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The Chair and Members of Standards  
and Audit Committee

15 November 2022

Dear Councillor,

Please attend a meeting of the STANDARDS AND AUDIT COMMITTEE to be held on WEDNESDAY, 23 NOVEMBER 2022 at 2.00 pm in Committee Room 1, Town Hall, Rose Hill, Chesterfield, the agenda for which is set out below.

AGENDA

Part 1(Public Information)

1. Declarations of Members' and Officers' Interests relating to Items on the Agenda
2. Apologies for Absence
3. Minutes (Pages 3 - 8)
4. Revision of the Corporate Complaints Procedures (Pages 9 - 24)
5. Audit Report on the 2021/22 Statement of Accounts (Pages 25 - 194)
6. Progress Report on the 2022/23 Internal Audit Plan (Pages 195 - 202)
7. Standards and Audit Committee Work Programme 2022/23 (Pages 203 - 206)
8. Local Government Act 1972 - Exclusion of Public

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To move "That under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 1 of Part 1 of Schedule 12A of the Act".

Part 2 (Non Public Information)

9. Review of the Unreasonable Complaints Policy (Pages 207 - 224)

Yours sincerely,

A handwritten signature in black ink, appearing to read "Randy", with a stylized flourish at the end.

Head of Regulatory Law and Monitoring Officer

## STANDARDS AND AUDIT COMMITTEE

Wednesday, 28th September, 2022

Present:-

Councillor Caulfield (Chair)

Councillors Rayner  
Brady  
Kellman

Councillors T Murphy  
Christian

\*Matters dealt with under the Delegation Scheme

**13 DECLARATIONS OF MEMBERS' AND OFFICERS' INTERESTS  
RELATING TO ITEMS ON THE AGENDA**

No declarations of interest were received.

**14 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Snowdon.

**15 MINUTES**

**RESOLVED –**

That the Minutes of the meeting of the Standards and Audit Committee held on 27 July, 2022 be approved as a correct record and be signed by the Chair.

**16 LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF PUBLIC**

**RESOLVED –**

That under Section 100(a)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

**17 SUMMARY OF INTERNAL AUDIT REPORTS ISSUED AND**

## **PROGRESS UPDATE ON THE 2022/23 INTERNAL AUDIT PLAN**

The Head of the Internal Audit Consortium submitted a report to provide Members with a progress update on the 2022/23 Internal Audit Plan.

Since the Committee last met in July, five reports had been issued with the following levels of assurance:

- 'Substantial assurance' – three
- 'Reasonable assurance' – one
- 'Limited assurance' – one

A summary of the reports issued was attached at Appendix 1 of the officer's report. The report with limited assurance related to housing rents and a full copy of the report was attached at Appendix 3 of the officer's report.

The Service Director – Digital, HR and Customer Services and the Head of Revenues attended the meeting to provide an update on the recommendations from the audit of housing rents. They explained that a re-shape of the service was taking place that looked at making improvements to processes and strengthening the staffing resource to provide more opportunities for staff progression and retention.

### **\*RESOLVED –**

That the update be noted.

## **18 LOCAL GOVERNMENT ACT 1972 - RE-ADMISSION OF THE PUBLIC**

### **\*RESOLVED –**

That the public be re-admitted to the meeting.

## **19 IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS**

The Head of the Internal Audit Consortium presented a report on the progress made in respect of the implementation of internal audit recommendations.

A summary of the recommendations along with details of the progress towards implementation was attached at Appendix 1 of the officer's report. There were three medium priority recommendations and six low priority recommendations that remained outstanding, which was an improved position since the last update in February, 2022.

**\*RESOLVED –**

1. That the report be noted.
2. That a further summary of outstanding internal audit recommendations be submitted to the Standards and Audit Committee in April, 2023.

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**REVIEW OF THE INTERNAL AUDIT CHARTER**

The Head of the Internal Audit Consortium presented a report to inform Members of the review of the Internal Audit Charter and to seek approval to approve the Charter.

The Public Sector Internal Audit Standards require that the purpose, authority and responsibility of internal audit must be formally defined in an Internal Audit Charter. The Charter was formally reviewed every year to ensure that it was kept up to date and in accordance with CIPFA best practice.

The Internal Audit Charter, attached at Appendix 1 of the officer's report, had been reviewed and it was considered to be fit for purpose. One minor change was made to reflect a change of job title for the Head of the Internal Audit Consortium.

**\*RESOLVED –**

1. That the outcome of the review of the Internal Audit Charter be noted.
2. That the Internal Audit Charter, as attached at Appendix 1 of the officer's report, be approved.

3. That the Internal Audit Charter be reviewed in a years' time or sooner in the event of any significant changes being made to the Public Sector Internal Audit Standards.

## 21 **OMBUDSMAN ANNUAL REVIEW LETTER**

The Monitoring Officer submitted a report informing Members of the Local Government and Social Care Ombudsman Annual Review Letter.

Each year, the Council receives an annual review letter from the Ombudsman summarising statistics about complaints received by the Ombudsman and their outcome. The latest annual letter, received in July 2022, related to the Council's performance in the year ending 31 March, 2022.

The Annual Letter, attached at Appendix 1 of the officer's report, showed that 10 complaints had been made about the Council to the Ombudsman in the period 1 April, 2021 to 31 March, 2022. The complaints related to benefits and tax (1), environmental services and public protection and regulation (3), planning and development (1), housing (4) and other (1). Two complaints were referred back for local resolution, three were closed after initial enquiries, advice was given on three complaints and one complaint was incomplete/invalid.

One complaint, which related to planning and development, was upheld by the Ombudsman and the Council provided an apology as a satisfactory remedy.

### **\*RESOLVED –**

That the report be noted.

## 22 **TREASURY MANAGEMENT ANNUAL REPORT 2021/22 AND MONITORING REPORT 2022/23**

The Group Financial Accountant presented a report for Members to consider the Annual Treasury Management Report for 2021/22 and the Treasury Management activities for the first five months of 2022/23. The report also informed Members of the outturn prudential indicators for the financial year 2021/22.

The report confirmed that during 2021/22 the Council had complied with its legislative and regulatory requirements.

**\*RESOLVED –**

That it be recommended to Full Council that:

1. The outturn Prudential Indicators for 2021/22 be approved.
2. The treasury management stewardship report for 2021/22 be approved.
3. The treasury management position for the first five months of 2022/23 be noted.

**23 DECISIONS TAKEN BY OFFICERS UNDER DELEGATED POWERS**

The Senior Democratic and Scrutiny Officer presented a report informing Members of decisions made by officers under delegated powers from the start of the municipal year to date. The details of decisions were provided in a schedule attached at Appendix 1 of the officer's report.

**\*RESOLVED –**

That the report and schedule of officer decisions taken under delegated powers, attached at Appendix 1 of the officer's report, be noted.

**24 STANDARDS AND AUDIT COMMITTEE WORK PROGRAMME 2022/23**

The work programme for the Standards and Audit Committee for 2022/23 was considered.

**\*RESOLVED –**

That the work programme be noted.

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## For publication

### Revision of the Corporate Complaints Procedures (CB000)

<b>Meeting:</b>	Cabinet Standards and Audit Committee
<b>Date:</b>	1 November 2022 23 November 2022
<b>Cabinet portfolio:</b>	Business Transformation and Customers
<b>Directorate:</b>	Digital, HR and Customer Services
<b>For publication</b>	

#### 1.0 Purpose of the report

- 1.1 This report sets out a revised Corporate Complaints procedure which aims to modernise the council's approach to complaints handling and embed a 'learning from customers' culture which will underpin the delivery of excellent customer services across the Council.

#### 2.0 Recommendations

- 2.1 That the following decisions made by Cabinet on 1 November, 2022 be noted:
- 2.2 That the revised two stage complaints procedure, as set out in Appendix 1 of this report is approved for implementation.
- 2.3 That the co-ordination and oversight of corporate complaints is integrated into the Customer Services function and that Customer Services Advisers take on responsibility for the 'complaint officer' role as set out in the revised complaints procedure.

#### 3.0 Reason for recommendations

- 3.1 The changes in process will enable the Council to modernise and improve its complaints management system, streamline the data that is generated relating to complaints and comply with the legislative obligations required by the Local Government and Social Care Ombudsman and the Housing Ombudsman.

#### 4.0 Report details

- 4.1 Residents can submit complaints, comments, or compliments to the council in several ways. Typically, this type of customer feedback is received online or by telephone, but other access channels are also available for customers to make their views known, such as in person, via letter, email or via social media.
- 4.2 The customer feedback which is received is collated into a database known as the 3C's system. Any actions arising from this feedback are co-ordinated by the Council's Support Services team, which acts as a post room function, allocating the different types of feedback to service areas for response.
- 4.3 The existing 3C's database does not meet the Council's heightened information security standards and officers have been working to transfer the administration of complaints into the Council's digital platform and customer relationship management system. Making this transfer has provided officers with the opportunity to review and modernise the existing complaints procedures which have been in place since 2009.
- 4.4 Officers have undertaken research on complaints models which are in use within the public and private sectors and have sought guidance from the Local Government and Social Care Ombudsman and the Housing Ombudsman to determine best practice. This information has enabled a new framework to be developed for Chesterfield Borough Council which will drive positive outcomes for customers. The revised recommended complaints procedure is attached at Appendix 1.

#### **Summary of proposed procedural changes**

- 4.5 The number of stages in the complaint procedure have reduced from three to two. This will ensure that complaints are dealt with in a timely manner whilst also providing an opportunity for customers to escalate the complaint to an alternative, more senior person if they feel that the initial investigation was not completed fully. Benchmarking and research suggest that many Councils now already adopt a two-stage policy, and this works very effectively for them.
- 4.6 Target response times when dealing with a complaint at Stage 1 have reduced from fifteen to ten working days.
- 4.7 Target response times when dealing with a complaint at Stage 2 have been extended to twenty working days, in recognition that further investigation may be necessary to resolve the complaint.
- 4.8 It is recommended that the complaints procedure is managed within the Customer Services function instead of the Support Services team, with customer services officers taking on the role and responsibility of complaints officer for Chesterfield Borough Council.

- 4.9 Officers within the Customer Services function will review and allocate complaints at Stage 1 to the appropriate person, either within their own function if the service has already been consolidated into Customer Services, or alternatively to the relevant service area if a specialist officer is required to investigate the complaint. Customer service advisors will use their experience to ensure that complaints which cannot be dealt with at source are allocated to the relevant area.
- 4.10 Responses to complaints will be resident focused and will clearly set out the customer's complaint and expected resolution, the Council's findings following investigation of the complaint and the actions which the complaint officer proposes to take to put things right if the complaint is upheld.
- 4.11 The new policy does not specify who will deal with each stage of the process. For example, stage one could be dealt with by a Team Leader, and stage two their manager. Complaints that are deemed complex may be reviewed by a manager at stage one and a Service Director at stage two. This gives the Council the flexibility to ensure that the appropriate person is allocated a complaint without unnecessary involvement from a director, or the Chief Executive in every case.
- 4.12 The new complaints procedure places focus on continuous improvement and learning from customer feedback, using data to improve service delivery. The Customer Services team will be responsible for identifying trends and compiling reports and dashboards which will be regularly shared with service managers and the Corporate Leadership Team, who will, in turn, be responsible for ensuring that actions are allocated within their own teams to ensure lessons are learnt and continuous improvement is achieved.

**Housing Ombudsman complaint handling code**

- 4.13 The Housing Ombudsman has undertaken a review of its own complaints processes and from 1<sup>st</sup> October 2022 has strengthened its service provision, so that tenants can engage with the Ombudsman immediately after the final response letter has been issued by the landlord, if the tenant believes that they have not dealt effectively with the complaint.
- 4.14 In support of this change, the Housing Ombudsman has developed and launched a Complaint Handling Code which provides a framework for high quality complaint handling for landlords, ensuring greater consistency across landlord complaint procedures.
- 4.15 Landlords are obligated to comply with mandatory aspects of the code and failure to do so will result in sanctions being awarded, known as complaint handling failure orders. The remaining guidance in the code is deemed 'best practice', with Landlords being able to choose whether to implement it or not.
- 4.16 The key changes brought about by the Complaint Handling Code for landlords are:

- i. The introduction of a universal definition of a complaint.
- ii. The requirement to provide easy access to the complaints procedure and ensure residents are aware of it, including their right to access the Housing Ombudsman Service.
- iii. Provision of a recommended 'best practice' structure for complaints procedures – only two stages are necessary, with clear timescales set out by the Housing Ombudsman for responding to complaints.
- iv. Ensuring fairness in complaint handling, with a resident-focused process to be included in customer response letters, which sets out the complaint, the outcome expected by the customer and the things which can be done to put things right.
- v. Setting an expectation that Landlords create a positive complaint handling culture, generated through continuous learning and improvement.
- vi. Demonstration of learning published in annual reports, including a requirement for landlords to self-assess against the code.

4.17 As well as setting out expectations for Boards, Elected Members, senior leaders and frontline staff, the Code will help residents in knowing what to expect from their landlord when they make a complaint and how to progress their complaint.

4.18 Chesterfield Borough Council's recommended revised complaints procedure, as set out in Appendix 1, meets all the all the requirements of the Housing Ombudsman's new complaints code.

## **5.0 Alternative options**

5.1 Officers have considered retaining the existing three stage complaints procedures, but this is not recommended as this is no longer deemed to be an exemplar process and unnecessarily elongates the time in which complaints are dealt with.

## **6.0 Implications for consideration – Financial and value for money**

6.1 The role of the complaints officer will be incorporated into the Customer Services function. It is not expected that additional resources will be required to complete this function.

6.2 There are no additional costs associated with ICT system development. The Council's digital platform will be utilised and licensing for this system is already factored into the wider ICT budget.

## **7.0 Implications for consideration – Legal**

7.1 Utilising the Council's digital platform will enable the Council to demonstrate compliance with information security regulations.

7.2 The Council's revised complaints framework meets the mandatory regulations of the Housing Ombudsman and Local Government and Social Care Ombudsman.

## **8.0 Implications for consideration – Human resources**

8.1 It is proposed that the Customer Services function takes on responsibility for the co-ordination of complaints, and the learning from customer activity which will be undertaken. Role profiles will be updated to accommodate this change.

8.2 The Customer Services function will work hand in hand with the Housing Strategy and Engagement function and Legal function to co-ordinate activity and ensure that compliance with the relevant Ombudsman requirements is achieved.

## **9.0 Implications for consideration – Council plan**

9.1 Implementing a new complaints policy, and associated processes, further strengthens our pledge to 'Provide value for money services' by:

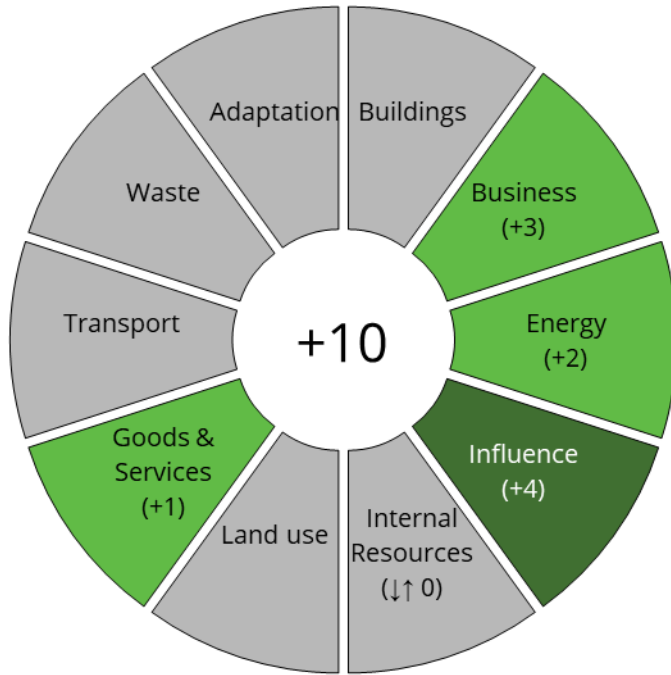
- Maintaining and improving, customer satisfaction ratings by using data to continuously improve services.
- Using technology, intelligence, and customer feedback to have better conversations and engagement with our customers.
- Designing services that are available online with an improved customer service offer, whilst also providing access channels for people who cannot access online services

## **10.0 Implications for consideration – Climate change**

10.1 This project supports the CBC climate change agenda in the following ways:

- A reputable, global supplier is being used to deliver the digital platform. Salesforce is Net Zero, delivers a carbon neutral cloud, achieved 100% renewable energy for their operations, and is a founding partner of 1t.org which aims to conserve, restore and grow 1 trillion trees by 2030.
- The complaints reporting process enables residents to use online services, reducing the need to travel to Council buildings.
- The process which has been developed enables hybrid working of employees.

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Chesterfield Borough Council has committed to being a carbon neutral organisation by 2030 (7 years and 7 months)

**11.0 Implications for consideration – Equality and diversity**

11.1 There are no adverse impacts to equality and diversity by this change in procedure.

**12.0 Implications for consideration – Risk management**

12.1 The following table illustrates the main risks associated with this change.

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Insufficient resource is allocated to managing the complaints handling process.	Medium	Medium	Complaints volumes have been monitored over a 12-month period, to determine the level of resources required. Creation of roles which capture the function of 'complaints officer' will ensure that appropriate capacity is created.	Medium	Low

<p>Robust procedures for 'lessons learned' and continuous improvement are not implemented successfully. This could lead to reputational damage and regulatory challenge.</p>	<p>Medium</p>	<p>Medium</p>	<p>Customer services officers will be responsible for producing regular trend reports and sharing with service directors to ensure 'lessons learnt exercises are undertaken.</p> <p>Using data to improve service delivery is reflected in the Service Director Job descriptions.</p> <p>Housing have added a Housing strategy and engagement team within their new structure to manage customer engagement and learning from customer activity to ensure that regulator requirements are supported and demonstrable.</p>	<p>Medium</p>	<p>Low</p>
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## Decision information

<b>Key decision number</b>	1115
<b>Wards affected</b>	<b>All wards</b>

## Document information

<b>Report author</b>	
<i>Karen Brown, Transformation Programme Manager Rachel O'Neil – Service Director – Digital, HR and Customer Services</i>	
<b>Background documents</b>	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
<i>This must be made available to the public for up to 4 years.</i>	
<b>Appendices to the report</b>	
Appendix 1	Complaints Procedure





# Complaints Procedure

## Contents

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## We want everyone to be able to understand us.

We want everyone to be able to access our materials and services.

We aim to provide what you need to enable you to be involved in our activities – by attending meetings, reading our leaflets, talking and writing to us.

On request we will provide free:

- Language interpreters, includes British Sign Language
- Translations of written materials into other languages
- Materials in Braille, large print, coloured paper, easy read and audio

## Our aim

Chesterfield Borough Council puts customer needs at the very heart of the way we develop and deliver our services. We strive to keep our customers happy, but we realise that sometimes things don't go well.

Telling us when you are unhappy is important, as it means we have an opportunity to put things right for you and potentially improve the service we offer to others in future.

This document sets out how you can let us know you are unhappy and explains what we'll do once we hear from you.

## When to make a complaint

It can often be confusing to know whether you should request a service from the Council or whether you should make a complaint, as many of our services are initiated when people are unhappy.

### What is a service request

The Council will treat an initial request from a customer to put something right as a service request. Removing fly tipping, requesting a housing repair or arranging for collection of a missed bin are examples of service requests.

### What is a complaint

If a customer becomes unhappy with how the Council has responded to the service request, and this requires further investigation, it will be treated as a complaint.

The formal definition of a complaint is guided by the Housing Ombudsman and is *'an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual resident or group of residents'*.

## How to contact us to make a complaint



You can call us on 01246 345345.

You can also contact us using one of the ways shown below. Please ensure you give us your name and a daytime telephone number so we can talk to you if we need to.



You can complete a complaints form on our website @ [www.chesterfield.gov.uk/my-chesterfield](http://www.chesterfield.gov.uk/my-chesterfield)



You can write to us: Customer Feedback, Town Hall, Rose Hill, Chesterfield, S40 1LP



You can visit us in person at our Customer Service Centre. Opening times can be found on our website.



You can ask someone else to complain on your behalf. If you ask a third party to help you, we will need your permission to speak to them about your complaint. Any costs will need to be paid for by you unless we have agreed to make a reasonable adjustment under the Equality Act 2010.



You can use the council's social media channels such as Twitter or Facebook. Complaints should be submitted via private message and will be dealt with off-line to ensure your privacy.

## Investigating your complaint.

We will do everything we can to resolve your concern promptly and fairly. If we can do this when you first contact us, we will do so. If this is not possible, we will ask one of our Complaints Officers to investigate your concerns. This is known as Stage 1 of our complaints process.

### Stage one – investigation and resolution

1. We will acknowledge your complaint within five working days, either by telephone, or in writing. We will set out our understanding about your complaint and the outcomes you are seeking. If we are unsure what you want us to do to resolve your complaint we will ask you to confirm this. We will also let you know if we believe the outcomes you are expecting are unreasonable or unrealistic.
2. Our Complaints Officer will decide who should carry out the investigation of your complaint. Our Complaint Officer or the investigator may need to contact you for further information to help us complete the investigation.
3. We aim to resolve your complaint within ten working days of receiving it. If the complaint can't be completed within this time, then we will let you know and explain the reasons why. If it is likely to take longer than twenty working days to resolve your complaint, we will provide you with the Ombudsman's contact details so you can challenge our plan and the timescales for resolution if you wish.
4. You will receive a full written response from the person investigating your complaint, unless you tell us otherwise. The response we give will make it clear if the complaint is upheld or not and how we intend to put matters right.
5. If you are not happy with the outcome of the first stage investigation, you can request a review of this decision. This is known as Stage 2 of our complaints process. This review should be requested within twenty working days of the stage one response being issued.

