
A liability which exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events, for example, the default by a borrower on a loan from a third party for which the Council has given a guarantee.

COUNCIL TAX
A local tax levied on dwellings within the local authority area. The level of taxation is based on the capital value of the property, which is categorised into one of eight bands from A to H, and the number of people living in the dwelling.

CREDITOR
Amounts owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment was not made at the balance sheet date.

CURRENT ASSETS
Assets which can be expected to be consumed or realised during the next accounting period.

CURRENT LIABILITIES
Amounts which will become due or could be called upon during the next accounting period.

DEBTOR
An amount due to an organisation within the accounting period not received at the balance sheet date.

DEPRECIATION
A charge made to the revenue account each year that reflects the reduction in value of assets used to deliver services. This is the loss in value of an asset, owing to age, wear and tear, deterioration, or obsolescence.

EMPLOYEE COSTS
These include salaries, wages and employers' national insurance and pension contributions, together with training expenses and charges relating to the index-linking of pensions of former employees.
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ESTIMATE
Original estimate: the estimate for the new year approved before the start of the financial year, usually at the previous November's price levels.

Revised estimate: the original estimate for the year updated by price changes since it was prepared and by supplementary estimates and virements.

FINAL ACCOUNTS
Accounts prepared for an accounting period, usually in a summarised form. They include a statement showing the net surplus (profit) or deficit (loss) on the provision of services and a balance sheet. They are produced as a record of stewardship for interested parties. Local authorities are required by the Accounts and Audit Regulations 2015 to publish a Statement of Accounts at the end of each financial year.

FINANCE LEASE
A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee (the person or organisation leasing the asset).

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

IMPAIRMENT
Impairment of an asset is caused by a consumption of economic benefits (e.g., physical damage such as an office fire) or a deterioration in the quality of service provided by the asset (e.g., an industrial unit closing and becoming a storage facility), or by a general fall in prices of that particular asset or class of assets.

INTEREST
An amount received or paid for the use of a sum of money when it is invested or borrowed.

INTERNATIONAL FINANCIAL REPORTING STANDARDS
Provide the required accounting treatment and disclosure of transactions so that an organisation's financial statements present fairly the financial position of the organisation.

INVENTORIES
Items of raw materials and stores that the Council has bought to use on a continuing basis but has not yet used.

MATERIALITY
One of the main accounting concepts, it ensures that the statement of accounts includes all the transactions that, if omitted, would lead to a significant distortion of the financial position at the end of the accounting period.

NATIONAL NON-DOMESTIC RATES
An NNDR rate (multiplier) is set annually by central government and is applied to the rateable value of a business to calculate the non-domestic rates collected by Billing Authorities. The rates collected are shared between central government, district and county councils in statutory proportions.

NON-CURRENT ASSET
Assets which can be expected to be of use or benefit to the Council for more than one accounting period.

OPERATING LEASE
A lease under which the ownership of the asset remains with the lessor (the person or organisation leasing the asset) and is equivalent to contract hiring.

PRECEPT
The levy made by a precepting authority (County Council, Police Authority, Parish Council) on the billing authority, requiring it to collect income from Council Taxpayers on their behalf.

PROVISION
A sum of money set aside in the accounts for liabilities or losses that are due but where the amount due or the timing of the payment is not know with certainty.

REVENUE EXPENDITURE
Expenditure on the day to day running costs of the Council such as wages and salaries, utility costs, repairs and maintenance.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)
Expenditure which can by law be financed from capital resources (e.g., capital receipts) but which does not result in a non-current asset for the authority e.g., renovation grants.

REVENUE SUPPORT GRANT
A general grant paid by central Government to local authorities to provide the services that it is responsible for delivering.

TEMPORARY BORROWING
A sum of money borrowed for a period of less than one year.

VALUE FOR MONEY
An expression describing the benefit obtained (not just in financial terms) for a given input of money. The phrase is widely used within public bodies, but there are many difficulties in its use because value is a subjective measure and there are rarely supporting objective measures. The Council’s external auditor is required to consider value for money with the three objectives of economy of input, efficiency of operation and effectiveness of output in service provision.

ANNUAL GOVERNANCE STATEMENT 2023 – 2024 (DRAFT)

1. SCOPE OF RESPONSIBILITY

Forest of Dean District Council is responsible for ensuring that:

- Its business is conducted in accordance with the law and proper standards;
- Public money is safeguarded and properly accounted for;
- Public money is used economically, efficiently and effectively; and
- There is a sound system of governance, incorporating the system of internal control.