## Stage two – escalation

1. One of our Complaints Officers will contact you to understand why you feel your complaint has not been investigated fully at stage 1, why you remain dissatisfied and how you think we can put things right. We will identify any possible gaps in the investigation process at Stage 1 and will decide whether the complaint should be escalated to Stage 2. We will tell you what will happen next and explain our reasons. We will provide you with Ombudsman contact details if we decline to escalate the complaint.
2. If a review is undertaken, it will be completed by a Complaints Officer or manager within the Customer Services function. This person will have had no prior involvement in the complaint.
3. Your complaint will usually be dealt with within twenty working days from us receiving it. If it is not possible to complete the review within this timescale we will let you know, and explain the reasons why. If it is likely to take longer than twenty working days to complete the review, we will provide you with the Ombudsman's contact details so you can challenge our plan and timescales for resolution if you wish.
4. We will write to you to tell you the outcome of the review at Stage 2 of the complaints policy, including whether your complaint has been upheld and the reasons why. We will also tell you how we intend to put things right and whether there are any outstanding actions.

## Referral to the Ombudsman

Our final letter will provide information on how to get in touch with the Ombudsman if you remain unhappy with the way we have dealt with your complaint.

If your complaint relates to the Council's actions as a housing landlord, you can call the Housing Ombudsman on 0300 111 3000 or visit [www.housing-ombudsman.org.uk](http://www.housing-ombudsman.org.uk) to find out more information on the service.

Please note the Housing Ombudsman only deals with enquiries relating to the council being a housing landlord. It does not review complaints around homelessness, the housing waiting list or Careline services. Complaints relating to these services are dealt with by the Local Government and Social Care Ombudsman.

For all other issues, you have the right to complain to the Local Government and Social Care Ombudsman. You can call 0300 061 0614 or visit [www.lgo.org.uk](http://www.lgo.org.uk) for more information on this service.

## Exclusions from the complaints procedure

We will not treat certain issues as complaints and where this is the case we will tell you. You have the right to refer this to the Ombudsman for review.

The following are examples of exclusions from our complaints procedure and from escalation to stage 2

- A request for service
- Any issue where legal procedures have already started
- Any issue which has previously been fully investigated at Stage 1 and Stage 2 of the complaints procedure
- Criminal activity will be referred to the police
- Complaints that a Councillor has broken their Code of Conduct has a separate procedure - <https://www.chesterfield.gov.uk/your-council/the-council/your-councillors/members-code-of-conduct.aspx>
- Any complaints arising out of actions or omissions which occurred more than 12 months previously

## Learning from complaints

We will use complaints data to identify the root cause of complaints, identify trends and take action to reduce the risk of recurrence of errors, so we can provide better services for our customers.

We will monitor our performance when dealing with complaints and will publish this annually on our website at [www.chesterfield.gov.uk/complaints](http://www.chesterfield.gov.uk/complaints).

## Management of unreasonable complaints or customers

The council aims to deal with complaints and customers in a way which is fair and impartial. On occasion customers may behave unreasonably or make unreasonable complaints.

Our policy on the management of unreasonable complaints sets out how we deal with this. It can be found at [www.chesterfield.gov.uk/complaints](http://www.chesterfield.gov.uk/complaints)

## The Regulators' Code

The Regulators' Code is a framework which sets out how regulatory bodies (such as the council) should engage with those who they regulate.

This policy has been developed in accordance with the principles set out in the Regulators' Code. For more information see [www.gov.uk/government/publications/regulators-code](http://www.gov.uk/government/publications/regulators-code)



## For publication

### Audit Report on the 2021/22 Statement of Accounts

<b>Meeting:</b>	Standards & Audit Committee
<b>Date:</b>	23 November 2022
<b>Cabinet portfolio:</b>	Governance
<b>Directorate:</b>	Service Director Finance
<b>For publication</b>	

#### 1.0 Purpose of the report

1.1 To approve the Statement of Accounts for 2021/22.

#### 2.0 Recommendations

- 2.1 That the Committee approves the Statement of Accounts in respect of 2021/22 (**Appendix A**).
- 2.2 That the committee receive the Audit Completion Report from Mazars as our external auditors (**Appendix B**).
- 2.3 That delegated powers are granted to the Service Director for Finance in consultation with the Chair of this Committee to make any changes agreed with the Council's External Auditor, which may be necessary to ensure the completion of the Statement of Accounts by 30 November 2022.
- 2.4 That delegated powers are granted to the Service Director for Finance in consultation with the Chair of this Committee to approve the Management Letter of Representation (**Appendix C**), following the conclusion of the Audit and the completion of the Statement of Accounts.

#### 3.0 Reason for recommendations

3.1 The external audit process for 2021/22 has almost concluded and the accounts, as amended, are expected to be given an unqualified audit opinion. The outcome of the audit so far is summarised in the external auditor's Audit Completion Report as set out in **Appendix B**.

#### 4.0 Report details

- 4.1 The Accounts and Audit Regulations set out the detailed requirements in relation to the duties and rights specified in the Local Audit and Accountability Act 2014. These regulations were amended and introduced earlier deadlines for publication of the accounts. The deadline for completion of the accounts for 2021/22 is 31 July for the unaudited Statement of Accounts and 30 November for the audited Statement of Accounts, which must be approved by the Audit Committee. This is a revised deadline for 2021/22 due to the global pandemic and subsequent pressures put on Local Authorities.

#### Audited Statement of Accounts 2021/22

- 4.2 The Statement of Accounts is contained in **Appendix A**. There may be some changes still requested by the Mazars in completing the audit – which will be reported verbally at the Committee meeting. It is anticipated however, that there will be only limited changes between the version at appendix A and the final Statement of Accounts for 2021/22. It is recommended that delegated powers be given to the Service Director-Finance in consultation with the Chair of this Committee to agree any final changes to the Council's Statement of Accounts 2021/22.

#### Audit Completion Report

- 4.3 The Council's appointed auditor is required to "communicate audit matters to those charged with Governance," namely this Committee. These matters are set out in the Audit Completion Report. The report details the main audit findings, including any adjustments to the accounts following the audit and also includes the audit opinion and an update on the auditor's views on the Council's value for money arrangements.
- 4.4 The report is included at **Appendix B**. The Auditor will present the report, provide an update on any significant matters and respond to any questions.

#### Management Letter of Representation

- 4.5 The Council's Auditors are required to obtain written representation from management in respect of various matters relating to the accounts in a form of a "Letter of Representation."
- 4.6 The Management Letter of Representation must be prepared by the Council's Responsible Finance Officer, after having made appropriate enquiries of other officers. This Committee, as those charged with governance, must acknowledge their collective responsibilities for the compilation of the financial statements and consider the adequacy of the letter.
- 4.7 A copy of the letter is included at **Appendix C** and is consistent with the representations requested at Appendix 1 to the Audit Completion Report. The letter provides representations in respect of fraud, compliance with laws and regulations, contingent liabilities, related party disclosures and post balance

sheet events. The appendix to the letter also confirms that management do not propose to adjust the Statement of Accounts for the non-material misstatements identified by the auditor and included in their Audit Completion Report.

## **5.0 Alternative options**

5.1 There are no alternative options for consideration.

## **6.0 Implications for consideration – Financial and value for money**

6.1 There are no further financial implications arising from this report.

## **7.0 Implications for consideration – Legal**

7.1 The process has been undertaken in accordance with the requirements of the Accounts and Audit Regulations, the dates of which have been extended to 30 November for the financial year 2021/22.

## **8.0 Implications for consideration – Human resources**

8.1 There are no human resource issues arising directly out of this report.

## **9.0 Implications for consideration – Council plan**

9.1 As set out in the financial statements.

## **10.0 Implications for consideration – Climate change**

10.1 There are no direct climate change issues arising directly out of this report, any impact will be considered as part of the service delivery.

## **11.0 Implications for consideration – Equality and diversity**

11.1 There are no equality and diversity issues arising directly out of this report.

## **Document information**

<b>Report author</b>	
Theresa Channell Service Director Finance	
<b>Background documents</b>	
Working papers to support the financial statements	
<b>Appendices to the report</b>	
Appendix A	Statement of Accounts 2021/22

Appendix B	Audit Completion Report 2021/22
Appendix C	Management Letter of Representation 2021/22



**CHESTERFIELD**  
BOROUGH COUNCIL



**Statement of Accounts**  
**2021/22**  
**(Subject to audit)**

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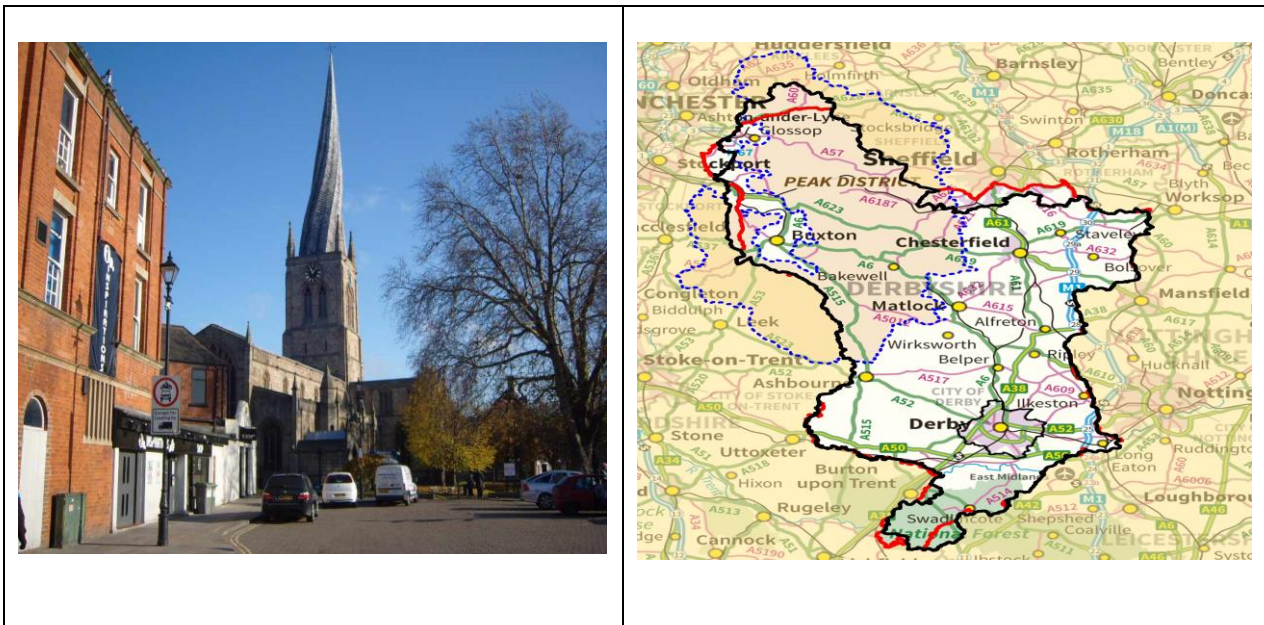
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# NARRATIVE REPORT

## AN INTRODUCTION TO CHESTERFIELD BOROUGH COUNCIL

Chesterfield Borough Council is one of eight second-tier authorities within the county of Derbyshire. It lies in the north eastern part of the county and covers an area of 66 square kilometres. Chesterfield is the second largest settlement in Derbyshire (Derby City is the largest).

The market town of Chesterfield acts as the sub-regional centre for North Eastern Derbyshire and provides a range of retail, commercial, leisure and cultural facilities. The town is well located on the edge of the Peak District National Park and benefits from easy access to the surrounding cities of Sheffield, Derby and Nottingham.



Chesterfield Borough is home to 103,600 people (2021 Census) with Chesterfield town the second largest settlement in Derbyshire (Derby City is the largest). It is a relatively compact and mainly urban borough. In addition to Chesterfield, there are several other key neighbourhood centres; the largest being Staveley and Brimington. Staveley lies on the eastern side of the borough, approximately five miles from Chesterfield town centre – it is linked to the M1 and Chesterfield by the A619.

The demographic and economic profiles of the local population have a major influence on the priorities of the Council and the services it provides.

### **Economic Profile**

- 51,000 people work in the Borough with high levels of employment in the public sector (31%) and retail and wholesale (22%), whilst manufacturing now accounts for 8% of employment. Over the last 5 years local employment has increased by 6%, which is broadly in line with the increase seen at the national scale of 7%.

- Chesterfield Town Centre is ranked as the 125<sup>th</sup> largest centre in the country for comparison retail shopping with a market potential of £186m and a shopper population of 105,000. Tourism makes an important and growing contribution to the local economy, with Chesterfield attracting 4.0m visitors in 2019 with an economic impact of £204m, supporting 2,350 jobs.
- In 2020 there were 3,360 businesses based in Chesterfield. Over the five year period (2015-20), the stock of businesses has increased by 5% (+170 businesses), although this is a lower rate than the increase seen both regionally (12%) and nationally (12%).
- Unemployment currently stands at 5.6% (April 2021) and has increased significantly over the last year (+75%) due to the impact of the Covid-19 pandemic (national lockdowns and the introduction of social distancing measures). Whilst this is a large increase, it is below the rate of increase seen nationally (+105%), suggesting a higher degree of resilience in the local employment base. For example, Chesterfield has a high level of employment in public sector health services and a lower proportion of employment in Covid-19 vulnerable sectors such as hospitality and leisure.

## Key challenges

The latest indices of multiple deprivation figures, health profile, official labour market statistics (NOMIS) and child poverty statistics indicate that despite extensive investment to grow Chesterfield's economy, our communities are still struggling to access the proceeds of growth due to a variety of factors including poor health, caring responsibilities and poor educational and skills attainment. Improving these outcomes for our communities has been a key driver in developing our Council Plan 2019 - 2023 priorities.

Key statistics include:

- An estimated 5,600 children living in poverty
- 9.8 years difference in life expectancy between the most deprived areas of Chesterfield compared to the least deprived
- Over 1,000 people per annum presenting as homeless
- Chesterfield Borough is ranked as the 86<sup>th</sup> most deprived local authority area out of 317 but is ranked at 13 for health, 40 for employment and 64 for income

Our key challenges include:

- Covid-19 recovery in particular around economic, community and health and wellbeing
- The town centre faces a number of challenges including: maintaining a viable outdoor market, raising the quality of the retail and leisure offer, the growth of on-line retailing and strong competition for consumer spend from surrounding centres such as Meadowhall and Sheffield
- The borough has a weaker occupational and skills profile, with fewer knowledge workers and more people with no qualifications than the national average
- A lower level of entrepreneurship, with fewer new start businesses per head of working age population than regional and national averages (7 per head in the borough, 10 per head nationally)
- The local economy has a bias towards lower-value and lower-growth employment sectors, and an under-representation of the fastest growing 'professional and business services' sector, impacting on future employment growth prospects



- The forecast increase in automation and digitalisation impacting on employment across a range of sectors: 20% of jobs could be displaced over the next 20 years, though new job roles will also be created
- A limited supply of employment land available for immediate development and the costs and difficulty of bringing forward brownfield sites for development
- Increasing the rate of housing delivery and evidencing a five year supply of available housing sites
- A legacy of industrial restructuring: a high level of working age benefit claimants (particularly health related) and concentrated deprivation in some local communities

**Political Structure** – the Council’s policies are determined by its Politicians and implemented by the Corporate Leadership Team. Chesterfield has 19 wards and 48 councillors. Following the local election on 2 May 2019 the Labour Party remained in control. The 2021/22 political structure is as follows:

	No. Councillors
Labour Party	28
Liberal Democrat Party	17
Independent	3
Total	48

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 (Councillor Tricia Gilby) 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. The Overview and Performance Scrutiny Forum review the Council’s financial performance and budget position at regular intervals throughout the year.

The Local Government Boundary Commission is currently undertaking an electoral review of Chesterfield Borough Council. Following stage 1 of the review on Council size, the Commission has made a decision that the Council will reduce from 48 members to 40 from the May 2023 elections. Stage 2 of the review is due to report in August 2022, but early indications show a reduction in ward numbers and very significant boundary changes across the borough.

**Management Structure** - The organisational management structure is headed by the Chief Executive Dr Huw Bowen. The Chief Executive is supported by the Senior Leadership Team, consisting of two Executive Directors. The Senior Leadership Team is in turn supported by six Service Directors, who together form the Corporate Leadership Team.

**Employees** – The Council employs over 920 full time equivalent staff. In October 2021 the Council was awarded the Silver award in the Ministry of Defence Employer Recognition Scheme and in January 2022 achieved the Gold standard for Investors in People. The Council has developed a Workforce Strategy (our People Plan) which recognises the value and importance of Council staff in delivering services and achieving the Council’s priorities.

## **NON-FINANCIAL PERFORMANCE**

The key document that frames the actions of the Council is the four year Council Plan. The Council Plan sets out the Council's Vision and Priorities, defining what we are trying to achieve and why.

The Council Plan is guided by the Council's Vision which is "**Putting Our Communities First**".

There are three corporate priorities that underpin the delivery of the Vision, they are:

1. To make Chesterfield a **thriving borough**.
2. To improve the **quality of life** for local people.
3. To provide **value for money** services

### **Council Plan 2019 – 2023**

A four year Council Plan was developed for 2019 to 2023.

The Council Plan 2019 – 2023 provides continuity with the 2015 – 2019 plan, maintaining the same vision, three overarching priorities and values. Whilst the overall framework of the plan is maintained from the previous version, the objectives set out within each priority have been revised and updated. For each objective, a series of commitments for 2023 have been developed alongside some key facts and figures relating to current performance.

To ensure that we stay on track for delivering on the 2023 commitments we have developed annual delivery plans.

### **Council Plan Delivery in 2021/22**

Quarterly monitoring and challenge have taken place throughout the year, with the Corporate Leadership Team being tasked to develop improvement strategies and alternative options for delivering key outcomes. This has helped us to achieve full delivery of 85% of the key milestones with the remaining 15% scheduled for completion during 2022/23. 81% of key measures have also achieved their target.

Key outputs and outcomes for 2021/22 include:

- Completion of the Northern Gateway Enterprise Centre
- £467k approved for the new Construction Skills Hub and £3.735m for DRIVe (rail innovation and training Centre) as part of the Staveley Town Deal
- Local Labour clause activity has enabled 620 local jobs, 88 apprenticeships and £25.2m contracts within the local supply chain
- £17m Stephenson Memorial Hall project approved and delivery started with £11m of external funding being secured via the Government's Levelling Up Fund
- £8.5m secured for the Revitalising the Heart of Chesterfield project via the Levelling Up Fund. This funding will be used to regenerate Chesterfield's historic town centre,

with investment centred on four key public spaces and the connections between them  
– Corporation Street, Rykneld Square, Market Square and New Square

- Delivery of the Rough Sleeper Strategy, focusing on prevention, intervention and recovery – rough sleeper count is now at its lowest in four years
- Progressing the £7.1m modernisation programme of Council homes at Pullman Close, Mallard Court, Leander Court and Aston Court in Staveley. Providing high quality sheltered accommodation for older and vulnerable people
- Almost 7,000 people engaged with the ‘Year of Outdoors’ project, helping people to get out and enjoy our fantastic parks and open spaces. These free and accessible opportunities helped highlight the importance of being active and through connecting communities with the natural environment, the value of exercise to improving residents’ physical and mental health and wellbeing
- Being awarded the prestigious Silver award for the Ministry of Defence Employer Recognition Scheme
- Delivery of a comprehensive range of equality and diversity educational and celebratory events including sponsoring Chesterfield Pride 2021, deaf awareness, Stop Hate, Holocaust Memorial Day and International women’s day
- We exceeded our targets by achieving Investors in People Gold in January 2022. This Gold standard is only achieved by 17% of organisations presenting for assessment, and reflects the culture of trust, collaboration, and strong values that we have all created here at Chesterfield Borough Council
- Exceeded our apprenticeship targets
- Achieved a better than balanced budget position
- Approval of the Organisational Development Strategy and Delivery Plan. The plan will deliver improvements to organisational capability and services, whilst delivering operational efficiencies and long-term savings.
- Increased membership levels at our two sports centres and increased ticket sales at theatres
- Exceeded our digital MyChesterfield account sign up targets

### **Performance Management Framework**

A new performance management framework has been developed alongside the new Council Plan to support and demonstrate plan delivery. This includes regular challenge at the Finance and Performance Board and via Overview & Scrutiny.

### **Peer Challenge**

In October 2021, Chesterfield Borough Council took part in Peer Challenge with senior officers and an elected member from different authorities plus a Local Government Association Peer Challenge Programme Manager visiting Chesterfield Borough Council for three days. Prior to the onsite challenge, a range of documents were supplied including a position statement, Council Plan, financial information and key strategies and policies. During

the three day visit peers met over 70 people and organisations via one to one interviews, small group discussions and focus groups.