The Council has a Best Value duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging these responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and including arrangements for the management of risk.

The Council has developed and approved a code of corporate governance, which is consistent with the core principles and sub-principles as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives and Senior Managers (SOLACE) "Delivering Good Governance in Local Government: Framework (2016)" ('the Framework').

This statement explains how the Council has complied with the code and meets the requirements of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 (England) which requires the Council to conduct a review at least once a year on the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

In addition to this, CIPFA issued its "Statement on the Role of the Chief Finance Officer in Local Government (2015)*"*. The Annual Governance Statement (AGS) reflects compliance with this statement for reporting purposes.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled, including activities through which it accounts to, engages with, and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

- Identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;
- Evaluate the likelihood of those risks occurring;
- Assess the impact should those risks occur; and
- Manage the risks efficiently, effectively and economically.

The governance framework has been in place at Forest of Dean District Council for the year ended 31st March 2024 and up to the date of approval of the Annual Statement of Accounts.

The Annual Governance Statement illustrates how the Council's governance arrangements have continued to be adapted during 2023/2024.

3. THE GOVERNANCE ENVIRONMENT

The key elements of the Council's governance arrangements are outlined in the Local Code of Corporate Governance. The governance framework includes arrangements for:

- Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users; through the publication of its updated Council Plan in December 2023.
- Reviewing the Council's vision and its implications for the Council's governance arrangements;
- Measuring the quality of services for users, ensuing that they are delivered in accordance with the Council's objectives and ensuring that they represent the best use of resources;
- Defining and documenting the roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- Reviewing and updating Financial Rules, Contract Rules, Constitution, Scheme of Delegation and supporting procedure notes / manuals, which clearly define how decisions are taken, and the processes and controls required to manage risks;
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;
- Ensuring the Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015);
- Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities;
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- Whistleblowing and for receiving and investigating complaints;
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by the appropriate training;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and
- Incorporating good governance arrangements in respect of partnerships, including shared services and other joint working and reflecting these in the Council's overall governance arrangements.

The main areas of the Council's governance framework, and the key evidence of delivery, are set out below, under the headings of the core principles and sub-principles from the CIPFA/SOLACE 'Delivering Good Governance in Local Government: Framework (2016)'.

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

- Behaving with Integrity
- Demonstrating strong commitment to ethical values
- Respecting the rule of the law

- The roles and responsibilities of Members, and all office holders are set out in the Council's Constitution, which was approved by Full Council in December 2022 and reviewed and updated under delegation in October 2023, along with the way in which the various elements of the Council interact and complement each other. The Constitution is supported and underpinned by a separate Code of Conduct for Members and a joint Member / Officer Protocol, which sets out guidelines as to behaviour and practical issues. This is further supported by Publica's[1] Business Conduct policy which set out guidelines for staff on behavioural issues and was updated in October 2023.
- Declarations of Interest are made at meetings by Members and Officers, where appropriate, and are recorded in the minutes of the meeting. The Members' Code of Conduct requires Members to make declarations of interest, when necessary, these are also recorded.
- Registers of interest are completed annually by Members and published on the Council's website. A register of gifts and hospitality received by Members is maintained by the Monitoring Officer and is available for public inspection at the Council offices.
- An employee declaration is completed annually by all staff. A register of gifts and hospitality is maintained by the Corporate Responsibility team and reviewed by the Governance Group every quarter.
- There is a member development plan and member development group who meet quarterly to review and plan member training on a variety of subjects. This is supported by the Monitoring Officer who is responsible for member development.
- Training is compulsory for regulatory committees, that is, Development Management Committee and Licensing.
- There are safeguards in the constitution for handling planning and licensing applications from members and officers.
- The Monitoring Officer and Section 151 Officer report directly to the Chief Executive and are members of the Executive Leadership Team.
- Internal audit reviews are designed to ensure services are complying with internal and external policies and procedures / statutory legislation. Where non-compliance is identified, this is reported to Management and to Members via the Council's Audit Committee.
- The Whistleblowing Policy was last updated in January 2022 and was ratified by the Audit Committee in March 2022. A counter-fraud unit working across Gloucestershire and West Oxfordshire helps prevent and detect fraud and corrupt practices, including misuse of power. The service reports to the Audit Committee and the Publica Board's Audit and Risk Assurance Committee twice a year.
- Minutes of Council, Cabinet and Committee meetings are taken, with decisions and key actions recorded appropriately and published on the Council's website. The Council continues to publish a Cabinet Forward Plan, highlighting key decisions, in line with legislation.
- The Council has continued providing regular updates to Members and across the organisation, making use of video conferencing to increase accessibility, as well as using mass emails.

[1] Publica Group (Support) Limited is a local authority owned company, jointly owned by Cheltenham Borough Council and Cotswold, Forest of Dean and West Oxfordshire District Councils. Over 95% of staff formerly employed by Forest of Dean District Council are now employed by Publica which delivers services on behalf of the Council.

- The Communications team ensures that communications through all our various channels supports the council's services through providing advice, information and messaging to both external and internal audiences.

B. Ensuring openness and comprehensive stakeholder engagement

- Openness
- Engaging comprehensively with institutional stakeholders
- Engaging with individual citizens and service users effectively

- Annual accounts are published in a timely manner to help communicate the Council's financial position and performance.
- A new Council Plan 2024-2028, approved by Full Council on the 14 December 2023, is available to the public on the Council's website.
- All Committee, Cabinet and Council reports clearly outline their purpose, so any resident reading the report can understand what is trying to be achieved. Reports also address financial, legal, equalities, and risk implications, along with those for the climate change, biodiversity and ecological emergencies, to aid understanding of the potential impact of their recommendations.
- A visual impact assessment tool has been developed to support good decision making, clearly mapping out social, economic and environmental impacts and using a red, amber, green traffic light status. This will be embedded in our report template during 2024-25.
- The roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions are defined in the Council's Constitution.
- A Scheme of Delegation of powers to officers is included within the Constitution.
- Communication channels with staff include one-to-one and team meetings, a quarterly briefing from the Chief Executive, a weekly update email from Publica Directors (Keeping you Connected) and an online portal (intranet). In addition, monthly staff webinars are held covering a wide range of topics and allow for Q&A session.
- An Executive Leadership Team, comprising the Chief Executive, the S151 Officer, Monitoring Officer and Publica's Locality Lead Assistant Directors, meets monthly to discuss and action a variety of management issues including projects, Cabinet forward plan, budget, strategic risk, health and safety, and corporate governance.
- A customer feedback form is available publicly for handling comments, complaints and compliments and the Council's website includes different ways for customers to give feedback or access services. A customer satisfaction survey is carried out throughout the year on the telephone, email and web services provided, with the Council receiving very high satisfaction scores for telephone contact.
- Ensuring clear channels of communication with all sections of the community and other stakeholders and ward members providing a local point of contact for the district's residents.
- The ability for members of the public to ask questions at Cabinet meetings, Overview and Scrutiny Committee meetings and meetings of the Full Council.
- Emergency powers contained within the Council's Constitution provide the necessary facilities to allow decisions to be made by the Chief Executive and/or the Section 151 Officer in consultation with the Council Leader, with a report being made to the next available meeting.
- Quarterly reports to Cabinet outlining financial and service performance, along with progress in achieving the Council's priorities and objectives. The performance report is scrutinised by the Overview and Scrutiny committee and published on the Council's website.

- The Council publishes transparency data on its website which includes supplier payments, senior management structure charts and the Annual Pay Policy Statement. Where data is not available in the published data sets, instructions are available on how to make a Freedom of Information request and the procedure that will be followed to answer the request.
- The Council is accountable to the Information Commissioner's Office.
- Council, Cabinet and committee meetings are webcast live and the recordings are available to view on the Council's website.

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

- Defining outcomes
- Sustainable economic, social and environmental benefits

- The Council's priorities, expressed in its Council Plan 2024 - 2028, set out what the Council hopes to achieve on its own or in partnership with others. These priorities are supported by the Code of Corporate Governance as good governance should underpin all the work of the Council.
- An annual business planning process is also conducted by Publica, which is informed by the corporate priorities, legislation and government guidance.
- All three Council priorities and the way we work are underpinned by the following principles:
    - Social value: to improve the well-being of our residents
    - Public engagement: to ensure all voices are heard and form part of the decision-making process
    - Value for money: to ensure our resources are used as responsibly and efficiently as possible.
    - Financial Sustainability: to support climate and nature emergency initiatives without compromising the Council's fiscal health
- Detailed proposals arising from the Council's priorities are individually assessed and are included within decision making reports.
- The financial implications of delivering against the Council's priorities are included within the Council's Medium Term Financial Strategy, revenue budgets and capital programme. These key financial documents are updated annually in advance of the forthcoming financial year.
- The Council recognises that the Covid-19 pandemic and subsequent high inflation, cost of living crisis and energy price rises have had a significant impact and will continue to have a long-term effect on the level of resources available to the Council. As part of its Medium Term Financial Strategy (MTFS) the Council will continue to assess its medium term financial position and update its assumptions about the resources available to, and the investment needs of, the Council considering these challenges.
- An Ethical Investment Policy was approved by the Council in December 2023, which aims to give environmental, social and governance considerations an equal footing as security, liquidity and yield. It details exclusions for future investment, along with areas the Council will look to invest in, such as renewable energy, social and low carbon housing.