The peer challenge was focused around the following five themes, which form the core components of all corporate peer challenges:

1. Understanding of place and priority setting
2. Leadership of place
3. Organisational leadership and governance
4. Financial planning and viability
5. Capacity to deliver

Key feedback included:

### **Understanding of place and priority setting**

Chesterfield BC's leadership, staff and partnerships understand the needs of its place, the challenges, and the opportunities

- Through our political and organisational leadership, we lead, communicate, and influence others to support our ambitious and passionate growth and transformation agenda
- There are opportunities to strengthen our good work by ensuring measurable outcomes and targets are regularly reviewed to reflect changing demographics and are evaluated for effectiveness

### **Leadership of place**

- Chesterfield BC demonstrates visible evidence of successful partnership working and received wide-spread praise from partners
- Our regional and sub-regional position is firmly established in the Vision Derbyshire initiative and in the D2N2 LEP
- The Chesterfield BC brand is recognised, trusted, and embraced to maximise it's 'can do' attitude
- Opportunities for increasing visibility of senior political and officer leadership in key partnership activity

### **Organisational leadership and governance**

- Chesterfield BC is a strongly led, ambitious council with good member/officer relationships and a demanding culture for results and success
- Opportunities to build on the goodwill and commitment strengthened by work during the pandemic including improved communication and visibility of senior leaders

### **Financial planning and viability**

- The Council has a good track record in managing financial performance and growth, consistently operating within set budgets and building a reasonable level of reserves
- Opportunities to increase the understanding of risks in decision making activity
- The External Auditor complimented the Finance team over the preparation of the statement of accounts and related processes

- Opportunities to improve the integration of financial expertise at an early stage in the development of strategies and emerging projects and programmes so that they can influence and guide as appropriate in the decision-making processes

### **Capacity to deliver**

- Chesterfield has a committed and talented workforce who are passionate about making a difference
- All members and staff have been on an unusual journey and naturally there is a question now being asked: “What does the future look like?”
- There is potential to harness new ways of working to transform the purpose and effectiveness of the organisation both internally and within the borough’s communities

## **FINANCIAL PERFORMANCE 2021/22**

### **Budget Process**

Before the start of the 2021/22 financial year, the Council produced a five-year budget forecast as part of the budget and council tax setting process. The principal funding sources to pay for the General Fund Services (i.e. excluding Council Housing) are Government grant, the retained share of Business Rates income, Council Tax, fees, charges and rental income. The grant income from the Government and the retained business rates income represent 52% of the General Fund Budget requirement with the remaining 48% coming from the Council Tax. The principal rent income comes from the Council’s extensive industrial & commercial property portfolio. Other sources of income include the Council’s sports centres, theatre and car parks.

The 2021/22 Council Budget was set at £10.7m and financed as follows:

	<b>Amount £’000</b>	<b>Proportion of total</b>
Government Funding (Revenue Support Grant, retained business rates and other grants)	5,608	52%
Council Tax	5,119	48%
Total Budget (after savings target)	10,727	100%

The budget for 2021/22 which was set in February 2021 showed a deficit of £188k after allowing for the planned savings target of £774k. The savings were to be delivered through ICT digital innovation and staffing and vacancy control. The Council has made progress across these areas in delivering savings in 2021/22, despite dealing with the impact of Covid on both its ability to deliver services and on its financial position to achieve a surplus of £758k at the end of the year.

### **Revenue Budget Outturn**

The position at the end of the year was a General Fund surplus of £758k which was transferred to reserves. The main reasons for the increased surplus compared to the £188k deficit budget for 2021/22 included:

- Government financial assistance for local authority response to Covid19 (+£1,331k);

- Budget savings (+£984k);
  - Net rental income from industrial/commercial/retail units (+£503k);
  - Net of all other variances (+£44k).
- Less:
- Reduced income from fees and charges as a result of Covid19 (-£1,235k);
  - Recycling (-£681k);

Set out below is a summary of the outturn for 2021/22 based on the 'Portfolio' structure which is used for internal management and reporting purposes.

### 2021/22 General Fund - Comparison of outturn with the original budget

	Original Budget £000	Actual £000	Variance £000
<b><u>Portfolios:</u></b>			
Leader of the Council	36	50	14
Deputy Leader of the Council	1,203	1,220	17
Cabinet Member for Economic Growth	(670)	(440)	230
Cabinet Member for Town Centre & Visitor Economy	1,696	925	(771)
Cabinet Member for Health and Wellbeing	7,751	8,587	836
Cabinet Member for Housing	839	370	(469)
Cabinet Member for Governance	2,531	2,153	(378)
Cabinet Member for Business Transformation & Customers	2,285	2,590	305
Portfolio Net Expenditure	15,671	15,455	(216)
Transformation Savings	(524)	(400)	124
Other - Non-Portfolio Expenditure/(Income)	(592)	(597)	(5)
<b>Service Expenditure</b>	14,555	14,458	(97)
Interest & Capital Charges	(2,839)	(2,550)	289
Government Grants	(1,143)	(1,316)	(173)
Transfer to/(from) Reserves	342	(493)	(835)
Surplus/(Deficit) to/(from) Budget Risk Reserve	(188)	758	946
<b>Total Expenditure</b>	10,727	10,857	130

The General Fund Working Balance was maintained at £1.5m during 2021/22.

The Movement in Reserves Statement and Comprehensive Income & Expenditure Statement on page 33 and 35 presents this same information but in the format specified by the Code for external reporting purposes.

### **Housing Revenue Account**

The Council continues to be the major provider of rental accommodation in the Borough, with 8,884 dwellings. All income and expenditure relating to the landlord function of providing

council housing must be accounted for within a ring-fenced account called the Housing Revenue Account (HRA). The ring-fencing means that the account cannot be used to subsidise other Council activities and similarly other activities cannot be used to subsidise the HRA.

The HRA for 2021/22 is set out on pages 107 to 113 and shows a decrease to the HRA balance of £6,888,237 due mainly to funding of the capital programme from revenue.

### **Capital Spending in 2021/22**

A summary of the capital expenditure and financing is shown in Note 24 to the core financial statements.

Capital expenditure on General Fund services totalled £36.5m. The main projects included:

- ◆ Acquisition of leasehold interest - £22.7m
- ◆ Stephenson Memorial Hall refurbishment - £0.6m
- ◆ ICT development - £0.6m
- ◆ HS2 Station Masterplan - £0.2m
- ◆ Parks/Play area upgrades - £0.1m
- ◆ Northern Gateway development - £2.7m
- ◆ Waterside Development - £4.1m
- ◆ House Renovation, Disabled Facilities and Green Homes Grants - £1.1m
- ◆ Car Park improvements & electric charging - £0.2m
- ◆ Staveley Town Deal - £0.2m
- ◆ Town Centre transformation - £0.2m
- ◆ Safer Streets CCTV - £0.3m
- ◆ Hollis Lane Link Road - £3.3m
- ◆ Other - £0.2m

A large proportion of the General Fund Capital Programme was funded from borrowing, £33.1m in 2021/22. The remainder was financed from grants and contributions (£2.7m), capital receipts (£0.6m) and reserves (£0.1m).

Capital expenditure on Council Housing, aimed particularly at maintaining dwellings at the decent homes standard, was £21.7m of which £12.1m was financed from the Major Repairs Reserve, £4.1m from capital receipts and £5.5m from revenue balances.

Our housing stock continues to see a number of 'Right to Buys' and these receipts are reinvested in line with government policy.

Total long-term debt outstanding at the end of the year amounted to £126.5m. This should be viewed in relation to the Council's assets which have a net book value of £538m.

The approved capital programme for the next three years will be financed from borrowing, earmarked reserves, anticipated capital receipts and grants.

### **Pension Costs**

The Balance Sheet shows the Pension Fund deficit as a Pension Reserve (£72.9m) which is matched by an equal and opposite entry on the other side of the balance sheet described as the Pension Scheme Assets/Liabilities. Changes in pension scheme valuations and the

scheme assumptions can have a material effect on the reserve. A triennial revaluation of the Derbyshire County Council Local Government pension scheme was conducted in 2019/20. Note 16 provides more information along with pension assets and liability details.

The pension deficit will be addressed in future re-valuations of the fund and by the revision of employers' contributions. Changes to the scheme were introduced in April 2014 to make the scheme more affordable.

### **Staveley Town Deal**

In October 2019, Staveley was one of 101 locations invited to bid into the Towns Fund. In March 2021, the Town Investment Plan for Staveley was approved by Government, securing funding of £25.2m to deliver a range of projects that will have a transformational impact on Staveley, driving economic growth, offering quality skills and employment opportunities, and improving the Town Centre, green spaces and canal network around Staveley.

The Staveley Town Deal Board provide strategic direction to the development and implementation of the Staveley Town Deal and work in partnership with Chesterfield Borough Council who act as the Accountable Body.

The allocation of the funding is overseen by the Staveley Town Deal Board and 11 projects have been approved for receipt of this grant subject to satisfactory business cases being received by the Board. Across the 11 projects there are 8 different sponsor organisations, a far greater diversity than is typically the case for other Town Deals. This council is the sponsor organisation for 3 of the projects and these have been included in our capital programme approved in 2021/22.

The Staveley Town Deal income and expenditure is accounted and administered independently from the Council's accounts and therefore, do not form part of the financial statements which appear later in this Statement of Accounts with the exception in respect of cash collected or expenditure incurred by the agent on behalf of the principal, in which case there is a debtor or creditor position. This is in accordance with the principles set out in the Local Authority Accounting Code of Practice where the Council is acting as an intermediary and is therefore following the agent principle as set out in section 2.6.2.1 of the Code.

### **Levelling up Funding**

The Council submitted a £19.98m bid for round one of the Levelling Up Fund (LUF) in June 2021. The bid sought £11.4m of funding for projects to remodel and refurbish George Stephenson Memorial Hall extending the Pomegranate Theatre, reconfiguring and modernising Chesterfield Museum and introducing new gallery space, a café bar, education and community facilities. The remaining £8.5m was to be allocated to further regenerate Chesterfield's historic town centre, with investment centred on four key public spaces and the connections between them – Corporation Street, Rykneld Square, Market Square and New Square. The bid was confirmed as part of the Autumn Budget and Spending Review 2022 and work is underway to deliver the two projects by March 2025.

### **Reserves & Balances**

The Council reserves are set out in Note 11. The level of reserves and annual contributions to those reserves were reviewed during 2021/22.



The Council has set money aside in a number of earmarked reserves to meet planned future commitments. The earmarked reserves include:

- £2.4m as a provision for significant revenue budget risks
- £0.4 General reserve
- £0.2m in a Service Improvement reserve and
- £0.6m in a Service Redesign reserve

A reserve has been created to meet the Council's share of the Collection Fund deficit on business rates. The balance on this reserve is £6.6m. However, £3.6m of this is earmarked to meet the business rate element of the Collection Fund deficit in 2022/23 (see note 11 for further information).

The revenue working balance for the General Fund is £1.5m. The balance is prudently based on an assessment of the key income and expenditure risks facing the Council. There is a balance of £13.6m on the Housing Revenue Account at the year-end which will be needed in future years to finance capital improvement works. The Council has a policy of maintaining a minimum £3.4m HRA working balance.

### **Covid19 – Impact on the Borough**

Throughout the year, the Covid19 pandemic and the associated restrictions have had a significant impact on the Council, its residents and businesses.

A number of our facilities had to be closed at various times during the year including our sports centres and venues and the pandemic severely curtailed our events and entertainment programmes, but all critical services have continued throughout the year and our customer service centre was able to continue to provide a full service as a result of ICT solutions to facilitate delivery by staff working from home.

Staff in most office based services were asked to work from home throughout the pandemic with meetings hosted via Microsoft Teams.

The capital programme for both the General Fund and HRA were adversely impacted with delayed starts on site and supply chain issues creating slippage on some schemes. Repairs to our council houses were delayed due to restrictions on contractors being able to carry out internal works.

Our staff continue to be heavily involved in processing payments to businesses and individuals to mitigate the impact of the various restrictions on their continuing viability.

The Council has administered a range of Covid19 related business grant schemes, made payments to individuals for test and trace support and administered a range of additional business rate relief to businesses principally in the retail and hospitality sectors. The table below shows the main sources of financial support provided by Government to support businesses, individuals and the Council during 2021/22.

	Amount Received in 2021/22	Amount Paid at 31/3/2022
Business Support Grants (BEIS)	£9.774m for businesses (including £1.7m brought forward from 2020/21)	£9.609m in grants
Test & Trace support payments (DHSC)	£0.321m for individuals (including £55k brought forward from 2020/21)	£0.321m in payments
Covid19 Additional Relief Fund (CARF) (CBC share)	£0.987m for businesses	£0.874 relief against bills
Financial Support to Local Government (MHCLG)	£0.644m	Not applicable
Sales, Fees & Charges Compensation (MHCLG)	£0.512m	Not applicable

### **Covid19 – Financial Impact**

The impact of Covid19 has created substantial financial pressures on the council's budget, with significant losses of income particularly from car parks and leisure. The Government provided a package of financial assistance to support local authorities and the council took advantage of all opportunities to claim financial assistance particularly making use of the furlough scheme and the sales, fees and charges compensation scheme whilst they were available.

The impact of the pandemic continues to influence our financial position in 2022/23. Key revenue streams remain under pressure. The future remains uncertain in terms of the economy with high inflation and rising interest rates, the ability of people to pay commercial rents, business rates and council tax, and what proportion of our customers will return to our car parks, leisure centres and cultural venues and whether we will achieve pre Covid19 levels of attendance.

### **Medium Term Outlook**

The Council continues to face some significant financial pressures over the life of the medium term forecast period with a high level of uncertainty around the future of local government funding and the impact of changes to the business rates growth reset. The impact of the government's proposed changes have been discounted in our financial projections until policy becomes clearer.

The HRA outturn for 2021/22 was a £6.9m reduction in its working balance to fund an extensive programme of council house improvements. The HRA account has a sustainable plan with forecast balanced budgets in all years in the short to medium term. A 2017 stock condition survey showed that Chesterfield homes met the decent homes standard. The Council has regeneration and house building plans developed to continue to spend HRA capital and revenue funds. A further stock condition survey is planned for 2022. Voids turnover times have been adversely impacted by the pandemic and measures to improve performance are ongoing.

The Council's Medium Term Financial Plan (MTFP) General Fund budget forecast produced in February 2022 shows a balanced budget for 2022/23 and 2023/24 and deficits of up to £0.5m in future years. These figures include assumed savings from the ICT digital innovation

programme and the savings action plan. The gaps for the later years of the MTFP were to be met from savings from the Council's Organisational Development programme.

The budget for 2022/23 was produced against the backdrop of the ongoing Covid-19 pandemic and some of the medium and long-term effects of the pandemic relating to the demand for Council services were difficult to project. The budget assumed that income from fees and charges and expenditure levels would return to pre-Covid levels from 2022/23 with the exception of Sports Centre income which was anticipated would take one year longer to recover.

In the months since the MTFP was approved, the national fiscal and economic situation has changed dramatically, and a number of spending pressures have emerged. These include:

- Assumptions around the recovery of income streams following the Covid19 pandemic have not materialised at the levels expected. With the increased pressures on the cost of living, we are seeing that behaviours and habits have changed as disposable income and secondary spend is impacted.
- Inflation is currently at 9% and the Bank of England has warned it could peak at 11% later this year (the highest rate in around 40 years). This is due to oil, gas and food prices which have been affected by the Ukraine conflict and the expected rise in the energy price cap in October 2022. In May 2022, the Bank of England voted to increase the Bank rate by 0.25% percentage points to 1% (the highest level in 13 years) and warned that the cost-of-living crisis could push the economy into recession this year. The cost-of-living crisis will not only impact on the Council's own expected future costs of supplies, but also on local business' financial viability and the ability of our tenants and residents to pay their bills
- The level of inflation and the increases in utilities and fuel costs are significantly above that which the Council could have reasonably assumed in setting the budget for 2022/23 and for the medium term. Further work will need to be undertaken to establish the financial impact on council services.
- The 2022/23 budget included the additional costs relating to the pay award for 2021/22 and the increase in the National Insurance contribution. It also included an assumption of a 2% pay award for 2022/23. Provision has also been made for the recent increase of the Real Living Wage to £9.90 per hour. Negotiations are ongoing at a national level on the Local Government Pay Award, and it may be some months before the actual award is known; however, it is estimated that an additional 1% award would cost the Council c£200k.
- The Covid-19 pandemic and Brexit has fundamentally changed the skills landscape, with many local employers struggling to attract, recruit and retain people with the right skills. This has led to skills gaps in the current workforce and skills shortages and difficulties in recruiting across all sectors. Failure to recruit is a significant issue and the availability of suitably qualified candidates to fill vacant posts has been an issue for the Council over the past few months. There are business critical roles across the council which are either vacant and/or need to be filled with suitably qualified staff in order to ensure the effective operation of a number of the Council's services. The Council will need to utilise interim arrangements until appropriate, permanent recruitment is secured.

These additional financial challenges are being considered as part of the Council's ongoing medium term financial planning. The impact will reach beyond the current financial year and

presents a real risk that the Council may not be able to manage its obligations within the resources available without further financial support from the Government.

The Council will invest significantly in IT across the next six years. This will enable more agile working, robust IT infrastructure, 'Cloud' computing and efficiency and economy savings. In addition, budgets are being tightly managed to control and reduce spend.

The Council places a strong emphasis on economic growth in order to create a thriving borough and to secure additional revenue through increasing the number of homes and businesses paying council tax and business rates respectively. There are a number of regeneration schemes that the Council is actively supporting to achieve this objective (e.g. Waterside, Northern Gateway and Peak Resort).

The Council is continuing to work in partnership with authorities in Derbyshire to maximise the amount of business rate income that is retained locally.

The Council does have an adequate level of reserves given the risks and investment needs it faces, but reserves are coming under increasing pressure and can only be used once. Further borrowing (alongside asset disposals) will be required to make capital and operational investments to transform services and grow new income sources. The focus will continue to be on reducing the base budget, by both reducing expenditure and increasing income.

### **Corporate Risks and Uncertainties**

The Council has established procedures for managing risk. Operation level risks are managed at the service level through the service planning and monitoring arrangements.

The higher level, corporate risks, which can impact on the Council's ability to deliver its strategic priorities, are managed through the Corporate Risk Register arrangements. The Corporate Risk Register is approved and monitored at the highest levels within the Council, by the Corporate Leadership Team, the Cabinet, Standards & Audit Committee and the full Council.

The key corporate risks include delivering savings and producing a sustainable budget, current legislation (e.g. data security, procurement, health and safety, safeguarding, etc.) and organisational issues (workforce development, procurement and contract management, information technology, emergency planning and business continuity including our response to the Covid19 pandemic).

### **Summary**

In 2021/22 the Council continue to make progress in addressing the financial challenges it faced and in meeting its Council Plan targets particularly given the unique challenges that the pandemic has introduced.

The General Fund revenue outturn with a £758k surplus was £946k above the original forecast deficit for the year. The HRA ended the year with a working balance of £13.6m. An adequate level of General Fund reserves has been maintained which will help to provide financial resilience for 2022/23 and future years.

## **Further Information**

If you would like to receive further information about these accounts please contact the Head of Accountancy & Finance at the Town Hall, Rose Hill, Chesterfield, Derbyshire, S40 1LP. Interested members of the public have a statutory right to inspect the accounts. The dates on which the accounts are available for inspection are advertised annually on the Council's website.

Further information on non-financial performance data is available from the Service Director - Corporate.

**T CHANNELL FCPFA  
SERVICE DIRECTOR - FINANCE**

**K CAULFIELD  
CHAIR OF STANDARDS AND AUDIT COMMITTEE**

## **INTRODUCTION TO THE STATEMENTS**

The Statement of Accounts is prepared using the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), which defines proper accounting practices for local authorities in England. The pages that follow are the Council's final accounts for 2021/22 and comprise:

**Comprehensive Income & Expenditure Statement (CIES)** – This reports the cost for the year of providing the services for which the Council is responsible rather than the amount to be funded from taxation. The taxation position is shown in the Movement in Reserves Statement.

**Movement in Reserves Statement (MIRS)** – provides a summary of the changes that have taken place in the 'reserves' section of the Balance Sheet over the financial year as a result of incurring expenditure and generating income, movements in the fair value of assets and movements in reserves that will affect the availability of resources to the authority.

**Balance Sheet** – This explains the Council's year-end financial position. It shows the balances and reserves at the Council's disposal and its long term indebtedness, the net current assets employed in its operations, and summarised information on the non-current assets held.

**Cash Flow Statement** – This summarises the inflows and outflows of cash arising from both revenue and capital transactions with third parties.

**Statement of Accounting Policies** – This explains the basis of the figures in the accounts. The accounts can be properly appreciated only if the policies, which have been followed in dealing with material items are explained.

**Expenditure & Funding Analysis (EFA)** – shows how annual expenditure is spent and funded and how it is split for decision making purposes between the council's portfolios.

**Housing Revenue Account (HRA)** – This reflects a statutory obligation to account separately for local authority housing provision. It shows the major elements of housing revenue expenditure – maintenance, administration and capital financing costs – and how these are met by rents and other income.

**Collection Fund** – This shows the transactions of the Council as a billing authority in relation to the collection from taxpayers and distribution to Local Authorities and the Government.

## RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Authority's 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 responsibility for the administration of those affairs. In this authority, that officer is the Service Director – Finance.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

### The Service Director - Finance Responsibilities

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

In preparing this Statement of Accounts, the Service Director - Finance has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code;
- Kept proper accounting records which were up-to-date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

### **SERVICE DIRECTOR - FINANCE CERTIFICATE**

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its income and expenditure for the year ended 31st March 2022.

**T CHANNELL FCPFA  
SERVICE DIRECTOR - FINANCE**

# **ANNUAL GOVERNANCE STATEMENT**

## **Scope of Responsibility**

Chesterfield Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a 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 this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions which includes arrangements for the management of risk.

Chesterfield Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government Framework 2016 edition*. This Statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.

## **The Purpose of the Governance Framework**

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

The system of internal control is a significant part of that 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 ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31<sup>st</sup> March 2022 and up to the date of approval of the Statement of Accounts.