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

- Determining interventions
- Planning interventions
- Optimising achievement of intended outcomes

- The Council, with three other councils, created a company, Publica Group (Support) Ltd, to deliver more efficient and improved services. Processes had been aligned to ensure consistency across the partner councils, without diminishing local choice. Publica has delivered the savings set out in the original business case and continues to support the Council's MTFS with future savings delivery.
- During 2023-24 the Shareholder Councils jointly commissioned a robust review of future options to make sure the solutions needed for the council to achieve financial stability can be achieved, given the shortfall identified in the MTFS shortfall over the years ahead. The review examined the priorities for service delivery, options for reduction or transformation and how the Publica model fits into this. It concluded that most services should be insourced back to the Council, with a smaller Publica responsible for shared services such as ICT, transactional finance, procurement, transactional HR and payroll, revenues and benefits. This project is currently being progressed with the first round of insourcing planned for this autumn.
- The Council continues to pursue and secure savings through improved use of its assets and investments.
- The Council has processes in place to identify and respond to external changes, for example: changes to legislation and regulation, emerging risks and opportunities. Corporate processes such as risk management, performance management processes, budget monitoring and other management processes are designed to capture and incorporate these external factors and to enable the Council to respond appropriately.
- The Council's strategic risk register is reviewed quarterly, as a minimum, by the Executive Leadership Team and reported to the Audit Committee.
- Projects and services retain their own risk registers and elevate any high/red risks to the Executive Leadership Team and Publica as appropriate for consideration. A Risk Group reviews risk registers each quarter, escalating any emerging risks to the strategic register.
- Key performance indicators are identified and reported quarterly. An enhanced performance management framework, using 'real time' data wherever possible is currently being developed and will be trialled for quarter one of 2024-25.
- Budgets are prepared annually in accordance with objectives, strategies and the Medium Term Financial Strategy, following consultation with customers, stakeholders and officers.
- The Medium Term Financial Strategy is a live document and can be reviewed, updated and reported as necessary, to respond to the changing financial environment. This is due to uncertainty around the future funding of the Council and the necessity to ensure savings plans and targets are in place and continue to be deliverable without impacting the core services of the Council.
- As we move forward, we will assess how external factors such as the cost of living crisis has impacted our strategic priorities. We will need to understand and manage a variety of impacts, including financial, service delivery, and health and wellbeing.

- The Council will continue to work with residents and local businesses to review and respond to their changing needs and to help them protect themselves and others, as well as recover from the health and economic costs arising from the cost of living crisis.

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

- Developing the entity's capacity
- Developing the capability of the entity's leadership and other individuals

- One of the original reasons behind the creation of Publica was to increase service delivery capacity across the four partner councils by sharing common processes and procedures and eliminating (as far as possible) single points of failure. By working in partnership, the Councils can share the cost of commissioning bespoke and specialist advice. As part of the review cited at the second bullet point in section D above, the Council considered how the Publica governance model and Executive arrangements support the Council's retained officers' capacity to lead the council and develop ideas, strategies and political engagement. A revised senior management structure will be implemented as services transition back from Publica to the Council.
- The provision of services via wholly owned companies can provide the opportunity to engage with independent Non-Executive Directors that bring a range of experience from a variety of different economic sectors.
- There is a Scheme of Delegation at Member level covering the Council, Cabinet, individual Cabinet Members and other committees. Similarly, there is a scheme of delegation for officer decisions at Executive, Non-Executive and Regulatory meetings. These are reviewed and revised as structures change.
- Financial rules and contract procedures are in place and are reviewed and revised as required.
- Induction programmes are available to new employees and Members.
- A Member Development Group meets regularly and receives feedback on gaps in councillor knowledge. The group seeks to fill those gaps with relevant training and learning sessions.
- Members on certain committees (e.g. Planning and Licensing) are required to undertake training before serving on these committees, and to attend further training to remain up to date and improve their knowledge.
- Training is also provided for officers on an on-going basis as appropriate and necessary.
- The Chief Executive, Section 151 officer, Monitoring Officer and the Leader of the Council have clear responsibilities. Roles and responsibilities are contained within the Constitution along with the Member/Officer Protocol.
- A Leadership Development Programme has been run for senior managers within Publica and the Council and during 2023/24 was further developed to ensure positive leadership.