## **The Governance Framework**

The key elements of the systems and processes that comprise the Council's governance framework are as follows: -

The Council's vision is "Putting our communities first". Chesterfield Borough Council identifies and communicates the authority's vision of its purpose and intended outcomes for citizens and service users via its Council Plan and Vision statement. The Council Plan consists of 3 priorities: -



To make Chesterfield a thriving borough  
To improve the quality of life for local people  
To provide value for money services

The Council's values reflect the way the council wants to achieve its vision, these are: -

**Customer focused:** delivering great customer service, meeting customer needs

**Can do:** striving to make a difference by adopting a positive attitude

**One council, one team:** proud of what we do, working together for the greater good

**Honesty and respect:** embracing diversity and treating everyone fairly

## COVID-19

Coronavirus was categorised as a pandemic by the World Health Organisation on 11 March 2020 and this has continued to impact on the council for the whole of 2021/22. The Council has successfully managed to keep its highest priority areas operating.

A significant amount of work continues to progress across partnerships in Chesterfield and Derbyshire to understand the impacts of COVID-19 in more detail and to develop targeted activities to tackle these impacts.

During 2021/22 we continued to support a range of Covid-19 support schemes including:

- Final payments around business support grants,
- Administering the new Omicron business support scheme,
- Continued Covid-19 engagement, education and where necessary enforcement with businesses,
- Using the Winding Wheel Theatre as a vaccination centre.
- Using car parking sites for testing facilities,
- Regular Covid-19 hub updates via website and social media campaigns,
- Continuing to support a range of local resilience forum campaigns and requests for support,
- Progressing the community recovery approach and economic recovery plan to support overall borough recovery,
- Supporting a range of activity to encourage footfall back into our town centres, including: the Love Chesterfield and Christmas in Chesterfield marketing campaigns; a 'Little and Often' events programme supplemented by traditional larger events such as the 1940's Market, the Christmas Lights switch on and Lantern Parade; and the Amazing Santa House experience which received over 500 visitors in December.
- Issuing an advice leaflet to staff, elected members and to Destination Chesterfield Champions to help signpost individuals and families to the right places for support at an early stage
- Over £100k of Community infrastructure levy has been utilised to support a number of schemes contributing to the community recovery approach including Cosy Hub IT infrastructure to support homework clubs and CV and application form submissions for jobseekers, improvements to community spaces to enable grassroot groups to develop and thrive, children's digital library services, improvements to parks and open spaces to enable free, accessible exercise and wellbeing activities.

## **Governance Arrangements**

The Council Plan is cascaded down through, managers, meetings, service plans, team plans, budgets, the medium- term financial plan and employee performance development reviews. This flow ensures that resources are utilised for the achievement of the Council Plan and Vision.

In April 2021, Council approved an organisational development (OD) strategy. Work is now underway to shape the OD Programme. Projects are focused around four strategic themes: ICT Improvement, Customer Services, People and Resources and New ways of working. Successful delivery of each project will move the Council closer to the achievement of the seven outcomes which have been defined in the OD Strategy relating to 1) People & Culture 2) Finance & Commercial 3) Access to Services: 4) Digital & Data Capability: Develop digital capability 5) Strategy, Policy & Governance 6) Programme & Performance Management 7) Engagement & Communication. The OD programme is a key driver for delivering organisational change and a more strategic approach to delivering financial sustainability.

The best use of resources and value for money challenge and assurance are obtained by scrutiny reports and reviews, reviewing service performance, benchmarking and monitoring budgets.

Chesterfield Borough Council has a formal Constitution in place that sets out how it operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. In addition, the Constitution sets out the roles and responsibilities of Members and senior managers.

The Cabinet is the part of the authority which is responsible for most day to day decisions. The Overview and Scrutiny committees support the work of the Council by scrutinising the decisions made. The Standards and Audit Committee is responsible for maintaining and promoting high standards of conduct and for considering the effectiveness of the Council's risk management arrangements and the control environment. The Committee also reviews reports from internal and external audit and other inspection agencies and seeks assurance that action has been taken where necessary.

Formal Codes of Conduct are in place for Members and Officers and are available on the intranet and form part of induction procedures. To further enhance these high standards the Council has in place a comments, complaints and compliments procedure, a Customer Services Charter, an Anti- Fraud, Bribery and Corruption policy and a Confidential Reporting (whistle blowing) Code.

In order to ensure compliance with relevant laws and regulations, internal policies and procedures, Chesterfield Borough Council has a comprehensive induction package and provides training for staff and Members on a regular basis. The Constitution is underpinned by legal references. Training needs are identified through member and employee performance and development reviews and continuous professional development is encouraged. There is an online learning tool that records all training and includes a comprehensive bank of training modules. Policies are readily available on the intranet to view.

The Chief Executive is the designated Head of Paid Service, with the statutory responsibility for the overall review of the Council's staffing and operation. The Chief Executive is monitored for performance in the delivery of political priorities which are in turn monitored and measured across all staff. The Council's Monitoring Officer attends Corporate Leadership team meetings and is suitably qualified.

## **Financial Management**

The Chief Financial Officer is professionally qualified and experienced to undertake their roles and responsibilities and is supported by an experienced and appropriately qualified finance team. The Chief Financial Officer is a key member of the Corporate Leadership team and leads and directs a finance function that is fit for purpose. The Chief Financial Officer ensures compliance with S151 requirements. The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

The Council has assessed its arrangements against the CIPFA Financial Management Code and is broadly compliant with these. Further work is being undertaken to embed the principles within the Code. CIPFA's Financial Management Code (FM Code) was published in October 2019 and provides guidance for good and sustainable financial management in local authorities. The FM Code offers assurance that authorities are managing resources effectively, regardless of their current level of financial risk. The Code provides 6 principles against which to judge financial management (leadership, accountability, transparency, standards, assurance and sustainability). The principle of proportionality is embedded within the code and reflects a non-prescriptive approach.

Internal Audit is provided on a Consortium basis for Bolsover District Council, North East Derbyshire District Council and Chesterfield Borough Council. The Internal Audit function operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and conforms to the requirements of the CIPFA statement on the Role of the Head of Internal Audit 2019. The Head of the Internal Audit Consortium is a senior manager, professionally qualified and leads an appropriately resourced and experienced audit team. An external review of internal audit took place in May 2021 and this review confirmed that the Consortium is compliant with the PSIAS.

## **LGA Peer Review**

In October 2021 the council took part in a Local Government Association Peer Challenge. This saw a team of experienced officers and an elected member spending time with us as 'critical friends' to provide challenge, share learning and identify any areas for improvement.

The team were highly impressed with Chesterfield Borough Council's aims, ambitions and committed and energetic workforce. The recommendations arising from the review will be taken on board in the coming year.

## **Partnerships**

The Council works with a number of partnerships to deliver its aims. Where the Council has entered into partnership arrangements, it seeks to ensure that these promote the Council's vision of its purpose and intended outcomes for citizens and service users and that they are subject to appropriate governance and performance management arrangements.

The Council is a member of D2N2 Local Enterprise Partnership (LEP) and a non constituent member of the Sheffield City Region mayoral combined authority. It is a key partner in the East Midlands HS2 partnership which comprises of a cross party group of County Borough, District and City Council leaders, two local enterprise partnerships and the East Midlands Chamber of Commerce, Midlands Connect and a range of other stakeholders.

In June 2017 Building Control left the Council to become part of a limited company (The Derbyshire Building Control Partnership). There are a series of legal agreements that support the new company including a shareholder agreement and a service level agreement. A separate Board has been set up to govern the new company. The company is consolidating its position in the market and has again this year significantly outperformed the budget forecast.

## **Economic Development**

As part of its Growth Strategy the Council is supporting or delivering a number of growth and regeneration projects that are currently underway e.g. Chesterfield Waterside, Peak Resort, Northern Gateway, Staveley Corridor. A partnership arrangement has been established with Derbyshire County Council, to be led through a Joint Growth Board, in order to provide an improved focus on the delivery of key projects within the Borough.

In November 2021 the government published its Integrated Rail Plan (IRP), which sets out investment including an announcement that the HS2 Eastern Leg will not be going ahead as proposed. Our plans for development around Chesterfield station are well advanced, as set out in the recently approved Station Masterplan. We believe these can still go ahead despite the changes to the eastern leg of HS2. With regard to the Staveley area, the prospect of an HS2 depot has helped generate momentum for bringing regeneration and growth, in particular along the former Staveley Works corridor. We will need to work closely with government to understand more of the detail as the IRP provides only a high-level plan and we are very keen that the uncertainty created by the IRP is resolved as soon as possible so we can get our plans back on track.

£11m in Levelling Up funding has been successfully procured to progress the £17.2m Stephenson Memorial Hall Project to remodel and refurbish Chesterfield's 'striking' Stephenson Memorial Hall. Under the plans, the refurbished Hall would bring together under one roof an extended Pomegranate Theatre, a reconfigured and modern museum offering, alongside new gallery space, a café bar, education and community facilities.

A further £8.5m has been successfully bid for to further regenerate Chesterfield's historic town centre, with investment centred on four key public spaces – Corporation Street, Rykneld Square, Market Square and New Square – and how these are connected to one another. These spaces would be re-imagined for a range of flexible uses including markets, festivals, events, cultural celebrations, and community gatherings in a programme that will aim to complement the offering at Stephenson Memorial Hall and other key town centre assets such as the Church of St Mary and All Saints (Crooked Spire) and Market Hall Assembly Rooms.

The proposals are the next stage of the council's ambitious plans to transform Chesterfield town centre and make sure the borough's market traders, retailers and other employers are strongly positioned to recover from the long-term economic impact of the Covid-19 pandemic.

Chesterfield Borough Council has secured a forward funding agreement with the developer, Chesterfield Waterside Ltd, as a key strategic investment opportunity for the town. Funding for the delivery of the high-quality office building was approved as part of Chesterfield Borough Council's ambitious growth strategy. The investment is designed to kick-start the town's economic recovery from Covid-19. The new office building, known as No.1 Waterside Place, will provide office accommodation of the highest specification. It represents the first step in delivering the commercial element of Chesterfield Waterside's Basin Square neighbourhood. Construction is progressing well with a focus now on internal works, completion of the external brick facades and exterior landscaping. Active marketing is now in place to attract tenants. Interest is growing and viewings are being undertaken on site, with the first tenants secured.

The Staveley Town Deal Board has secured £25.2m from Town Deal funding. Chesterfield Borough is acting as the accountable body and lead partner. We have reported our monitoring and evaluation plan and summary to Government for the 11 projects within the Town Deal. Capital funding has been secured to assist projects to develop their business cases and an internal programme board has been established to provide check and challenge to the process. External appraisers have also been appointed to add further challenge to ensure robust business cases can be submitted by March 2022. The projects progress will be closely monitored and regular reporting to the relevant groups / committees will take place.

### **Investors in People**

The Council has adopted a 'People Plan 2019 – 2023' which aims at developing great leaders, managing change well, developing capacity and skills, supporting employee wellbeing and providing recognition and reward.

In February 2022 the Council was successful in achieving the Gold Standards Investors in people award. The Gold standard is only achieved by 17% of organisations presenting for assessment, and reflects the culture of trust, collaboration, and strong values created within Chesterfield Borough Council.

This year, Tier 4 of the Council's management structure has been restructured. Roles and responsibilities have been reviewed in order to ensure that there is the right capacity and skills at the top level to take the council forward. Further service reviews will take place in the coming year.

### **Risk Management**

Chesterfield Borough Council has a risk management strategy, a risk management group and risk is considered as part of all Cabinet reports. The strategic risk register and service risk registers are regularly reviewed and appropriate training is provided. A complete refresh has been undertaken this year and the group is now much more focused on emerging risks and horizon scanning.

### **ICT**

The ICT and digital improvement programme has continued to move at pace during the year. Cloud Migration is continuing as is phase 2 of the Office 365 rollout that adds new features, improving security and backup and adding data loss prevention tools. PSN certification has been achieved.

Work has started on developing the next iteration of the ICT Strategy, continuing from the 2018-2021 one. Some elements have been paused to enable focus on the cloud migration. Definition of programmes and workstreams to achieve the strategic vision, including costings are expected to be shaped in 2022. This will also include longer term strategic planning and a roadmap beyond 3 years.

## **Communication**

Chesterfield Borough Council has a variety of means of communicating with all sections of the community and stakeholders including an internal and external Communication and Engagement Strategy, the Council's website, the publication of "Your Chesterfield" four times a year which includes "Our Homes" for tenants and leaseholders and an annual Community Engagement Programme.

## **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 Corporate Leadership Team within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Consortium Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The processes that have been applied in maintaining and reviewing the effectiveness of the governance framework include:

- Internal audit reviews of the governance, risk and control arrangements in place in accordance with the agreed internal audit plan
- Monitoring Officer reviews and monitors the operation of the Council's Constitution
- The Chief Executive, Executive Directors and Corporate Leadership Team monitoring the risks and the associated controls assigned to them
- The Chief Financial Officer providing the Council and the leadership team, with financial reports and financial advice covering the whole range of Council activities
- Reviews by external agencies such as the Council's external auditor
- The Council's Standards and Audit Committee receives reports on the work of internal audit, including the annual report by the Head of the Internal Audit Consortium.
- An annual review of the Local Code of Corporate Governance is undertaken and reported to both the Standards and Audit Committee and the Council's Cabinet.
- The Cabinet receives and considers reports on the outcome of reviews by the external auditor and other review agencies.

It can be demonstrated that the Council's governance arrangements support the council's plan by the sheer volume of achievements. Although some targets continue to be

affected by COVID-19, the majority are progressing at pace. A few of the Council's achievements during the year are: -

- 342 jobs and 70 apprenticeships have been secured via local labour clauses and over £17m in contracts within the local supply chain,
- The Vision Derbyshire Business Start up programme has been formally launched. Chesterfield residents interested in starting a business can access one to one support from a business start up adviser and can access grant funding to support business start up costs,
- The My Chesterfield digital portal now has over 19,700 customers signed up with increasing rates weekly,
- CBC continues to drive forward proposals for a Construction Skills Hub and DRIIve (rail innovation and training Centre) as part of the Staveley Town Deal. Staveley Town Deal Board approved £467k for the Construction Skills Hub in December 21 – the full business case for DRIIve is expected to be complete by February 22,
- The new Enterprise Centre is being constructed to BREAAAM excellent standard and the roll-out of EV charging points, alongside the development of active travel measures, are supporting the Council's climate change programme. The expected completion date is March 2022,
- The revised Rough Sleeper Strategy was approved by Cabinet in June 2021. The strategy includes 38 commitments around prevention, intervention and recovery. Learning from the pandemic and Community Recovery Approach have been incorporated with new areas of work. The official Rough Sleeper Count figures demonstrate a reduction in rough sleeper numbers during the span of the Council Plan, demonstrating a positive impact of our action and partnership approach for this critical issue,
- The Council's competency framework was launched to all staff with three training modules delivered to all managers
- In respect of Climate Change, 21 of the 45 actions within the CCAP have been established within mainstream council delivery. A further 19 actions are on target to be completed to plan timescales. 5 actions are currently running behind schedule due to capacity issues within the relevant teams but are still expected to be delivered before the end of the plan
- We successfully secured £1.5m in external funding to support owner occupiers and private sector landlords to improve the energy efficiency of their homes and also to help tackle fuel poverty. Since the scheme launched we have received over 150 enquiries. Improvements to three properties have been completed and a further 52 are being progressed.
- The £7.1m modernisation programme of Council homes at Pullman Close, Mallard Court, Leander Court and Aston Court in Staveley is progressing as scheduled
- Memberships statistics for the leisure centres continue to improve to perform well with a net growth of 633 members from the beginning of the year (368 HLC and 265 QPSC).

### **Internal Audit Opinion 2021/22**

The Head of the Internal Audit Consortium is responsible for the delivery of an annual audit opinion that can be used by the council to inform its governance system. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

In my opinion reasonable assurance can be provided on the overall adequacy and effectiveness of the council’s framework for governance, risk management and control for the year ended 2021/22. Sufficient work has been completed and assurances ascertained to be able to provide an unlimited opinion on the systems of governance, risk management and control in place. This year 2 audits have been issued with limited assurance however managers have reacted promptly to improve the controls in place.

Assurance can never be absolute. In this context “reasonable assurance” means that arrangements are in place to manage key risks and to meet good governance principles, but there are some areas where improvements are required.

### **A Review of 2020/21 Governance Issues**

As part of formulating the 2021/22 Annual Governance Statement, a review of progress against the issues raised in 2020/21 has taken place. Whilst positive progress has been made, the impact of COVID-19 has delayed some actions and some of the improvements implemented still require embedding so these issues have been raised again in the 2021/22 Statement. These actions will be delivered through the 2022/23 municipal year.

### **Significant Governance Issues**

Whilst there are many areas of the Governance Framework that are operating satisfactorily, the work of internal audit and discussions with the Corporate Leadership Team have identified that there are some areas where action can be taken to improve the governance arrangements in place. The areas identified below either present significant future challenges and/or require further targeted improvements.

<b>No.</b>	<b>Issue Identified</b>	<b>Action to address</b>
1.	<p><b>Financial Sustainability</b></p> <p>Many budget risks and uncertainties continue from previous years along with the increasing rise in inflation and further delay in fair funding changes. There are now very strong expectations that changes to local government funding will be implemented in 2023/24. These reforms have been delayed from 2019 due to Brexit and the pandemic. A consultation on potential reforms is expected in the spring of 2022, the scope of which is still unclear, and this was reflected in the one-year finance settlement. This means that funding levels over the medium term are difficult to project</p> <p>The MTFP details further budget risks and sensitivities together with actions.</p>	<p>Further work will be undertaken to ensure a balanced and financially sustainable Medium Term Financial Plan (MTFP). The principles within the CIPFA Financial Management Code will be further embedded Measures include the review of non-essential spending, maximising grant opportunities, appropriate charging to other funds and general efficiencies.</p> <p>The MTFP was reported to Council in February 2022, the first 2 years are balanced but there are still gaps to be closed in years 3 and 4. The Organisational Development (OD) programme will be utilised to generate savings to balance years 3 and 4. Preliminary analysis suggests that savings of £830,000 will be achievable by 2025/26. The OD Programme will be set out in a report to</p>



		<p>Cabinet in the spring.</p> <p>Active engagement, consultations and focus groups to understand the implications of Fair Funding.</p> <p>Reserves have been bolstered.</p> <p>The business rates reserve will be utilised to smooth the impact over the life of the MTFP and any underspend in 2021/22 will be used to supplement the budget risk reserve.</p>
2	<p><b>Asset Management</b></p> <p>The Council needs to improve the way in which it manages its assets: -</p> <ul style="list-style-type: none"> <li>• Introduction of a new IT system</li> <li>• Development of a 10-year maintenance plan based on condition surveys and supported by the budget.</li> <li>• Disposal of assets that are no longer required</li> </ul>	<p>The Council has developed a ‘draft’ Asset Management Strategy, which received positive support from the LGA Peer Review team. The strategy and supporting plan will be presented to Committee during 2022/23 for approval, along with a long-term cost/benefit analysis and MTFP implications. There is also work in progress to review the Property Services arrangements to ensure appropriate resources are available to deliver and maintain the approach contained in the new Asset Management Strategy and action plan.</p> <p>The condition survey and maintenance plan is being progressed and will inform the asset management plan, disposal strategy and MTFP implications.</p> <p>Social housing condition surveys are undertaken on an ongoing basis and inform the development of the capital programme and 30 year Business Plan. The HRA Business Plan has been updated and will be shared formally in late 2022/23.</p> <p>The asset management system will be replaced as part of the ICT improvement programme.</p>
3	<p><b>Workforce Capacity and capability</b></p> <p>Ongoing budget challenges and service demands mean that the Council will need to continue to manage workforce capacity and capability.</p> <p>This year tier 4 of the staffing structure has been reviewed and approved.</p> <p>Capacity issues remain at lower tiers and these are in the process of being</p>	<p>The people plan 2019 – 23 is being implemented and aims to develop great leaders, manage change well, develop capacity and skills, support employee wellbeing and promote recognition and reward.</p> <p>Staffing structures below tier 4 will be reviewed.</p> <p>There will be a review of staff subject to red</p>

	<p>addressed.</p> <p>In February 2022 the Council achieved the Gold standard award for Investors in People</p>	<p>book terms and conditions.</p> <p>Vacancy control processes will continue to be followed ensuring that service demands can be met whilst managing budget.</p>
4	<p><b>Project and programme management / decision making / governance processes.</b></p> <p>As the Councils ambitions have developed and increasing numbers of projects have been started, governance arrangements to ensure effective project management have not been implemented consistently across the Council.</p> <p>In April 2021 Council adopted a Corporate Project Management Framework</p> <p>The use of the framework still needs to embed however the main benefits will be: -</p> <ul style="list-style-type: none"> <li>• Improved standards and co-ordination of project planning, decision making and management</li> <li>• Increased strategic oversight, focus and prioritisation</li> <li>• Strategic alignment across projects &amp; programmes</li> <li>• A single, joined up and consistent process</li> <li>• Support the 'One Council' approach to achieving delivery of the Council Plan</li> <li>• More collaborative use of resources to reduce costs</li> <li>• Streamlined performance management approach to inform decision making and drive improvement</li> <li>• Opportunity for new ideas to be evaluated and developed fairly, in line with consistent application of criteria and approach</li> </ul>	<p>The Corporate Project Management Framework is now live and work will be undertaken in the 2022/23 financial year to further embed the use of the Corporate Project Management Framework throughout the Council</p>
5	<p><b>Procurement</b></p> <p>Major progress has been made in this area: -</p>	<ul style="list-style-type: none"> <li>• Work will continue to identify all contracts and to feed these into the</li> </ul>

	<ul style="list-style-type: none"> <li>• A new in – house procurement team has been appointed</li> <li>• All relevant officers have completed training on the new procurement system.</li> <li>• The procurement system is fully operational</li> <li>• Contracts can be monitored on the system which ensures that regulations are complied with</li> </ul> <p>The new systems and processes will take time to fully embed</p>	<p>work programme</p> <ul style="list-style-type: none"> <li>• The procurement team are updating the Contracts Register with historic but live contract data to ensure a final comprehensive corporate workplan is reached.</li> <li>• A new control to be introduced to ensure that all high spend is subject to approval by the procurement team</li> </ul> <p>Progress is on-going.</p>
6	<p><b>Health and Safety</b></p> <p>Capacity remained an issue throughout 2021/22 to fully address health and safety issues however a new post was created and recently appointed to - Strategic Health, Safety and Risk Manager</p>	<p>The new Strategic Health, Safety and Risk Manager will be undertaking a review to ensure that there is a comprehensive corporate health and safety function in place.</p>
7	<p><b>COVID-19 / Recovery / impact on the community</b></p> <p>The Council has a detailed emergency plan and business continuity plan in place, which is regularly updated.</p> <p>The Council's Business Continuity Plan has been utilised to focus efforts on the highest prioritised areas.</p> <p>The Council has been successful in keeping key services running and looking after the community and its own staff.</p> <p>The challenge ahead is to aid economic recovery and to support the community in its recovery.</p>	<p>The Council will ensure that it plays a key role in helping the community to recover.</p> <p>Cabinet have approved an Economic Recovery Strategy and a Community Recovery Approach. These plans will be delivered during the 2022/23 financial year.</p>

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Cabinet and the Standards and Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas identified for improvement form part of the 2022/23 Annual Governance Statement action plan.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Signed:**

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H Bowen  
Chief Executive

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Councillor T Gilby  
Leader of Chesterfield Borough Council

**Date:**

## MOVEMENT IN RESERVES STATEMENT

This Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'.