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

- Managing risk
- Managing performance
- Robust internal control
- Managing data
- Strong public financial management

- A Risk Management Group was in place to complete quarterly reviews of risk registers, escalating any emerging risks to a strategic level. This work of this group has now been superseded by the quarterly review undertaken with the Executive Leadership Team of the Council. The Strategic Risk Register is reported to the Audit Committee on a regular basis.
- Risks are identified when undertaking Internal Audit reviews and reported when necessary.
- Performance Management measures the quality of service for users to ensure services are delivered in accordance with the Council's objectives and represent best use of resources. An enhanced performance management framework is being developed to provide a more complete picture of organisational performance and focuses on five areas – risk and opportunity management; business information and service assurance; project and programme management assurance; Council Plan delivery; and place-based measures.
- Performance is measured on a regular basis and reported to Members and Cabinet. Wherever possible 'real time' data will be published.
- Meeting minutes are published and highlight the challenge made by Members to Officers and Cabinet Members.
- The Internal Audit service is provided by SWAP (South West Audit Partnership) Internal Audit Services and is run in partnership with other local authorities.
- A risk-based Audit Plan is drafted annually following consultation with Officers, Members and the S151 Officer. The Audit Plan is approved at the Audit Committee prior to the financial year.
- Audit reports, once completed, are discussed with the service manager. Executive summaries, including findings, and progress on the Annual Plan are reported to the Audit Committee, on a quarterly basis.
- Recommendations made in audit reports are followed up 6 months after the completion of the audit and priority 1 and 2 findings are reported to the Audit Committee, along with any findings not addressed in a timely manner.
- The Audit Committee's Terms of Reference are contained within the Constitution. Members have experience of a scrutiny role and training is provided when appropriate.
- A Counter Fraud Unit supports all the Gloucestershire Local Authorities, West Oxfordshire District Council and other third parties. Where investigations identify improvements to the internal control framework, the Counter Fraud Unit will liaise with the Internal Audit team to ensure the improvements are followed up and implemented by management.
- The Council has invested in its cyber security capability to increase its resilience against a cyber-attack, by implementing additional security solutions, recruiting additional staff and resourcing an ongoing training programme to maintain the impact of this investment.
- An ICT Audit and Compliance Manager has been appointed as the Council's Data Protection Officer and therefore has responsibility for Data Protection policies, Privacy Statements and ensuring that officers and members are informed and appropriately trained.
- The Council is part of the Gloucestershire Information Sharing Partnership. This enables data to be shared between councils and other key public bodies when necessary.

- Audit reviews ensure data is held securely whether electronically or hard copy.
- The MTFS is reviewed and updated on a regular basis to ensure the Section 151 Officer, Chief Executive and Members are aware of the financial standing of the Council. The very real financial challenges the Council faces ahead will require a full refresh of the MTFS in 2024/25, aligned to a new 2024 - 2028 Council Plan.

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

- Implementing good practice in transparency
- Implementing good practices in reporting
- Assurance and effective accountability

- Data in respect of transparency is published on the Council's website and was audited during 2023-24.
- The Council's Statement of Accounts is produced and published annually in accordance with statutory legislation. Aligned with this is the production of the Annual Governance Statement which identifies how the Council has met its governance reporting obligations
- External Audit recommendations are reported to Audit Committee, following the completion of their annual audit process, follow-ups of recommendations are also reported
- Internal Audit processes ensure compliance with Public Sector Internal Auditing Standards. Internal Audit recommendations are followed-up and reported to the Audit Committee, further follow-up is planned if recommendations have not been actioned in full.

4. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers, the annual opinion from the Internal Audit's Assistant Director, the officer Corporate Governance Group and comments made by the external auditors, other review agencies and inspectorates.

The Council's process for maintaining and reviewing the effectiveness of the governance framework has included the following:

- Executive Directors, Assistant Directors, Business Managers and Statutory Officers are required to complete an Annual Assurance Statement at the end of the financial year. These governance declarations provide appropriate management assurance that key elements of the system of internal control are in place and are working effectively and help to identify areas for improvement.

- The Executive Leadership Team reviews the Strategic Risk Register on a quarterly basis and Service/Project Risk Registers are maintained by each Group/Business Manager. In addition, project highlight and exception reports are reviewed by the Executive Leadership Team monthly.

- A Governance Group meets quarterly to discuss and action matters such as staff declarations of interests, gifts and hospitality, audit recommendations, cyber security and GDPR updates/breaches register and counter fraud updates. Attendees include the CEO, S151 and Monitoring Officer, as well as relevant Officers such as the DPO, SWAP and Counter Fraud.

- The SWAP Assistant Director provides the Audit Committee, as the Committee charged with governance, with an Annual Opinion on the control environment of the Council, which includes its governance arrangements.

- Investigation of, and decisions on, allegations of failure to comply with the Members' Code of Conduct are considered and determined by the Monitoring Officer and/or an Independent Standards Panel.

- Induction processes are carried out for newly elected Members and appointed officers.

- The Section 151 Officer ensures training and awareness sessions are carried out for the Audit Committee periodically.

- The External Auditors (Bishop Fleming) present progress reports to the Audit Committee and the External Auditor's Annual Audit Letter and follow-up of management responses to issues raised in the Letter or other reports are overseen by the Audit Committee.

- Quarterly financial and performance reports are presented to the Cabinet, demonstrating performance management against agreed performance indicators and budgets.

- Members of the Audit Committee were invited to comment on the AGS and Local Code of Corporate Governance prior to the Cabinet agreeing both documents.

- The Audit Committee reviews the Annual Statement of Accounts, including the final AGS, the Treasury Management Strategy and quarterly progress reports from both Internal Audit (SWAP) and External Audit (Bishop Fleming).

- Full Council approves the annual budget and reviews and approves the Treasury Management Strategy, following recommendations from the Audit Committee.

- Internal Audit monitors the quality and effectiveness of systems of internal control. Audit reports include an opinion that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports including recommendations for improvement are detailed in an action plan agreed with the relevant Business Manager or Assistant Director.

- The Annual Internal Audit Opinion for 2023/2024, in respect of the areas reviewed during the year, was High Reasonable.

- The Council's Financial Rules and Contract Rules are kept under review and revised periodically; the most recent update was approved by Council in February 2021.

- Other explicit review/assurance mechanisms, such as the Annual Report from the Local Government Ombudsman and reports from SWAP or Bishop Fleming are also reviewed by the Audit Committee.

5. REVIEW OF GOVERNANCE ACTION PLAN FOR 2023 – 2024

When preparing its 2022/2023 Statement, the Council identified several areas which required focus and attention. These have been actively monitored throughout the year and progress by the end of March 2024 is detailed in the table below:

	Key Area of Focus	Proposed Actions	Progress
1.	MTFS refresh	● Conduct a full refresh of the Council's Medium Term Financial Strategy, aligned to the new 2023 - 2027 Council Plan priorities, so the risks presented by the very real financial challenges ahead are mitigated.	The Council has now agreed its Budget for 2024-25 which is balanced and aligned to the Council Corporate Plan. This includes an updated MTFS strategy.
2.	Raising awareness of the contract procedure rules	● The new Contract and Procurement Strategy was approved in March 2023. A priority this year will be to rollout Management Training to ensure this new strategy is understood and embedded.	The new Contract and Procurement strategy has been approved by all partner Councils. Briefing notes have been issued and a presentation provided to all Business Managers on their responsibilities under the new strategy.
3.	Financial Management	● To review the financial procedure rules and financial processes to be completed in 2023/24 against the CIPFA Financial Management Code.	This is reviewed on a regular basis. The Publica review and transition process will influence the timing and nature of any further review of financial procedures and processes.
4.	Risk Management	● To rollout the Risk Management Training to all relevant officers (Launched in May 2023) ● To build risk management into the new Leadership and Development Training ● To ensure the existing risk policy and process enables effective reporting, escalation and mitigation.	New portal pages are now live for Risk Management. A new risk management training will be developed for iHASCO. A lot of work has been undertaken to ensure that Risks are identified, escalated, and mitigated. Risk is now being reviewed at SMT meetings. Work is being completed on the Risk Policy which will be presented early in the new Financial Year.