The Movement in Reserves Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year.

The 'Net Increase/Decrease' line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

## MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31st March 2020 carried forward (notes 11, 39 & 40)	14,107	24,778	4,093	-	4,255	47,233	276,451	323,684
<b>Movement in reserves during 2020/21</b>								
Total Comprehensive Income & Expenditure	1,004	(12,788)	-	-	-	(11,784)	(10,844)	(22,628)
Adjustments between accounting basis & funding basis under regulations (note 10)	11,620	8,475	(700)	-	1,266	20,661	(20,661)	-
<b>Net Increase/ (Decrease) in 2020/21</b>	<b>12,624</b>	<b>(4,313)</b>	<b>(700)</b>	<b>-</b>	<b>1,266</b>	<b>8,877</b>	<b>(31,505)</b>	<b>(22,628)</b>
Balance at 31st March 2021 carried forward (notes 11, 39 & 40)	26,731	20,465	3,393	-	5,521	56,110	244,946	301,056
<b>Movement in reserves during 2021/22</b>								
Total Comprehensive Income & Expenditure	(30,511)	9,771				(20,740)	55,737	34,997
Adjustments between accounting basis & funding basis under regulations (note 10)	27,722	(16,659)	851		1,251	13,165	(13,165)	-
<b>Net Increase/ (Decrease) in 2021/22</b>	<b>(2,789)</b>	<b>(6,888)</b>	<b>851</b>	<b>-</b>	<b>1,251</b>	<b>(7,575)</b>	<b>42,572</b>	<b>34,997</b>
Balance at 31st March 2022 carried forward (notes 11, 39 & 40)	23,942	13,577	4,244	-	6,772	48,535	287,518	336,053

## **COMPREHENSIVE INCOME & EXPENDITURE STATEMENT**

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

The Comprehensive Income & Expenditure Statement brings together all the activities of the authority, summarises all the resources that the authority has consumed in providing those services and consolidates all the gains and losses experienced during the financial year.

The Statement has two sections.

The first section provides information on the costs of local authority services, net of specific grants and income from fees and charges to give the 'Surplus or Deficit on the Provision of Services'. This represents the increase or decrease in the net worth of the authority as a result of incurring expenses and generating income.

The second section, 'Other Comprehensive Income & Expenditure' shows any changes in net worth for any other reason: eg as a result of movements in the value of non-current assets or actuarial gains or losses on pension liabilities.

## COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

2020/21			Portfolio	2021/22		
Expenditure	Income	Net Expenditure		Expenditure	Income	Net Expenditure
£000	£000	£000		£000	£000	£000
308	(101)	207	Leader of the Council	385	(135)	250
3,079	(256)	2,823	Deputy Leader of the Council	4,218	(364)	3,854
6,627	(7,563)	(936)	Cabinet Member for Economic Growth	5,032	(5,151)	(119)
7,015	(7,855)	(840)	Cabinet Member for Town Centre and Visitor Economy	28,262	(6,623)	21,639
14,058	(6,589)	7,469	Cabinet Member for Health and Well Being	15,908	(7,720)	8,188
1,632	(1,529)	103	Cabinet Member for Housing	3,455	(3,257)	198
4,358	(1,443)	2,915	Cabinet Member for Governance	4,849	(1,634)	3,215
33,953	(30,353)	3,600	Cabinet Member for Business Transformation & Customers	32,693	(28,587)	4,106
71,030	(55,689)	15,341	<b>COST OF GENERAL FUND SERVICES</b>	94,802	(53,471)	41,331
42,896	(36,100)	6,796	Local Authority Housing (HRA)	20,265	(37,413)	(17,148)
113,926	(91,789)	22,137	<b>COST OF SERVICES</b>	115,067	(90,884)	24,183
2,549	-	2,549	Other operating expenditure (Note 12)	4,801		4,801
8,173	(4,624)	3,549	Financing & investment income & expenditure (Note 13)	10,708	(4,335)	6,373
-	(16,451)	(16,451)	Taxation & non-specific grant income (Note 14)		(14,617)	(14,617)
		11,784	<b>(Surplus)/Deficit on Provision of Services</b>			20,740
		(27,249)	(Surplus)/deficit on revaluation of Property, Plant & Equipment			(16,111)
		-	(Surplus)/deficit on revaluation of available for sale financial assets			-
		38,093	Actuarial (gains)/losses on pension liabilities			(39,626)
		10,844	<b>Other Comprehensive Income &amp; Expenditure</b>			(55,737)
		22,628	<b>Total Comprehensive Income &amp; Expenditure</b>			(34,997)

## **BALANCE SHEET**

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

The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the capital receipts reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (e.g. the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.



## BALANCE SHEET AS AT 31ST MARCH 2022

2020/21 £000		2021/22 £000	Notes
357,178	Council Dwellings	385,603	)
71,860	Other Land & Buildings	70,837	)
4,157	Vehicles, Plant, Furniture & Equipment	4,368	)20,21
1,955	Infrastructure Assets	1,744	)23,24
4,072	Community Assets	4,072	)26
19,099	Assets Under Construction	29,554	)
1,393	Surplus Assets Not Held for Sale	865	)
459,714	<b>Property, Plant &amp; Equipment</b>	497,043	
2,899	Heritage Assets	2,899	22
34,592	Investment Properties	36,850	25
-	Intangible Assets	-	
864	Long Term Debtors	771	
498,069	<b>Long Term Assets</b>	537,563	
9,006	Assets Held for Sale - Investment Properties	9,006	32
-	Short Term Investments	12,400	
242	Inventories	289	
23,212	Short Term Debtors	14,298	30
32,433	Cash & Cash Equivalents	14,784	31
64,893	<b>Current Assets</b>	50,777	
(1,943)	Short Term Borrowing	(16,943)	
(24,286)	Short Term Creditors	(28,356)	33
(1,481)	Short Term Provisions	(661)	34
(2,401)	Cash Overdrawn	(902)	31
(30,111)	<b>Current Liabilities</b>	(46,862)	
(123,489)	Long Term Borrowing	(126,549)	
(3,643)	Long Term Provisions	(4,241)	34
(103,222)	Net Pension Scheme Liabilities	(72,950)	16 & 43
(299)	Other Long Term Liabilities	(376)	
(1,142)	Capital Grants Receipts in Advance	(1,309)	18
(231,795)	<b>Long Term Liabilities</b>	(205,425)	
<b>301,056</b>	<b>Net Assets</b>	<b>336,053</b>	
56,110	Usable Reserves	48,535	11 & 39
244,946	Unusable Reserves	287,518	40 - 46
<b>301,056</b>	<b>Total Reserves</b>	<b>336,053</b>	

## CASH FLOW STATEMENT

The Cash Flow statement shows the changes in cash and cash equivalents of the authority during the reporting period.

The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

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

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

## CASH FLOW STATEMENT

2020/21 £000		2021/22 £000
11,785	Net (surplus)/deficit on provision of services	20,740
(43,986)	Adjustments to net (surplus)/deficit on provision of services for non-cash movements (Note 47)	(48,063)
10,483	Adjustments for items included in net (surplus)/deficit on provision of services that are investing and financing activities (Note 48)	10,913
(21,718)	Net cash flows from Operating Activities (Note 49)	(16,410)
(11,720)	Investing Activities (Note 50)	57,057
15,985	Financing Activities (Note 51)	(24,497)
<b>(17,453)</b>	<b>Net increase/decrease in cash and cash equivalents</b>	<b>16,150</b>
(12,579)	Cash and cash equivalents at beginning of reporting period	(30,032)
<b>(30,032)</b>	<b>Cash and cash equivalents at end of reporting period (Note 31)</b>	<b>(13,882)</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **1.1 GENERAL PRINCIPLES**

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year end 31<sup>st</sup> March 2022.

The Accounts and Audit Regulations 2015 require the authority to produce an annual Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), supported by International Financial Reporting Standards (IFRS).

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

#### **1.2 ACCRUALS OF EXPENDITURE & INCOME**

Income and expenditure in general are accounted for in the year in which they become due whether or not the cash has been actually received or paid in the year.

Exceptions to this principle relate to electricity and similar quarterly payments which are charged at the date of the meter reading rather than being apportioned between years and wages payments for which only full week's pay is recorded. This policy is applied consistently each year and does not have a material effect on the year's accounts.

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor is included in the Balance Sheet.

#### **1.3 CASH & 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 any other instrument repayable within a 24 hour period.

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 Authority's cash management.

#### **1.4 INTERNAL INTEREST**

Internal interest is credited to the various funds on the basis of their respective cash flow positions. The rate of interest used is the average 7 day London Interbank Offered Rate (LIBOR).

## 1.5 **OVERHEADS**

The costs of overheads and support services are charged to portfolios in accordance with the authority's arrangements for reporting financial performance.

## 1.6 **EMPLOYEE BENEFITS**

### Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year-end and include salaries, paid annual and sick leave and bonuses, and are recognised as an expense for services in the year in which employees render service to the Authority.

An accrual is made for the cost of holiday entitlements or any form of leave, earned by an employee but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the salary level applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to 'Surplus or Deficit on the Provision of Services' so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs, but then reversed out through the Movement in Reserves Statement.

### Termination Benefits

These are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer accepts voluntary redundancy and are charged on an accruals basis to the appropriate service in the Comprehensive Income & Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when it recognises costs for a restructuring.

### Post Employment Benefits

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

### The Local Government Pension Scheme

The liabilities of the pension scheme attributable to the council are included in the balance sheet on an actuarial basis using the projected unit method – ie an assessment of future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, projected earnings etc.

The assets of the pension scheme attributable to the council are included in the balance sheet at their fair value:

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

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

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income & Expenditure Statement to the revenue accounts of services for which the employees worked
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement
- Net interest on the net defined benefit liability (i.e. net interest expense for the Authority) – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period - taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments
- Remeasurements comprising:
  - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income & Expenditure
  - Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income & Expenditure
- Contributions paid to Derbyshire County Council pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund in the year. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end.

## **1.7 REVENUE RECOGNITION**

Revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients. It is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient.

Revenue is measured as the amount of the transaction price which is allocated to that performance obligation.

## **1.8 VALUE ADDED TAX**

Value added tax (VAT) is only included in the Council's accounts to the extent that it is not recoverable from HM Revenue & Customs.

## **1.9 EVENTS AFTER THE BALANCE SHEET DATE**

These are events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect these events
- Those indicative of conditions arising after the reporting period – the Statement of Accounts is not adjusted, but where the event would have a material effect, disclosure is made in the notes on the nature of the event with an estimate of the financial effect

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

## **1.10 INVENTORIES**

The majority of inventories are included in the Balance Sheet at cost, although the last invoice price has been used in some instances as a proxy for cost.

## **1.11 RESERVES**

The Council sets aside specific amounts as reserves for future policy purposes to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant accounting policy.

## **1.12 PROVISIONS**

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

Provisions are charged as an expense to the appropriate service in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation.

When payments are eventually made, they are charged to the provision in the Balance Sheet. The provision is reviewed at the end of each financial year and any reduction in provision is reversed and credited back to the relevant service.

### **1.13 INVESTMENT PROPERTY**

Investment properties are those held solely to earn rentals or for capital appreciation. They are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Investment properties will be measured at highest and best use.

These properties are not depreciated but are revalued annually according to market conditions at the year end and any gains or losses on revaluation, or disposal, are included in the Financing & Investment Income line in the Comprehensive Income and Expenditure Statement. These are subsequently reversed out of the General Fund Balance in the Movement of Reserves Statement and transferred to the Capital Adjustment Account.

Rentals from investment properties are credited to the Financing & Investment Income line and result in a gain for the General Fund.

### **1.14 PROPERTY, PLANT & EQUIPMENT**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure is capitalised, provided that the asset yields benefits to the authority and the services it provides. This excludes expenditure on routine repairs and maintenance which is charged direct to service revenue accounts. Capital expenditure below £25,000 on land and property assets and below £10,000 on vehicles, plant and equipment is classed as de-minimis.

Assets are initially measured at cost. The cost of assets other than by purchase is deemed to be its fair value. This is the amount that would be received on disposing of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

- infrastructure, community assets and assets under construction are included in the balance sheet at depreciated historic cost.

- dwellings are included in the balance sheet at current value, on the basis of existing use for social housing
- all other assets are valued at current value, on the basis of existing use

Where there is no market based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value.

Non property assets with short useful lives or low values are valued on a depreciated historical cost basis as a proxy for current value.

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

Increases arising from the re-valuation are credited to the revaluation reserve to recognise unrealised gains. Exceptionally, gains may be credited to the Comprehensive Income & Expenditure Statement where they arise from the reversal of a loss previously charged to a service revenue account.

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 the 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 in the Comprehensive Income and Expenditure Statement

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

### **Intangible Assets**

Expenditure on assets that do not have physical substance but are controlled by the Council (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the authority.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service in the Comprehensive Income and Expenditure Statement.

### **Non-current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. Immediately before the initial classification of an asset as held for sale, the carrying amount of the asset is measured in accordance with the relevant section of the Code.

If there is a decrease in value, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus



or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

Council house 'Right to Buy' applications are not classed as Assets Held for Sale, as the probability of these sales are uncertain until completion takes place and are outside the authority's control.

### **Disposals**

When an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the Other Operating Expenditure line in the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal. Receipts in excess of £10,000 are categorised as capital receipts. Receipts from disposals are credited to the same line on the Comprehensive Income & Expenditure Statement as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the revaluation reserve are transferred to the capital adjustment account.

A proportion of receipts from housing disposals have to be repaid to Government. The balance of receipts is credited to the Capital Receipts Reserve and can only be used to fund new capital investment or set aside to reduce the council's underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for in separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

## **1.15 DEPRECIATION & IMPAIRMENT**

**Depreciation** is provided on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets with no determinable finite useful life (i.e. freehold land and heritage assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation charges are calculated as follows:

- dwellings and other buildings - using the straight line method over the useful life of the asset (which can be determined at the time of acquisition or revaluation).
- Vehicles - depreciated by 25% on a reducing balance basis.

- Plant and equipment - depreciated on a straight line basis.

Where an asset has major components with different estimated useful lives, these are depreciated separately.

An individual asset or asset group is considered for splitting into components if:

- the current value of the asset is material (i.e. over £1m)
- the value of an individual component is more than 15% of total asset value
- the component life is significantly different to the life of the main asset

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the revaluation reserve to the capital adjustment account.

**Impairment** – The value of assets are reviewed at the end of each year for evidence of reductions in value. Where impairment is identified and possible losses are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised and accounted for as follows:

- where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount is written down against that balance (up to the amount of 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

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

## 1.16 **HERITAGE ASSETS**

The Authority has seven classes of heritage assets. They are recognised and measured in accordance with the Authority's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets. All heritage assets identified have indefinite lives and will therefore not be subject to depreciation.

The carrying amount of heritage assets are reviewed when there is evidence of impairment. Any impairment is recognised and measured in accordance with the Authority's general policy on impairment. Any proceeds from disposals are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

The de-minimis level for individual heritage assets is £50,000 (excluding assets that have already been recognised). For practical reasons, Mayoral Regalia, Civic Plate, Paintings and Porcelain and the Museum Collection will be treated as one group and a

lower de-minimis level of £10,000 will therefore be applied to additions/disposals which impact on this group.

### **1.17 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 non-current assets used in the provision of services during the year.

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which they can be written off
- amortisation of intangible fixed assets attributable to the service.

The authority is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis in accordance with statutory guidance). This is referred to as the Minimum Revenue Provision (MRP).

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **1.18 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset, has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where the cost of this expenditure is met from existing capital resources or borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account reverses out the amounts charged so there is no impact on the level of council tax.

### **1.19 GOVERNMENT GRANTS AND CONTRIBUTIONS**

Government grants and other contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant have been satisfied. Money received by the authority for which conditions have not been satisfied is carried in the Balance Sheet as creditors. Once conditions are satisfied, the grant is credited to the relevant service (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue

grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

#### Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). This levy will be charged on residential and retail developments with appropriate planning consent. The income generated by this levy will be used to fund infrastructure projects to support the development of the area.

CIL is received without outstanding conditions and so is recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions outlined above. CIL charges will generally be used to fund capital expenditure. However, 15% of the levy will be retained for neighbourhood development.

### **1.20 LEASES**

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

#### Finance Leases

Assets held under finance leases are recognised on the balance sheet. Rental payments under finance leases are apportioned between the finance charge and the principal element, i.e. the reduction of the liability to pay future rentals. The finance element of rentals is charged to the Financing & Investment Income line in the Comprehensive Income and Expenditure Statement.

#### Operating Leases

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service using the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

## The Authority as Lessor

The Council leases some of its properties to third parties. The value of these assets is included in the Balance Sheet.

Rent is charged for the use of these properties and is included in the relevant line in the Comprehensive Income & Expenditure Statement and credits are made on a straight-line basis over the life of the lease.

## 1.21 **FINANCIAL INSTRUMENTS**

### Financial Liabilities

Financial liabilities are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income & Expenditure line in the Comprehensive Income & Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. This means that the amount in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income & Expenditure Statement is the amount payable for the year in the loan agreement.

### Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair Value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

**Financial Assets Measured at Amortised Cost** are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

The authority may also make loans to the voluntary sector at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES for the present

value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Any gains and losses arising on derecognition of an asset are credited/debited to the Financing and Investment Income line in the Comprehensive Income & Expenditure Statement.

**Expected Credit Loss Model** – the authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

**Financial Assets Measured at Fair Value through Profit or Loss** are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

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

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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

## **1.22 INTEREST IN COMPANIES AND OTHER ENTITIES**

If the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, it is required to prepare group accounts.

There were no group accounts identified for 2021/22.

### **1.23 JOINTLY CONTROLLED OPERATIONS**

Jointly controlled operations are activities undertaken by the Authority in conjunction with other organisations which involve the use of assets and resources of one or more of the parties but which does not establish a separate entity.

The Council has a joint operation with Bolsover District Council and North East Derbyshire District Council who together operate the Chesterfield & District Joint Crematorium. The Council recognises on its balance sheet, its share of the assets that it controls and liabilities incurred and its share of the expenditure and income earned from the operation on its Comprehensive Income & Expenditure Statement. Note 53 provides further details.

### **1.24 CONTINGENT ASSETS/LIABILITIES**

Contingent assets/liabilities are not recognised in the accounting statements but, where they exist, they are disclosed by way of a note to the accounts.

### **1.25 PRIOR PERIOD ADJUSTMENTS**

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 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 and relevant information on the Authority's financial position. Any change is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

### **1.26 FAIR VALUE MEASUREMENT**

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is defined as 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. It assumes that the transaction takes place either:

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

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability, assuming that market participants would act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using or selling the asset in its highest and best use.

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

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

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

## **1.27 COUNCIL TAX AND NON-DOMESTIC RATES**

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

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

The balance sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances, prepayments and appeals.

Where debtor balances are identified as impaired because there is a likelihood arising from a past event that payments due will not be made, the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cashflows.

## **2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

The Code of Practice on Local Authority Accounting for 2021/22 requires the disclosure of information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

Accounting changes that are introduced by the 2022/23 Code are:



- Amendments to IFRS 16 Leases: only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year
- Amendments to IFRS Standards:
  - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
  - IAS 37 (Onerous contracts) – clarifies the intention of the standard
  - IFRS 16 (Leases) – amendment removes a misleading example
  - IAS 41 (Agriculture) – one of a small number of IFRS's that only applies to local authorities in limited circumstances
- Amendments to IAS16: Proceeds before intended use

It is not anticipated that the above amendments will have a material impact on the information provided in the Council's financial statements.