5.	Emergency Planning	● To further increase community resilience in line with the new Resilience Framework, published in December 2022. ● To further develop our Emergency Response Framework by putting in place a Locality Response Team for the Forest of Dean District Council who are trained and able to respond in the event of a significant local incident. ● To ensure Statutory Officers are trained and competent in their role as Gold (Strategic) Commander in the event of a significant local incident, and relevant officers are trained in Silver (tactical) and Bronze (operational response). ● To ensure the Safety Advisory Group considers any implications from Martyn's Law when considering planned events.	Advice and support are provided to interested communities as and when requested. A stronger LRF bid is currently at its final stages which will include a Business and Community role. Member involvement in the Stronger LRF is proposed to be through Leadership Glos. New Locality based response teams are now in place for coordination and rest centre management. Regular meetings are in place with the volunteers. JESIP training has been completed and further training is scheduled for the Coordination Team, Rest Centre Team and Duty Manager / Officer JESIP training was completed in November 23 for all relevant staff. An overview of Emergency Planning responsibilities was delivered to Statutory Officers. Duty Officer and Manager refresher training scheduled. Both the CEO and the S151 have undertaken full MAGIC training. This is ongoing. Work is being undertaken with the LRF to ensure we are cited on changes. A Gloucestershire Event Partnership Safety Group has been formed to bring together all Safety Advisory Group Chairs and Category One responders to share best practice. The first meeting was held in November.

6.	Portal Content Management	● To review the Publica Portal content to ensure it is up to date, and includes the latest versions of all policies and procedures	Portal pages are now complete and live. This is now 'business as usual' with updates being made as and when requested by services who own each of their portal pages. Staff portals will need to be reviewed in light of the Publica Review and will be likely that each council will need their own portal as staff are taken back in-house and therefore each council will need its own internal comms.
7.	Business Continuity	● To further develop the Business Continuity Processes to ensure they are robust and fit for purpose ● To test the business critical Business Continuity Plans in 2023/24	The Emergency Planning Officer has now completed BCP training, and a plan is being developed to review the Business Continuity policy to identify any additional areas for improvement. A rolling programme of BCP updates has been agreed for next financial year to enable a more detailed review of service area Business Impact Assessments and Business Continuity Plans. This action will be carried over into next financial year. The IT BCP was recently tested through an internal audit which assumed a successful cyber-attack and the off-premise rebuild of a business critical IT system.
8.	New HR Policies	● Rollout a new and revised suite of HR policies in 23/24 ● Ensure Managers are trained in the use of the new policies	A suite of HR Policies has been reviewed and approved by Cabinet, with a further suite due later in the year. As HR policies are approved across the three partner Councils training will be completed.

9.	LGA (Local Government Association) Peer Review and support	● Consider an LGA Peer Review to ensure we get external challenge as part of the annual review of effectiveness ● Bring in the LGA to assist with managing the complex political situation, effectiveness, training and guidance on translating national policy to the local.	This has now been scheduled to commence in the Autum with a provisional start date of the 30 September 2024.
10.	Review of service delivery model	● Conduct a robust review of future service delivery options to make sure the solutions needed for the council to achieve financial stability can be achieved, given the MTFS shortfall over the years ahead. This review will examine the priorities for service delivery, options for reduction or transformation and how the Publica model fits into this.	A review was completed by Human Engine with the report and recommendation taken to Cabinet and Full Council. Programme Director has been appointed and started in post w/c 22 January 2024. Local Partnerships have completed their work and the reported to all partner Councils. Officer Transition Board established along with 4 workstreams and work now commencing on gathering the required data to inform future transfers. The detailed transition plan for the insourcing project will be presented to all three Councils in July.
Actions brought forward from 2022/23			
11.	Budget Management	● Review of approvers in 'Business World' to ensure only the approved budget holder (or line manage) can approve spending	This is an ongoing activity and part of day-to-day processes.

6. GOVERNANCE ACTION PLAN FOR 2024 - 2025

In preparing this statement and reviewing the effectiveness of the governance arrangements several areas have been identified where the Council needs to focus attention and improve arrangements over the next financial year. These areas of work are planned to strengthen the control framework and are set out in the table below.