### **3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The authority is the accountable body for the Staveley Towns Deal funding. The authority has reviewed its arrangements and concludes that it is acting as agent for the Town Deal. Income and expenditure is accounted and administered independently from the Council's accounts with the exception in respect of cash collected or expenditure incurred by the agent on behalf of the principal, in which case there is a debtor or creditor position. This is in accordance with the principles set out in the Local Authority Accounting Code of Practice where the Council is acting as an intermediary and is therefore following the agent principle as set out in section 2.6.2.1 of the Code.
- The authority has acquired the leasehold interest on the Pavements shopping centre during 2021/22. The asset was previously held as an investment property but from 2021/22 we are classifying the asset as income generating Property, Plant and Equipment to recognise the economic development rationale and opportunity arising from acquisition of 100% of the asset.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are

made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Balance Sheet at 31<sup>st</sup> March 2022, for which there is a significant risk of material adjustment in the forthcoming year are as follows:

Item	Uncertainties	Effect if Actual Results Differ From Assumptions
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements including mortality rates, expected return on fund assets and future salary rate increases. A firm of actuaries are engaged by the pension fund administrator to advice on the assumptions to be applied.	These assumptions interact in complex ways. During 2021/22, the actuaries advised that the net pensions liability had increased by £0.658m because of estimates being corrected as a result of experience and decreased by £26.191m attributable to updating their assumptions.
Arrears	At 31 <sup>st</sup> March 2022, the Authority had a balance of sundry debtors of £5.1m. A review of significant balances based on age profile and likelihood of recovery, suggested that an impairment provision of £1.7m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a 1% increase in the level of impairment provision would require an additional amount of £51k to be found.
Property, Plant & 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 this level of spending on repairs and maintenance can be sustained, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings, including council houses, would increase by £1.6m for every year that useful lives had to be reduced.
Fair value measurement	When the fair value of financial assets and liabilities cannot be measured based on quoted prices in active markets (Level 1 inputs), valuation techniques such as quoted prices for similar assets in active markets or discounted cash flow are used. Where possible, the inputs to the valuation are based on observable data, but where this is not possible, judgement is required in establishing fair values, including considerations such as uncertainty and risk. Changes in assumptions used could affect the fair value amount.  Where Level 1 inputs are not available,	The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates, adjusted for regional factors, for investment properties and some financial assets.  Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value

	<p>the authority uses relevant experts to identify the most appropriate valuation technique to determine fair value. Information about the valuation techniques and inputs used in determining fair value is disclosed in notes 21, 25 and 37.</p>	<p>measurement.</p>
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A further source of uncertainty has arisen due to the introduction of the Business Rates Retention Scheme from 1<sup>st</sup> April 2014. Local Authorities are now liable for a proportion of successful appeals against business rates in their proportionate shares. Therefore a provision has been recognised in the accounts to cover this liability. It is difficult to judge the size of the provision required due to the high level of uncertainty as to when and if the appeals will be decided and which appeals will be successful. The provision has been calculated using information from the Valuation Office ratings list of appeals and an analysis of successful appeals to date by an independent company.

**5. MATERIAL ITEMS OF INCOME AND EXPENSE**

The programme of capital expenditure on Council Housing remained high at £21.7m in 2021/22. This spending is aimed at maintaining dwellings at the decent homes standard. It is anticipated that this level of investment will continue next year.

**6. EVENTS AFTER THE BALANCE SHEET DATE**

The statement of accounts was authorised for issue on 29/07/2022 by the Service Director - Finance, Theresa Channell FCPFA. This is also the date up to which events after 31<sup>st</sup> March 2022 have been considered.

**7. EXPENDITURE AND FUNDING ANALYSIS**

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (ie 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.

It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income & Expenditure Statement.

## Expenditure & Funding Analysis

2020/21 Net Expenditure Chargeable to the General Fund and HRA Balances £000	2020/21 Adjustment between Funding and Accounting Basis £000	2020/21 Net Expenditure in the Comprehensive Income and Expenditure Statement £000	Portfolio	2021/22 Net Expenditure Chargeable to the General Fund and HRA Balances £000	2021/22 Adjustment between Funding and Accounting Basis £000	2021/22 Net Expenditure in the Comprehensive Income and Expenditure Statement £000
157	50	207	Leader of the Council	154	96	250
5,928	(3,105)	2,823	Deputy Leader of the Council	6,490	(2,636)	3,854
2,286	(3,222)	(936)	Cabinet Member for Economic Growth	(641)	522	(119)
(3,408)	2,568	(840)	Cabinet Member for Town Centre and Visitor Economy	141	21,498	21,639
4,642	2,827	7,469	Cabinet Member for Health and Well Being	4,354	3,834	8,188
674	(571)	103	Cabinet Member for Housing	429	(231)	198
2,275	640	2,915	Cabinet Member for Governance	2,106	1,109	3,215
(628)	4,228	3,600	Cabinet Member for Business Transformation and Customers	(2,051)	6,157	4,106
(1,679)	8,475	6,796	Housing Revenue Account (HRA)	(489)	(16,659)	(17,148)
<b>10,247</b>	<b>11,890</b>	<b>22,137</b>	<b>Net Cost of Services</b>	<b>10,493</b>	<b>13,690</b>	<b>24,183</b>
(18,558)	8,205	(10,353)	Other Income and Expenditure	(817)	(2,626)	(3,443)
<b>(8,311)</b>	<b>20,095</b>	<b>11,784</b>	<b>(Surplus)/Deficit</b>	<b>9,676</b>	<b>11,064</b>	<b>20,740</b>
<b>(38,885)</b>			<b>Opening General Fund and HRA Balance</b>	<b>(47,196)</b>		
(8,311)			Movement	9,676		
<b>(47,196)</b>			<b>Closing General Fund and HRA Balance</b>	<b>(37,520)</b>		
(14,107)			Opening General Fund Balance	(26,731)		
(12,624)			Movement	2,789		
(26,731)			Closing General Fund Balance	(23,942)		
(24,778)			Opening HRA Balance	(20,465)		
4,313			Movement	6,888		
(20,465)			Closing HRA Balance	(13,577)		

### **7A. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS: ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS**

The note below shows the difference between the accounting basis and funding basis.

<b>Adjustments between Funding and Accounting Basis 2021/22</b>				
Portfolios	Adjustment for Capital Purposes £000	Net change for Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Leader of the Council	-	96	-	96
Deputy Leader of the Council	-	(2,636)	-	(2,636)
Economic Growth	1,012	631	(1,121)	522
Town Centre & Visitor Economy	20,705	793	-	21,498
Health & Wellbeing	1,309	2,525	-	3,834
Housing	(312)	81	-	(231)
Governance	134	978	(3)	1,109
Business Transformation and Customers	390	5,765	2	6,157
Housing Revenue Account	(15,882)	1,124	(1,901)	(16,659)
<b>Net Cost of Services</b>	<b>7,356</b>	<b>9,357</b>	<b>(3,023)</b>	<b>13,690</b>
Other income & expenditure from Expenditure & Funding Analysis	1,326	-	(3,952)	(2,626)
<b>Difference between General Fund deficit and CIES deficit on Provision of Services</b>	<b>8,682</b>	<b>9,357</b>	<b>(6,975)</b>	<b>11,064</b>

<b>Adjustments between Funding and Accounting Basis 2020/21</b>				
Portfolios	Adjustment for Capital Purposes £000	Net change for Pension Adjustments £000	Other Differences £000	Total Adjustments £000
Leader of the Council	-	50	-	50
Deputy Leader of the Council	-	(3,105)	-	(3,105)
Economic Growth	(3,515)	296	(3)	(3,222)
Town Centre & Visitor Economy	2,121	446	1	2,568
Health & Wellbeing	1,310	1,516	1	2,827
Housing	(722)	68	83	(571)
Governance	155	478	7	640
Business Transformation and Customers	221	3,461	546	4,228
Housing Revenue Account	10,066	410	(2,001)	8,475
<b>Net Cost of Services</b>	<b>9,636</b>	<b>3,620</b>	<b>(1,366)</b>	<b>11,890</b>
Other income & expenditure from Expenditure & Funding Analysis	287	-	7,918	8,205
<b>Difference between General Fund deficit and CIES deficit on Provision of Services</b>	<b>9,923</b>	<b>3,620</b>	<b>6,552</b>	<b>20,095</b>

### Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied during the year. It also includes capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

#### Net Change for Pension Adjustments

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

- **For services** – this represents the removal of the employer contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- **For financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

#### Other Differences

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

- **For financing and investment income and expenditure** – recognises adjustments to the General Fund for the timing differences for premiums and discounts
- **For taxation and non-specific grant income and expenditure** – represents the differences between what is chargeable under statutory regulations for council tax and business rate income that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be included in future surplus/deficit on the Collection Fund.

## 8. SEGMENTAL INCOME

The amount of income received from external sources is shown below on a segmental basis.

Portfolios	Income from Services	
	2021/22 £000	2020/21 £000
Leader of the Council	-	(19)
Deputy Leader of the Council	(9)	-
Economic Growth	(4,605)	(4,078)
Town Centre & Visitor Economy	(6,908)	(6,264)
Health & Wellbeing	(5,643)	(5,013)
Housing	(148)	(92)
Governance	(432)	(426)
Business Transformation and Customers	(24,648)	(26,128)
Housing Revenue Account	(38,760)	(38,554)
<b>Total income analysed on a segmental basis</b>	<b>(81,153)</b>	<b>(80,574)</b>

## 9. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

	2021/22 £000	2020/21 £000
<b>Expenditure</b>		
Employee expenses	32,429	22,143
Other service expenses	56,679	61,607
Support service recharges	11,329	13,425
Depreciation, amortisation & impairment	27,847	42,424
Transfers to/from reserves	(1,119)	(12,451)
Interest payments	6,820	6,024
Precepts	487	463
Payments to Housing Capital Receipts Pool	925	925
Gain/loss on disposal of fixed assets	3,375	1,141
<b>Total Expenditure</b>	<b>138,772</b>	<b>135,701</b>
<b>Income</b>		
Fees, charges & other service income	(53,987)	(47,673)
Government grants	(39,363)	(56,540)
Recharges & other income	(18,469)	(18,922)
Interest & investment income	(56)	(114)
Income from business rates	(519)	4,750
Income from council tax	(5,638)	(5,418)
<b>Total Income</b>	<b>(118,032)</b>	<b>(123,917)</b>
<b>(Surplus)/Deficit on Provision of Services</b>	<b>20,740</b>	<b>11,784</b>

## 10. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

Income and expenditure charged to the General Fund and which must be taken into account in determining a local authority budget requirement and therefore its council tax is determined by statute and non-statutory proper practices rather than being in accordance with IFRS requirements.

Whilst the amounts which must be included in the Comprehensive Income and Expenditure Statement and the amounts required by statute and non-statutory practices to be included in the General Fund are largely the same, there are a number of differences.

This note details the adjustments that are made to the total comprehensive income and expenditure recognised in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure.

2021/22	Usable Reserves					Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
Reversal of items debited/credited to Comprehensive Income & Expenditure Statement						-
Depreciation, impairment & revaluation losses of non-current assets	24,782	(1,141)				(23,641)
Non-current assets written off on disposal as part of gain/loss on disposal to CIES	522	8,749				(9,271)
Movement in market value of Investment Properties	(2,652)	(2)				2,654
Amortisation of intangible assets						-
Capital grants & contributions applied	(1,888)				1,888	-
Revenue expenditure funded from capital under statute	2,996				(1,233)	(1,763)
<b>Insertion of items not debited/credited to Comprehensive Income &amp; Expenditure Statement</b>						
Statutory provision for financing of capital investment	(339)					339
Capital expenditure charged against General Fund and HRA balances	(67)	(5,511)				5,578
Voluntary Repayment of Debt		(1,897)				1,897
Community Infrastructure Levy (CIL)	(1,197)				1,197	-
Transfers between Other Reserves	74		527		(601)	-
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Use of Capital Receipts Reserve to finance new capital expenditure			(4,647)			4,647
Contribution from Capital Receipts Reserve to finance payments to Government capital receipts pool	925		(925)			-
Transfer of cash sale proceeds credited as part of gain/loss on disposal to CIES	(54)	(5,842)	5,896			-
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
HRA depreciation & impairment		(12,135)		12,135		-
Excess of Major Repairs Allowance over HRA depreciation						-
Use of Major Repairs Reserve to finance new capital expenditure				(12,135)		12,135
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>						
Amounts by which finance costs charged to Comprehensive Income & Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements	(8)					8



<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited/credited to Comprehensive Income & Expenditure Statement	14,225	1,124				(15,349)
Employers contributions payable to Derbyshire County Council Pension Fund and retirement benefits payable to pensioners in the year	(5,991)					5,991
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax and business rate income credited to the Comprehensive Income & Expenditure Statement is different from council tax and business rate income calculated for the year in accordance with statutory requirements	(3,605)					3,605
<b>Adjustments primarily involving the Accumulated Absences Account:</b>						
Amount by which salaries charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements.	(1)	(4)				5
<b>Total Adjustments</b>	<b>27,722</b>	<b>(16,659)</b>	<b>851</b>	<b>-</b>	<b>1,251</b>	<b>(13,165)</b>

2020/21	Usable Reserves					Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
Reversal of items debited/credited to Comprehensive Income & Expenditure Statement	-	-	-	-	-	-
Depreciation, impairment & revaluation losses of non-current assets	3,151	24,384	-	-	-	(27,535)
Non-current assets written off on disposal as part of gain/loss on disposal to CIES	-	4,723	-	-	-	(4,723)
Movement in market value of Investment Properties	939	(245)	-	-	-	(694)
Amortisation of intangible assets	140	-	-	-	-	(140)
Capital grants & contributions applied	(6,759)	-	-	-	1,120	5,639
Revenue expenditure funded from capital under statute	2,098	-	-	-	-	(2,098)
<b>Insertion of items not debited/credited to Comprehensive Income &amp; Expenditure Statement</b>						
Statutory provision for financing of capital investment	(332)	-	-	-	-	332
Capital expenditure charged against General Fund and HRA balances	(87)	(4,151)	-	-	-	4,238
Voluntary Repayment of Debt	-	(1,926)	-	-	-	1,926
Community Infrastructure Levy (CIL)	(133)	-	-	-	133	-
Transfers Between Other Reserves	699	(83)	26	-	13	(655)

<b><u>Adjustments primarily involving the Capital Receipts Reserve:</u></b>						
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	(3,393)	-	-	3,393
Contribution from Capital Receipts Reserve to finance payments to Government capital receipts pool	925	-	(925)	-	-	-
Transfer of cash sale proceeds credited as part of gain/loss on disposal to CIES	(551)	(3,041)	3,592	-	-	-
<b><u>Adjustments primarily involving the Major Repairs Reserve:</u></b>						
HRA depreciation & impairment	-	(9,262)	-	9,262	-	-
Excess of Major Repairs Allowance over HRA depreciation	-	(2,341)	-	2,341	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	(11,603)	-	11,603
<b><u>Adjustments primarily involving the Financial Instruments Adjustment Account:</u></b>						
Amounts by which finance costs charged to Comprehensive Income & Expenditure Statement are different from finance costs chargeable in year in accordance with statutory requirements	(8)	-	-	-	-	8
<b><u>Adjustments primarily involving the Pensions Reserve:</u></b>						
Reversal of items relating to retirement benefits debited/credited to Comprehensive Income & Expenditure Statement	8,687	409	-	-	-	(9,096)
Employers contributions payable to Derbyshire County Council Pension Fund and retirement benefits payable to pensioners in the year	(5,477)	-	-	-	-	5,477
<b><u>Adjustments primarily involving the Collection Fund Adjustment Account:</u></b>						
Amount by which council tax and business rate income credited to the Comprehensive Income & Expenditure Statement is different from council tax and business rate income calculated for the year in accordance with statutory requirements	8,258	-	-	-	-	(8,258)
<b><u>Adjustments primarily involving the Accumulated Absences Account:</u></b>						
Amount by which salaries charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements.	70	8	-	-	-	(78)
<b>Total Adjustments</b>	11,620	8,475	(700)	-	1,266	(20,661)

## 11. TRANSFERS TO/FROM EARMARKED RESERVES

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

	Balance 01/04/2020 £000	Transfers In 2020/21 £000	Transfers Out 2020/21 £000	Balance 31/03/2021 £000	Transfers In 2021/22 £000	Transfers Out 2021/22 £000	Balance 31/03/2022 £000
<b>General Fund</b>							
Vehicles & Plant	662	299	(230)	731	400	(282)	849
Information Technology	403	334	(223)	514	-	(431)	83
<b>Crematorium</b>							
Mercury Abatement	462	76	-	538	72	-	610
Capital Improvements	234	49	-	283	50	-	333
<b>Capital Reserves</b>	<b>1,761</b>	<b>758</b>	<b>(453)</b>	<b>2,066</b>	<b>522</b>	<b>(713)</b>	<b>1,875</b>
<b>General Fund</b>							
Enterprise Zone Business Rates	-	1,915	(504)	1,411	1,893	(735)	2,569
Budget Risk Reserve	1,345	587	(123)	1,809	856	(281)	2,384
Service Improvement	300	8	(8)	300	-	(56)	244
Property Improvement	471	1,232	(1,015)	688	1,225	(1,124)	789
Insurance	1,070	-	(150)	920	-	(150)	770
Tenants Property	791	283	(184)	890	287	(166)	1,011
Tapton Innovation Centre	121	25	(10)	136	25	(15)	146
DSO/DLO Reserve	538	22	-	560	-	-	560
Planning Inquiry	157	-	(91)	66	15	-	81
Flood Restoration	53	-	(2)	51	-	-	51
Elections Equipment	2	-	-	2	-	-	2
Museum Exhibits	25	-	-	25	-	-	25
Internal Audit Consortium	7	-	-	7	17	(7)	17
Risk Management Fund	5	5	(5)	5	5	(5)	5
S106	528	19	(24)	523	210	(69)	664
Revenue Grants Unapplied	1,751	3,478	(670)	4,559	2,039	(4,420)	2,178
MMI Insurance Reserve	153	-	-	153	-	-	153
Barrow Hill Bridge	25	5	-	30	5	-	35
Business Rates*	1,597	7,903	-	9,500	4,297	(7,247)	6,550
Repaid Improvement Grants	167	77	(91)	153	105	(93)	165
Northern Gateway	149	-	-	149	-	-	149
Theatre Restoration	103	2	-	105	89	-	194
Tier 4	59	-	(59)	-	364	(79)	285
Digital Innovation	316	10	(295)	31	10	(10)	31
Service Redesign	730	-	(55)	675	-	(104)	571
General	-	-	-	-	425	-	425
<b>Crematorium</b>							
Crematorium Balance	191	106	(75)	222	165	(72)	315
Cremator Repairs	183	-	-	183	-	-	183
Crematorium Equipment	9	3	-	12	3	-	15
<b>Revenue Reserves</b>	<b>10,846</b>	<b>15,680</b>	<b>(3,361)</b>	<b>23,165</b>	<b>12,035</b>	<b>(14,633)</b>	<b>20,567</b>
<b>Total Earmarked Reserves</b>	<b>12,607</b>	<b>16,438</b>	<b>(3,814)</b>	<b>25,231</b>	<b>12,557</b>	<b>(15,346)</b>	<b>22,442</b>
<b>General Fund Working</b>							
<b>Balance</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>1,500</b>
<b>HRA</b>							
Housing Revenue Account Balance	24,734	81	(4,355)	20,460	78	(6,966)	13,572
Major Repairs Reserve (HRA)	-	11,603	(11,603)	-	12,135	(12,135)	-
Revenue Grants Unapplied	44	5	(44)	5	5	(5)	5
<b>Total HRA Reserves</b>	<b>24,778</b>	<b>11,689</b>	<b>(16,002)</b>	<b>20,465</b>	<b>12,218</b>	<b>(19,106)</b>	<b>13,577</b>

\* Business Rates Reserve – the balance on this reserve remains high in 2021/22. Further business rate reliefs were awarded by Government in response to the pandemic resulting in a significant deficit in the Collection Fund. Section 31 grant funding of £3.6m was provided by Government in 2021/22 to mitigate the impact of their decision on local authorities and will be needed to meet the cost to the General Fund in 2022/23. This government grant funding is included in the reserve to meet the resulting additional General Fund cost in 2022/23.

## 12. OTHER OPERATING EXPENDITURE

	2021/22 £000	2020/21 £000
Parish council precepts	488	463
Payments to Housing Capital Receipts Pool	925	925
(Gains)/losses on disposal of non-current assets	3,375	1,141
Other	13	20
<b>TOTAL</b>	<b>4,801</b>	<b>2,549</b>

## 13. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2021/22 £000	2020/21 £000
Interest payable & similar charges	4,685	4,783
Net interest on net defined benefit liability	2,135	1,241
Interest and investment income	(56)	(114)
Income and expenditure in relation to Investment Properties	(2,364)	(2,648)
Changes in fair value of Investment Properties	2,654	694
(Gain)/loss on trading accounts	(761)	(715)
Transfer to/(from) Bad Debt Provisions	80	308
<b>TOTAL</b>	<b>6,373</b>	<b>3,549</b>

**14. TAXATION AND NON SPECIFIC GRANT INCOME**

	<b>2021/22 £000</b>	<b>2020/21 £000</b>
Council tax income	<b>(5,638)</b>	(5,418)
Business Rates income and expenditure	<b>(519)</b>	4,750
Non-ringfenced government grants	<b>(6,571)</b>	(12,363)
Capital grants and contributions	<b>(1,889)</b>	(3,420)
<b>TOTAL</b>	<b>(14,617)</b>	(16,451)

**15. OFFICERS' REMUNERATION**

The number of all employees whose remuneration excluding pension contributions was £50,000 or more in bands of £5,000 were:		
Remuneration Band	No. of Employees	
	2021/22	2020/21
£50,000 - £54,999	<b>8</b>	6
£55,000 - £59,999	<b>4</b>	2
£60,000 - £64,999	-	-
£65,000 - £69,999	<b>2</b>	2
£70,000 - £74,999	-	4
£75,000 - £79,999	5	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	2
£95,000 - £99,999	2	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	1
£115,000 - £119,999	<b>1</b>	-

The following tables set out the remuneration disclosure for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year (these are also included in the table above).

<b>2021/22</b>	Salary (inc fees & allowances)	Expense Allowances	Compensation for loss of employment	Total remuneration exc pension contributions 2021/22	Pension Contributions	Total remuneration inc pension contributions 2021/22
Post Title	£	£	£	£	£	£
Chief Executive	115,792	-	-	115,792	17,581	133,373
Executive Director	95,964	85	-	96,049	14,586	110,635
Executive Director	95,964	85	-	96,049	14,586	110,635
Service Director - Finance (a)	34,087	332	-	34,419	5,181	39,600
Service Director - Finance (b)	44,576	-	-	44,576	6,775	51,351
<b>Total</b>	<b>386,383</b>	<b>502</b>	-	<b>386,885</b>	<b>58,709</b>	<b>445,594</b>

(a) The Service Director - Finance left the role on 6/9/2021.

(b) The Service Director - Finance started in post on 7/9/2021.

<b>2020/21</b>	Salary (inc fees & allowances)	Expense Allowances	Compensation for loss of employment	Total remuneration exc pension contributions 2020/21	Pension Contributions	Total remuneration inc pension contributions 2020/21
Post Title	£	£	£	£	£	£
Chief Executive	114,083	-	-	114,083	17,321	131,404
Executive Director	94,546	-	-	94,546	14,371	108,917
Executive Director	94,546	-	-	94,546	14,371	108,917
Service Director - Finance (a)	65,842	-	-	65,842	10,008	75,850
<b>Total</b>	<b>369,017</b>	-	-	<b>369,017</b>	<b>56,071</b>	<b>425,088</b>

(a) The Chief Finance Officer post was renamed Service Director – Finance as part of the Corporate Management Team review from 1/3/2021.

The number of exit packages with total cost per band and total cost of the compulsory and other departures are set out in the table below. The total cost has been agreed and charged to the Comprehensive Income & Expenditure Statement in the year indicated.

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22 £000	2020/21 £000
£0 - £20,000	-	-	5	3	5	3	35	18
£20,001 - £40,000	-	-	2	1	2	1	66	30
<b>Total</b>	-	-	<b>7</b>	<b>4</b>	<b>7</b>	<b>4</b>	<b>101</b>	<b>48</b>

## 16. DEFINED BENEFIT PENSION SCHEMES

### Participation in Pension Scheme

As part of the terms and conditions of employment of its officers, the authority makes contributions towards the cost of post-employment benefits. Although the benefits of this scheme are not actually payable until employees retire, the authority has a

commitment to make the payments and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme and Derbyshire County Council administers the scheme. It is a funded defined benefit career average revalued earnings scheme, meaning that the Council and employees pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Derbyshire pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Derbyshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

#### Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against the council tax is based on the cash payable to the pension fund in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income & Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:-

<b>Transactions Relating to Retirement Benefits</b>		
<b>Comprehensive Income &amp; Expenditure Statement</b>	<b>2021/22 £000</b>	<b>2020/21 £000</b>
Cost of Services		
Service cost comprising:		
▪ Current service cost	13,158	7,856
▪ Past service costs	56	-
▪ (Gain)/Loss from settlements	-	-
Financing & Investment Income and Expenditure		
▪ Net interest expense	2,135	1,241
<b>Total Post Employment benefit Charged to surplus/Deficit on Provision of Services</b>	<b>15,349</b>	<b>9,097</b>
Remeasurement of net defined benefit liability comprising:		
▪ Return on plan assets (excluding amount included in net interest expense)	(13,928)	(34,836)
▪ Actuarial gains and losses arising on changes in demographic assumptions	(2,134)	4,181
▪ Actuarial gains and losses arising on changes in financial assumptions	(24,225)	71,638
▪ Other	661	(2,891)
<b>Total Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>(24,277)</b>	<b>47,189</b>

<b>Movement in Reserves Statement</b>		
<ul style="list-style-type: none"> <li>▪ Reversal of net charges made to Surplus/Deficit on Provision of Services for post employment benefits in accordance with the Code</li> </ul>	<b>(15,349)</b>	(9,097)
Actual amount charged against General fund Balance for pensions in year		
<ul style="list-style-type: none"> <li>▪ Employers' contributions payable to scheme</li> </ul>	<b>5,948</b>	5,477

### Pension Assets and Liabilities Recognised in the Balance Sheet

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

	<b>2021/22</b>	2020/21
	<b>£000</b>	£000
Present value of defined benefit obligation	<b>340,852</b>	352,768
Fair value of plan assets	<b>(268,444)</b>	(250,276)
<b>Net liability arising from defined benefit obligations</b>	<b>72,408</b>	102,492

### Reconciliation of Movements in the Fair Value of Scheme Assets

	<b>2021/22</b>	2020/21
	<b>£000</b>	£000
Opening fair value of scheme assets	<b>250,276</b>	185,593
Interest income	<b>4,995</b>	4,448
Re-measurement gain/loss:		
<ul style="list-style-type: none"> <li>▪ Return on plan assets, excluding amount included in net interest expense</li> </ul>	<b>13,858</b>	34,631
Contributions from employer	<b>5,948</b>	5,447
Contributions from employees into the scheme	<b>1,623</b>	1,414
Benefits paid	<b>(8,256)</b>	(7,824)
Effect of Business Combinations	-	26,567
<b>Closing balance at 31st March</b>	<b>268,444</b>	<b>250,276</b>



## Reconciliation of Present Value of Scheme Liabilities

	<b>2021/22</b>	2020/21
	<b>£000</b>	£000
Opening balance at 1st April	352,768	246,486
Current service cost	13,079	7,832
Interest cost	7,115	5,678
Contributions from scheme participants	1,623	1,414
Remeasurement gains/losses:		
▪ Actuarial gains/losses arising from changes in demographic assumptions	(2,121)	4,156
▪ Actuarial gains/losses arising from changes in financial assumptions	(24,070)	71,186
▪ Other	658	(2,876)
Past service cost	56	(660)
Benefits paid	(8,256)	(7,824)
Effect of Business Combinations	-	27,376
<b>Closing balance at 31st March</b>	<b>340,852</b>	<b>352,768</b>

## Local Government Pension Scheme Assets

	<b>Fair Value of Scheme Assets</b>							
	2021/22				2020/21			
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets
<b>Cash &amp; cash equivalents</b>		12,063	<b>12,063</b>	4%		15,908	15,908	6%
<b>Equity Securities</b>								
▪ Consumer	1,063		<b>1,063</b>	1%	4,239		4,239	2%
▪ Manufacturing	683		<b>683</b>	0%	2,466		2,466	1%
▪ Energy & utilities	338		<b>338</b>	0%	900		900	0%
▪ Financial institutions	511		<b>511</b>	0%	1,892		1,892	1%
▪ Health & care	704		<b>704</b>	0%	2,219		2,219	1%
▪ Information technology	961		<b>961</b>	1%	3,435		3,435	1%
▪ Other	9,396		<b>9,396</b>	4%	50,325		50,325	20%
Sub-total Equity	13,656	-	<b>13,656</b>	6%	65,476	-	65,476	26%
<b>Debt Securities</b>								
▪ Corporate	16,624	18,314	<b>34,938</b>	13%		32,556	32,556	13%
▪ UK Government	22,528		<b>22,528</b>	8%	21,100		21,100	8%
▪ Other	4,766		<b>4,766</b>	2%	4,479		4,479	2%
Sub-total Debt	43,918	18,314	<b>62,232</b>	23%	25,579	32,556	58,135	23%
<b>Property</b>								
▪ UK Property	1,441	19,719	<b>21,160</b>	8%		19,006	19,006	8%
<b>Private Equity</b>								
▪ All	5,017	7,869	<b>12,886</b>	5%	3,780	5,515	9,295	4%
<b>Investment Funds &amp; Unit Trusts</b>								
▪ Equities	79,865	44,462	<b>124,327</b>	46%	66,935		66,935	27%
▪ Infrastructure	5,610	16,510	<b>22,120</b>	8%	3,645	11,876	15,521	6%
Sub-total Investment Funds & Unit Trusts	85,475	60,972	<b>146,447</b>	54%	70,580	11,876	82,456	33%
<b>Total Assets</b>	<b>149,507</b>	<b>118,937</b>	<b>268,444</b>	<b>100%</b>	<b>165,415</b>	<b>84,861</b>	<b>250,276</b>	<b>100%</b>

### 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 payable in future years dependent on assumptions about mortality rates, salary levels etc. The scheme has been assessed by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme at 31<sup>st</sup> March 2019.

The actuaries' valuation report includes an assessment of the impact of the McCloud judgement relating to the 2014 reforms of LGPS benefits.

The significant assumptions used by the actuary are:

	2021/22	2020/21
Mortality Assumptions:		
Longevity at 65 for current pensioners		
▪ Men	21.1	21.3
▪ Women	23.8	23.9
Longevity at 65 for future pensioners		
▪ Men	22.2	22.5
▪ Women	25.6	25.8
Rate of inflation	3.20%	2.85%
Rate of increase in salaries	3.90%	3.55%
Rate of increase in pensions	3.90%	3.55%
Rate for discounting scheme liabilities	2.70%	2.00%
Take up of option to convert annual pension into retirement lump sum - pre April 2008 service	50%	50%
Take up of option to convert annual pension into retirement lump sum - post April 2008 service	75%	75%

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

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method. The methods and types of assumption used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined benefit Obligation in the Scheme	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	6,570
0.1% increase in Salary Increase Rate	0%	720
0.1% increase in Pension Increase Rate	2%	5,796
1 year increase in member life expectancy	4%	13,634

#### Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 19 years. Funding levels are reviewed as part of the triennial valuation process. The next triennial valuation is due to be completed as at 31<sup>st</sup> March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Act 2013. Under the Act, the Local Government Pension Scheme

may not provide benefits in relation to service after 31<sup>st</sup> March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in 2022/23 is £5.778m.

With the exception of the tables detailing transactions in the Comprehensive Income & Expenditure Statement and the Movement in Reserves Statement, the pension fund details in note 16 do not include Chesterfield Borough Council's share of the Crematorium pension fund which has its own separate fund.

## 17. **MEMBERS' ALLOWANCES**

The allowances and expenses paid to Members were as follows:

	2021/22 £000	2020/21 £000
Special Responsibility & Other Allowances	148	145
Basic Responsibility Allowances	307	302
Member expenses	-	1
<b>TOTAL</b>	<b>455</b>	<b>448</b>

A schedule of the amounts paid to individual Members is published each year in the Council's newspaper. The schedule can also be viewed on the Council's web-site ([www.chesterfield.gov.uk](http://www.chesterfield.gov.uk)).

## 18. **GRANT INCOME**

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2021/22.

	2021/22 £000	2020/21 £000
<b>Credited to Taxation &amp; Non Specific Grant Income</b>		
Revenue Support Grant	444	442
New Homes Bonus Grant	15	95
D2N2 LEP	-	2,968
Home Office	303	-
Staveley Town Deal	186	-
Department for Levelling Up, Housing & Communities		
▪ Business Rate Relief	5,194	9,496
▪ Covid19	644	2,331
▪ Other	1,471	280
Other	203	172
<b>TOTAL</b>	<b>8,460</b>	<b>15,784</b>

<b>Credited to Services:</b>		
<b>Capital</b>		
BEIS	56	-
Derbyshire Better Care Fund	1,372	1,372
D2N2	-	1,226
Derbyshire County Council:	29	521
Department for Levelling Up, Housing & Communities	-	220
<b>Revenue</b>		
Dept for Work & Pensions- Housing Benefits	23,644	25,442
Department for Levelling Up, Housing & Communities	1,268	4,312
Arts Council	306	449
Other Government Grants	489	78
Derbyshire County Council:		
- Supporting People	298	255
- Highways Agency	130	130
- Other	77	69
Other Local Authorities	12	12
S106 Contributions	4	24
<b>TOTAL</b>	<b>27,685</b>	<b>34,110</b>

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will/may require the monies to be returned. The balances at year end are as follows:

<b>Capital Grants Receipts in Advance</b>	<b>2021/22 £000</b>	<b>2020/21 £000</b>
BEIS - Green grants	1,169	1,000
Derbyshire County Council	3	3
S106 Contributions	123	125
Other	14	14
<b>TOTAL</b>	<b>1,309</b>	<b>1,142</b>

#### 19. **EXTERNAL AUDIT COSTS**

The Council has incurred the following fees relating to external audit and inspection, certification of grant claims and non-audit services.

	<b>2021/22 £000</b>	<b>2020/21 £000</b>
Fees payable to the auditors with regard to external audit services carried out by the appointed auditor	40	40
Fees payable to the auditor for certification of grant claims and returns	8	7
Fees payable in respect of any other services provided by the appointed auditor	4	4
<b>Total</b>	<b>52</b>	<b>51</b>

## 20. MOVEMENTS IN PROPERTY, PLANT & EQUIPMENT

<u>Movements in 2021/22</u>	<u>Council Dwellings</u> £000	<u>Other Land &amp; Buildings</u> £000	<u>Vehicles, Plant &amp; Equipment</u> £000	<u>Infrastructure Assets</u> £000	<u>Community Assets</u> £000	<u>Surplus Assets</u> £000	<u>Assets Under Construction</u> £000	<u>TOTAL</u> £000
<b><u>Gross Book Value</u></b>								
Brought forward 1 April	357,178	76,754	7,100	6,061	4,072	1,413	19,099	471,677
Additions	17,525	22,844	1,125				12,238	53,732
Revals - Revaluation Reserve	3,907	(1,166)						2,741
Revals - surplus/deficit on provision of services	13,267	(21,435)						(8,168)
Derecognition - disposals	(9,184)					(522)		(9,706)
Derecognition - other								-
Impairment losses reversed in s/d on provision of services								-
Other movements	2,910	(741)					(1,783)	386
<b>GBV at 31 March 22</b>	<b>385,603</b>	<b>76,256</b>	<b>8,225</b>	<b>6,061</b>	<b>4,072</b>	<b>891</b>	<b>29,554</b>	<b>510,662</b>
<b><u>Accumulated Depreciation &amp; Impairment</u></b>								
Brought forward 1 April	-	(4,894)	(2,943)	(4,106)	-	(20)	-	(11,963)
Additions - depreciation	(11,988)	(2,352)	(914)	(211)		(6)		(15,471)
Additions - impairment								-
Revals - Revaluation Reserve	11,543	1,827						13,370
Revals - surplus/deficit on provision of services								-
Derecognition - disposals	435							435
Derecognition - other								-
Impairment losses reversed in s/d on provision of services								-
Other movements	10							10
<b>Depreciation &amp; Impairment at 31 March 22</b>	<b>-</b>	<b>(5,419)</b>	<b>(3,857)</b>	<b>(4,317)</b>	<b>-</b>	<b>(26)</b>	<b>-</b>	<b>(13,619)</b>
<b>Net Book Value B/fwd</b>	<b>357,178</b>	<b>71,860</b>	<b>4,157</b>	<b>1,955</b>	<b>4,072</b>	<b>1,393</b>	<b>19,099</b>	<b>459,714</b>
<b>Net Book Value at 31 March 22</b>	<b>385,603</b>	<b>70,837</b>	<b>4,368</b>	<b>1,744</b>	<b>4,072</b>	<b>865</b>	<b>29,554</b>	<b>497,043</b>

<u>Movements in 2020/21</u>	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Gross Book Value</b>								
Brought forward 1 April	344,940	78,832	3,841	6,061	4,072	1,424	8,053	447,223
Additions	13,012	448	2,045				13,818	29,323
Revals - Revaluation Reserve	17,787	(1,994)						15,793
Revals - surplus/deficit on provision of services	(15,122)	(543)						(15,665)
Derecognition - disposals	(4,987)							(4,987)
Derecognition - other								-
Impairment losses reversed in s/d on provision of services								-
Other movements	1,548	11	1,214			(11)	(2,772)	(10)
<b>GBV at 31 March 21</b>	<b>357,178</b>	<b>76,754</b>	<b>7,100</b>	<b>6,061</b>	<b>4,072</b>	<b>1,413</b>	<b>19,099</b>	<b>471,677</b>
<b>Accumulated Depreciation &amp; Impairment</b>								
Brought forward 1 April	-	(5,289)	(2,665)	(3,868)	-	(13)	-	(11,835)
Additions - depreciation	(9,118)	(2,278)	(278)	(238)		(7)		(11,919)
Additions - impairment								-
Revals - Revaluation Reserve	8,844	2,603						11,447
Revals - surplus/deficit on provision of services		70						70
Derecognition - disposals	264							264
Derecognition - other								-
Impairment losses reversed in s/d on provision of services								-
Other movements	10							10
<b>Depreciation &amp; Impairment at 31 March 21</b>	<b>-</b>	<b>(4,894)</b>	<b>(2,943)</b>	<b>(4,106)</b>	<b>-</b>	<b>(20)</b>	<b>-</b>	<b>(11,963)</b>
<b>Net Book Value B/fwd</b>	<b>344,940</b>	<b>73,543</b>	<b>1,176</b>	<b>2,193</b>	<b>4,072</b>	<b>1,411</b>	<b>8,053</b>	<b>435,388</b>
<b>Net Book Value at 31 March 21</b>	<b>357,178</b>	<b>71,860</b>	<b>4,157</b>	<b>1,955</b>	<b>4,072</b>	<b>1,393</b>	<b>19,099</b>	<b>459,714</b>

### Depreciation

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

Council Dwellings:	9 – 40 years
Other Land & Buildings:	1 – 75 years
Vehicles, Plant, Furniture & Equipment:	1 – 10 years
Infrastructure	20 – 35 years

## 21. SURPLUS ASSETS

### Fair Value Hierarchy

Details of surplus assets and information about their fair value hierarchy at 31<sup>st</sup> March are as follows:

Fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 22 £000
Community Rooms	74	-	74
Land	-	791	791
<b>Total 2021/22</b>	<b>74</b>	<b>791</b>	<b>865</b>

Fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 21 £000
Community Rooms	80	-	80
Land	-	1,313	1,313
<b>Total 2020/21</b>	<b>80</b>	<b>1,313</b>	<b>1,393</b>

There were no transfers between Levels 2 and 3 during the year.

### Valuation Techniques used to Determine Level 2 and 3 Fair Values

#### Significant Observable Inputs – Level 2

The fair value for the surplus assets has been based on a market approach using current market evidence including recent sale prices/rentals achieved and other relevant information for similar assets within the local authority area. Market conditions are such that similar properties have actively sold or let and the level of observable inputs are significant.

#### Significant Unobservable Inputs – Level 3

These valuations are historic based on existing use values and/or based on unobservable inputs. These assets will be revalued in 2022/23 to allow confirmation of their fair value hierarchy classifications.



Reconciliation of Fair Value Measurements (using significant unobservable inputs)  
Categorised within Level 3 of the Fair Value Hierarchy

Surplus Assets categorised as Level 3	31st March 2022 £000	31st March 2021 £000
Opening balance	1,313	1,325
Transfers into Level 3	-	-
Transfers from Level 3		(12)
Total gains/losses for the period included in surplus/deficit on Provision of Services resulting from changes in fair value	-	-
Additions		
Revaluations	-	-
Disposals	(522)	-
<b>Closing Balance</b>	<b>791</b>	<b>1,313</b>

Quantitative Information about Fair Value Measurement of Surplus Assets using Significant Unobservable Inputs – Level 3

	31st March 2022 £000	Valuation Technique	Unobservable Inputs	Sensitivity
Land	791	Market Value	Future Use	Planning Restrictions Site issues - redevelopment

## 22. HERITAGE ASSETS

The Heritage Assets owned by the Council are largely peripheral to its main objectives and are held entirely with the objective of preserving them for future generations because of their cultural, environmental or historical association with the borough.

Reconciliation of the carrying value of Heritage Assets held by the Authority:

Asset Class	Balance B/Fwd at 1st April 2021 £000	Additions £000	Disposals £000	Revaluations £000	Other Changes £000	Balance C/Fwd at 31 March 2022 £000
Rosewall Sculpture	950					950
Historic Sites & Buildings	315					315
Museum Collection	265					265
Civic Plate, Paintings & Porcelain	245					245
Mayoral Regalia	439					439
<b>Assets Carried at Valuation</b>	<b>2,214</b>	-	-	-	-	<b>2,214</b>
Barrow Hill Railway HC	344					344
War Memorials etc	38					38
Museum Collection	-					-
Percent for Art Sculptures	303					303
<b>Assets Carried at Cost</b>	<b>685</b>	-	-	-	-	<b>685</b>
<b>TOTAL HERITAGE ASSETS</b>	<b>2,899</b>	-	-	-	-	<b>2,899</b>

## Assets not included in the Balance Sheet

War Memorials and Other Monuments – The Council has 17 war memorials together with various other monuments, including the Peace Fountain in Eastwood Park and the ‘Old Town Pump’ in the centre of Chesterfield market place. Only 4 of the war memorials and the Peace Fountain are included on the Balance Sheet. Reliable information on cost is not available. No further acquisitions or disposals of assets in this class of heritage assets is anticipated. These assets are not insured and it is considered impractical to obtain valuation information due to the lack of comparable transactions and the relative insignificance of the assets in purely financial terms.