	Key Area of Focus	Planned Actions
1	Asset Management and Property Services	● Approve a refreshed Asset Management Strategy and ensure the Royal Institution of Chartered Surveyors standards and guidance is followed to make sure all legislative, compliance and best practice requirements are met ● Produce an Asset Management Plan and ensure all Council owned properties have a site-specific risk assessment, which is held centrally
2	Freedom of Information	● Improve response times to Freedom of Information requests to ensure compliance with the relevant Act ● Publish a greater range of information to reduce the need to respond to regularly made Freedom of Information requests
3	Local Government Association (LGA) Corporate Peer Challenge	● Conduct a LGA Corporate Peer Challenge to ensure we get external challenge as part of the annual review of effectiveness ● Produce and implement an action plan in response to the Corporate Peer Challenge findings and recommendations
4	New service delivery models	● Conclude the review of future service delivery options to make sure the solutions needed for the council to achieve financial stability can be achieved, given the MTFS shortfall over the years ahead ● Insource services back from Publica and examine the priorities for a new service delivery model ● Implement options for efficiency and transformation ● Where considered appropriate, explore opportunities for sharing or devolving to town and parish councils, or the voluntary and community sector
5	Medium Term Financial Strategy	● Update the Medium Term Financial Strategy to reflect the budget requirements of the new service delivery model and ensure the risks presented by the very real financial challenges ahead are mitigated as far as possible ● Continue to align the MTFS to the new Council Plan 2024 – 2028 and its associated delivery plan

	Key Area of Focus	Planned Actions
6	Council Constitution	● Undertake a full review of the Council's Constitution and Scheme of Delegation to reflect the new service delivery model
7	Emergency Planning and Business Continuity	● Ensure the Council has resilience and can respond effectively in the event of a significant local incident under the new service delivery model ● Further develop business continuity plans to ensure they are robust and fit for purpose under the new service delivery model ● To test the business critical Business Continuity Plans in 2024-25
8	Risk Management	● To review the Risk Management Policy ● To complete a risk maturity self-assessment

7. APPROVAL OF LEADER AND CHIEF EXECUTIVE

We have been advised on the implications of the result of the review of the effectiveness of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Signed on behalf of Forest of Dean District Council:

Councillor Adrian Birch **Leader of the Council**	**Nigel Brinn** **Chief Executive**
Date: 5 December 2024	**Date:** 5 December 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOREST OF DEAN DISTRICT COUNCIL

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Forest of Dean District Council (the 'Authority') for the year ended 31 March 2024, which comprise the Authority Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement, the Collection Fund – Income and Expenditure Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice 2024 ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

The Chief Finance Officer has prepared the financial statements on the going concern basis as they have not been informed by the relevant government body of the intention to dissolve the Authority without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements.

In auditing the financial statements and having regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities, we have concluded that the Chief Finance Officer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor’s report thereon. The Chief Finance Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the

Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Authority and the Chief Finance Officer

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

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

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the sector, control environment and financial performance;
- We have considered the results of enquiries with management, internal audit and the Audit Committee in relation to their own identification and assessment of the risk of irregularities within the entity, and whether they were aware of any instances of non-

compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud;

- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation;
- Any matters identified having obtained and reviewed the Authority's documentation of their policies and procedures relating to:
    - Identifying, evaluation and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - The internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- We have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (UK) we are required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Authority operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 (as amended by the Accounts and Audit (Amendment) Regulations 2024), the Local Government Act 2003, Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012)).

In addition, we considered the provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Authority's ability to operate or avoid a material penalty. These include data protection regulations, health and safety regulations, employment legislation, and money laundering legislation.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing Committee meeting minutes;
- Enquiring of management in relation to actual and potential claims or litigations;
- Challenging assumptions and judgements made by management in its significant accounting estimates in respect of valuation of land and buildings, valuations of investment property and defined benefit pensions liability valuations; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

As a result of the inherent limitations of an audit, there is a risk that not all irregularities, including material misstatements in the financial statements or non-compliance with regulation, will be detected by us, even though the audit is properly planned and performed in accordance with the ISAs (UK). The risk increases the further removed compliance with a law or regulation is from the events and transactions reflected in the financial statements, given we will be less likely to be aware of it, or should the irregularity occur as a result of fraud rather than a one-off error, as this may involve intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory matters

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

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

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

Responsibilities of the Authority

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

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in May 2024 and related statutory guidance. We considered whether the Authority has proper arrangements in place to ensure financial sustainability, proper governance and the use of information about costs and performance to improve the way it manages and delivers its services.

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

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

We cannot formally conclude the audit and issue an audit certificate for Forest of Dean District Council for the year ended 31 March 2024 in accordance with the requirements of Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have:

- confirmation from the NAO that no additional work (beyond submission of the Assurance Statement) will be required in respect of the Whole of Government Accounts exercise.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

Use of our report

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

Craig Sullivan, Key Audit Partner
for and on behalf of Bishop Fleming LLP

Chartered Accountants and Statutory Auditors

Plymouth

5 December 2024