Percent for Art – The Council supports and encourages the promotion of public art as good planning practice which brings cultural, environmental and economic benefit to local communities. Previous planning policy required developers of schemes costing more than £1m to include a work of art to the value of 1% of the total project cost on their development. The Council keeps a register of sculptures owned and maintained by it in the Forward Planning Section. The Council manages a separate website [www.chesterfieldarttrail.co.uk](http://www.chesterfieldarttrail.co.uk) which gives details of where the existing artworks can be found.

It is considered impractical to obtain reliable information on cost for most of the assets in this category as some of the artworks were paid for by third parties and for those sponsored by the Authority, the difficulty of separating costs relating to artwork from other capital costs. These assets are not insured and it is considered impractical to obtain valuation information due to the lack of comparable transactions and the diversity of the assets themselves.

Museum Collection – The majority of the 30,000 objects in the museum collection are made up of objects of social and industrial history. A high proportion of the collection is made up of items of minimal commercial value. The collection is currently held in storage whilst the Museum is undergoing refurbishment. The collection can be divided into five broad categories:

- Social and historical objects
- Fine arts (paintings and drawings)
- Decorative art (pottery and glass)
- Archaeological finds
- Material available for loans to schools

Except for recent acquisitions, reliable information on cost is not available. In general, conventional valuation approaches would not be suitable owing to the sheer number and diversity of items, coupled with the unique and irreplaceable nature of many of the objects concerned. The collection is insured for £3.3m but this is regarded as a nominal and fairly arbitrary figure and therefore only those existing assets with a readily ascertainable market value have been recognised on the balance sheet.

## Assets included in the Balance Sheet

### Historic Buildings

There are three assets included in this classification. These are the Barrow Hill Railway Heritage Centre which hosts Britain's last working roundhouse, the Revolution House which is an old stone cottage used as a museum, originally an alehouse used to plot the Revolution of 1688 and the Queens Park dovecote which is located in the Victorian park in the centre of Chesterfield. No further acquisitions or disposals are expected in this classification of heritage assets. All of these assets can be visited by the public and further information is available on the Council's website.

These assets are measured at valuation using conventional valuation approaches. They were valued as at 1<sup>st</sup> April 2020 by the Council's internal valuer, in accordance with the Statements of Asset Valuation Practice & Guidance Notes of the Royal Institute of Chartered Surveyors.

### War Memorials/Monuments

Only 4 of the 17 war memorials in the Borough and the Peace Fountain in Hasland Park are included in the balance sheet, the former at a notional cost of £1 each. No further acquisitions or disposals are anticipated for this classification of heritage asset. All assets are accessible to the public.

### Rosewall Sculpture

This was originally commissioned from Barbara Hepworth by the Post Office to stand outside their administrative offices when they relocated to Chesterfield in the 1960's. It was acquired in 2008/09 and was valued immediately prior to purchase by Hazlett, Holland-Hibbert, a firm of specialist dealers in modern art at market value. Due to the cost involved, further appraisals will be infrequent. It is located adjacent to the public footbridge from the town centre into Queens Park in the centre of Chesterfield.

### Mayoral Regalia/Civic Plate, Paintings & Porcelain

These are kept in the Mayor's Parlour in the Town Hall. The parlour is accessible to the public on several occasions each year and to school parties by special arrangement. No further acquisitions or disposals are planned for this classification of heritage asset, although items are donated on an ad-hoc basis. They were valued in 2015 and are recognised on the balance sheet at valuation. Due to the costs involved, further appraisals will be infrequent.

### Museum Collection

The whole of the collection is currently in storage whilst the museum is refurbished. Those items with a reasonably ascertainable value are recognised on the balance sheet at valuation. The valuations were carried out in 1991 by Phillips Midlands and in 1993 by Henry Spencer & Sons. The value is based on formal valuation evidence, restated at April 2010 prices, using RPI as a reference index. No material additions or disposals have occurred since the valuation was prepared. Assets acquired in future will be measured at historic cost.

## 23. CAPITAL COMMITMENTS

The Council has approved a capital programme for the two year period to 2023/24 amounting to approximately £89m of which approximately £16.9m was contractually committed at 31<sup>st</sup> March 2022.

	Approved Expenditure £000	Committed £000
Council Housing	54,126	10,765
Economic Development	15,045	4,640
Housing Grants	6,331	301
Leisure	11,563	804
Planning & Property	33	-
Other Schemes	1,423	395
	88,521	16,905

## 24. CAPITAL EXPENDITURE & FINANCING

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

	2021/22 £000	2020/21 £000
<b>Opening Capital Financing Requirement (CFR) 1st April</b>	<b>150,240</b>	145,948
<u>Capital Investment</u>		
Property, Plant & Equipment	<b>53,732</b>	29,325
Investment Properties	-	-
Intangible Assets	-	-
Heritage Assets	-	-
Revenue Expenditure Funded from Capital under Statute	<b>4,452</b>	2,098
<u>Financed by</u>		
Capital Receipts	<b>(4,647)</b>	(3,393)
Capital Grants & Contributions	<b>(2,690)</b>	(5,639)
Revenue Balances & Direct Revenue Financing	<b>(17,712)</b>	(15,840)
Minimum/Voluntary Revenue Provision	<b>(2,236)</b>	(2,259)
Use of Capital Receipts to Repay Debt	-	-
<b>Closing Capital Financing Requirement 31st March</b>	<b>181,139</b>	150,240
<b>Increase/(Decrease) in CFR</b>	<b>30,899</b>	4,292
<u>Analysis of Increase/(Decrease) in CFR</u>		
Supported by Government Financial Assistance	-	-
Unsupported by Government Financial Assistance	<b>30,899</b>	4,292
<b>Increase/(Decrease) in CFR</b>	<b>30,899</b>	4,292

## 25. INVESTMENT PROPERTIES

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

	2021/22 £000	2020/21 £000
Rental income from investment property	(3,599)	(4,103)
Direct operating expenses arising from investment property	1,235	1,455
<b>Net (gain)/loss</b>	<b>(2,364)</b>	<b>(2,648)</b>

Generally, there are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the revenue income and proceeds of disposal. The exceptions to this are as follows:

- Tapton House School was gifted to the authority and must be used for the benefit of the inhabitants of Chesterfield.
- Commercial and industrial units at Venture House and Prospect House were built by the authority but the construction was part funded by external grant funding. Net revenue income must be returned to these funding partners on an annual basis pro rata to the share of capital funding provided by them for the initial creation of the asset. Any proceeds on disposal of these assets would be returned on a similar basis.

The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement except for the Pavements Centre, Dunston Farm and Tapton House where there is an obligation to maintain and repair.

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

	2021/22 £000	2020/21 £000
Balance at start of year	34,592	36,798
Additions:		
Subsequent expenditure	-	-
Disposals	-	-
Net gains/losses from fair value adjustments	2,653	(2,206)
Other changes	(395)	-
Balance at end of year	36,850	34,592

## Fair Value Hierarchy

Details of the investment properties and information about their fair value hierarchy at 31<sup>st</sup> March are as follows:

Recurring fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 22 £000
Industrial Units & Trading Estates	26,006		26,006
Retail & Office	9,137		9,137
Undeveloped Land	100	282	382
Miscellaneous	1,015	310	1,325
<b>Total 2021/22</b>	<b>36,258</b>	<b>592</b>	<b>36,850</b>

Recurring fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 21 £000
Industrial Units & Trading Estates	24,087		24,087
Retail & Office	9,192		9,192
Undeveloped Land	100	217	317
Miscellaneous	836	160	996
<b>Total 2020/21</b>	<b>34,215</b>	<b>377</b>	<b>34,592</b>

There were no transfers between Levels 2 and 3 during the year.

### Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

#### Significant Observable Inputs – Level 2

The Council's investment portfolio generally sits within an active market where there have been a number of lettings and sales therefore they have been classed as Level 2 in the fair value hierarchy as inputs are observable. The fair value takes account of current leases, cash flows and reasonable assumptions regarding future rental income and outgoings.

#### Significant Unobservable Inputs – Level 3

The Level 3 investment properties consist of 4 agricultural holdings for which formal lease documentation is incomplete thereby creating unknowns.

Reconciliation of Fair Value Measurements (using significant unobservable inputs)  
Categorised within Level 3 of the Fair Value Hierarchy

<b>Investment Properties categorised as Level 3</b>	<b>31st March 2022 £000</b>	<b>31st March 2021 £000</b>
Opening Balance	377	679
Transfers into Level 3		
Transfers from Level 3		
Total gains/losses for the period included in surplus/deficit on Provision of Services resulting from changes in fair value	215	(302)
Additions		
Revaluations		
Disposals		
<b>Closing Balance</b>	<b>592</b>	<b>377</b>

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

	31st March 2022 £000	Valuation Technique	Unobservable Inputs	Sensitivity
Undeveloped Land	282	Assumed investment (fair value basis)	Rent details Rent comparables	Tenancy details Rent levels Rent reviews
Farm	310	Assumed investment (fair value basis)	Rent details Rent comparables	Rent level being known/eligible successor/prospect of vacant possession

Highest and Best Use of Investment Properties

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

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Valuation Process for Investment Properties

The fair value of the authority's investment property is measured annually at each reporting date. All valuations are carried out by the Council's internal valuers, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors.

**26. FIXED ASSET VALUATION**

The authority's freehold and leasehold properties have been valued by the council's internal valuers, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors. All assets are re-valued on a rolling programme basis over five years.

Plant and machinery includes such items that are not a fixture or fitting to a building.

Properties regarded by the authority as operational were valued on the basis of existing use value or, where this could not be assessed because there was no market based evidence for the subject asset, the depreciated replacement cost.

Infrastructure, community assets and assets under construction are included in the balance sheet at historical cost, net of depreciation.

Except for those dwellings which the Authority leases out to other providers of social housing, the stock of council dwellings was re-valued as at 31<sup>st</sup> March 2022 in accordance with Government guidelines. The basis of the valuation for the bulk of the housing stock within the HRA is Existing Use Value for Social Housing (see HRA note 4).

The statement below shows the progress of the Council's rolling programme for the revaluation of fixed assets. Where the valuations have not been updated in recent years the authority has assessed that there has been no material change in value. The basis of the valuations is set out in Note 1.14 of the Summary of Significant Accounting Policies.

	<b>Council Dwellings</b>	<b>Other Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Infrastructure Assets</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction</b>	<b>TOTAL</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Valued at historical cost		634	8,225	6,061	4,072		29,554	48,546
<u>Valued at current value</u>								
2021/22	385,603	18,348						403,951
2020/21		17,076						17,076
2019/20		18,517						18,517
2018/19		10,515				891		11,406
2017/18		11,166						11,166
<b>Total Gross Book Value</b>	<b>385,603</b>	<b>76,256</b>	<b>8,225</b>	<b>6,061</b>	<b>4,072</b>	<b>891</b>	<b>29,554</b>	<b>510,662</b>

## 27. **DEPRECIATION**

The treatment of depreciation is described in Note 1.15 of the Summary of Significant Accounting Policies.

## 28. **IMPAIRMENT LOSSES**

No impairment losses were recognised in either Surplus or Deficit on the Provision of Services or in Other Comprehensive Income & Expenditure during 2021/22.



## 29. LEASES

### Authority as Lessee

#### Finance Leases

The Authority has no finance leases.

#### Operating Leases

The Authority has a number of operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

	31st March	
	2022 £000	2021 £000
Not later than 1 year	651	578
Later than 1 year and not later than 5 years	769	1,165
Later than 5 years	-	-
<b>Total</b>	<b>1,420</b>	<b>1,743</b>

There were no future minimum sublease payments expected to be received under non-cancellable subleases at 31<sup>st</sup> March, 2022 or 31<sup>st</sup> March, 2021.

The amounts recognised as an expense in Surplus or Deficit on Provision of Services are detailed below.

	31st March	
	2022 £000	2021 £000
Minimum lease payments	669	613
Contingent rents	3	4
<b>Total</b>	<b>672</b>	<b>617</b>

### Authority as Lessor

#### Finance Leases

The Authority has no finance leases.

#### Operating Leases

The Authority leases out industrial and commercial premises for economic development purposes to provide suitable affordable accommodation for local businesses.

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

	31st March	
	2022 £000	2021 £000
Not later than 1 year	2,259	1,755
Later than 1 year and not later than 5 years	5,431	3,489
Later than 5 years	3,628	3,125
<b>Total</b>	<b>11,318</b>	<b>8,369</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021/22, £34,836 contingent rents were receivable by the Authority (2020/21 £133,175).

### 30. DEBTORS

	31st March	
	2022 £000	2021 £000
Central Government	2,654	9,944
Other Local Authorities	3,959	4,761
Other Entities & Individuals	7,685	8,507
<b>Total</b>	<b>14,298</b>	<b>23,212</b>

### 31. CASH & CASH EQUIVALENTS

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

	31st March	
	2022 £000	2021 £000
Cash held	17	13
Bank current accounts	(902)	(2,401)
Short term deposits with banks & other financial institutions	14,767	32,420
<b>Total</b>	<b>13,882</b>	<b>30,032</b>

### 32. ASSETS HELD FOR SALE

	Current		Non-Current	
	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
<b><u>Investment Property Held for Sale</u></b>				
Balance brought forward at 1 April	9,006	7,500	-	-
Revaluations		1,506		
Assets newly classified as held for sale				
Assets declassified as held for sale				
Assets sold				
<b>Balance carried forward at 31 March</b>	<b>9,006</b>	<b>9,006</b>	-	-
<b><u>Other Assets Held for Sale</u></b>				
Balance brought forward at 1 April	-		-	
Assets newly classified as held for sale				
Assets declassified as held for sale				
Assets sold				
<b>Balance carried forward at 31 March</b>	-	-	-	-
<b><u>Net Sale Proceeds</u></b>				
Investment Property Held for Sale				
Other Assets Held for Sale				

### 33. CREDITORS

	31st March	
	2022 £000	2021 £000
Central Government	15,716	12,788
Other Local Authorities	1,770	2,263
Other Entities & Individuals	10,870	9,235
<b>Total</b>	<b>28,356</b>	<b>24,286</b>

### 34. PROVISIONS

The Council has established the following provisions under the appropriate legal power to cover potential liabilities:-

	Balance b/fwd 01/04/21 £000	Movements in year		Balance c/fwd 31/03/22 £000
		Additions £000	Applied £000	
<b>Short Term Provisions</b>				
Non Domestic Rate Appeals	691	-	(30)	661
DLO Provision	789	-	(789)	-
Other	1	-	(1)	-
<b>Total - Short Term Provisions</b>	<b>1,481</b>	<b>-</b>	<b>(820)</b>	<b>661</b>
<b>Long Term Provisions</b>				
Non Domestic Rate Appeals	1,892	485	(97)	2,280
Transport Employee Pensions	1,079	91	(51)	1,119
Insurance Provision	666	226	(56)	836
MMI Provision	6	-	-	6
<b>Total - Long Term Provisions</b>	<b>3,643</b>	<b>802</b>	<b>(204)</b>	<b>4,241</b>

### **D.L.O. Provision**

Provision for potential future remedial works and losses is no longer required as housing repairs are now included within the HRA.

### **Transport Employee Pensions**

The provision is being built up in order to meet the Council's liability in respect of pensions of former Transport Undertaking employees who were transferred to the private sector on privatisation. An independent actuarial review of this fund takes place every three years. The fund was reviewed in March 2020 and will be increased over the next 3 years in line with review recommendations.

### **Insurance Provision**

All major risks are insured externally and the Insurance Fund is used to finance the excesses on these policies. An independent actuarial review of this fund was undertaken in 2019 which suggested that the fund balance was adequate. The next review will take place during 2022/23.

### **MMI Provision**

The Council was insured by MMI until 1993 when the Company went into administration. In March 2012 the Supreme Court found against MMI in the Employers' Liability Policy Trigger case. The ruling means that MMI are liable to pay compensation for mesothelioma cases where they were the insurer at the date of exposure to asbestos, rather than the insurer at the time the disease develops. The judgement will have significant implications for the Company and the Scheme Creditors, of which the Council is one.

Because a solvent run-off is not possible, the Scheme of Arrangement has been triggered with claw back of some element of the claims paid since 1993 from the Council.

As at the 31<sup>st</sup> March 2022 the Council's claims paid and outstanding with MMI totalled £1.2m. The Council has been advised that it will be liable to pay 25% of these claims and an appropriate provision has therefore been included in the accounts.

### Non Domestic Rate Appeals

The introduction of the business rates retention scheme from 1<sup>st</sup> April 2013, means that a proportion of successful rating appeals must be met by the local authority. Previously they were met by central government. A provision has been established to recognise the liability. Due to the complexity and uncertainties surrounding the calculation of the provision, the Council engages the services of Inform PCI and the Analyse Local system.

## 35. FINANCIAL INSTRUMENTS BALANCES

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

Financial Assets	Long Term				Current			
	Investments		Debtors		Investments		Debtors	
	31st March				31st March			
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Fair value through profit or loss	-	-	-	-	14,767	19,590	-	-
Amortised cost	505	570	-	-	12,492	12,922	7,343	7,936
<b>Total financial assets</b>	<b>505</b>	<b>570</b>	<b>-</b>	<b>-</b>	<b>27,259</b>	<b>32,512</b>	<b>7,343</b>	<b>7,936</b>
Non-financial assets	-	-	-	-	-	-	6,955	15,276
<b>Total</b>	<b>505</b>	<b>570</b>	<b>-</b>	<b>-</b>	<b>27,259</b>	<b>32,512</b>	<b>14,298</b>	<b>23,212</b>

Financial Liabilities	Long Term				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31st March				31st March			
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Fair value through profit or loss	-	-	-	-	-	-	-	-
Amortised cost	126,550	123,490	-	-	17,845	4,344	11,864	11,079
<b>Total financial assets</b>	<b>126,550</b>	<b>123,490</b>	<b>-</b>	<b>-</b>	<b>17,845</b>	<b>4,344</b>	<b>11,864</b>	<b>11,079</b>
Non-financial assets	-	-	-	-	-	-	16,492	13,207
<b>Total</b>	<b>126,550</b>	<b>123,490</b>	<b>-</b>	<b>-</b>	<b>17,845</b>	<b>4,344</b>	<b>28,356</b>	<b>24,286</b>

## 36. FINANCIAL INSTRUMENTS INCOME, EXPENSE, GAINS/LOSSES

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

	2021/22		2020/21	
	Surplus/(Deficit) on Provision of Services £000	Other Comprehensive Income & Expenditure £000	Surplus/(Deficit) on Provision of Services £000	Other Comprehensive Income & Expenditure £000
<b>Net gains/losses on:</b>				
Financial assets measured at fair value through profit or loss	(10)	-	(19)	-
Financial assets measured at amortised cost	-	-	-	-
<b>Total net gains/losses</b>	<b>(10)</b>	<b>-</b>	<b>(19)</b>	<b>-</b>
<b>Interest revenue</b>				
Financial assets measured at amortised cost	(37)	-	(77)	-
Financial assets measured at fair value through other comprehensive income	-	-	-	-
<b>Total interest revenue</b>	<b>(47)</b>	<b>-</b>	<b>(96)</b>	<b>-</b>
<b>Total interest expense</b>	<b>4,685</b>	<b>-</b>	<b>4,783</b>	<b>-</b>

### 37. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### Fair Value of Financial Assets

Some of the Council's financial assets are measured at fair value on a recurring basis and are described in the table below, including the valuation techniques used to measure them.

Financial assets measured at fair value				
Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique	Value as at 31/03/22 £000	Value as at 31/03/21 £000
Fair Value through Profit or Loss				
UK Gilt	Level 1	Unadjusted quoted prices in active markets	-	-
Money Market Funds	Level 1	Unadjusted quoted prices in active markets	14,767	19,590
Certificate of Deposits	Level 1	Unadjusted quoted prices in active markets	-	-
<b>Total</b>			<b>14,767</b>	<b>19,590</b>

There were no transfers between input levels during the year and no changes in valuation techniques.

The Fair Values of Financial Assets and Financial Liabilities that are Not Measured at Fair Value but for which Fair Value Disclosures are Required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets held by the Council are carried in the balance sheet at amortised cost. Their fair values are calculated as follows:

Financial Liabilities	31st March 2022		31st March 2021	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial Liabilities	144,395	171,505	127,835	156,920

The fair value is more than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest payable is higher than the rates available for similar loans at the balance sheet date. The commitment to pay interest above current market rates increases the amount that the authority would have to pay if the lender requested or agreed early repayment of loans.

Financial Assets	31st March 2022		31st March 2021	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Loans & Receivables held at amortised cost	12,998	12,998	13,492	13,492

For loans and receivables held at amortised cost, the carrying amount is considered to be a reasonable approximation of fair value and therefore no fair value disclosures are included.

The fair value of trade and other receivables is taken to be the invoiced or billed amount. The carrying amount is therefore a reasonable approximation of fair value and this category of financial instrument is therefore excluded from the figures above.

Fair Value Hierarchy for Financial Liabilities that are not measured at fair value

Recurring fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 22 £000
<b>Financial Liabilities</b>			
PWLB Loans	-	155,601	155,601
<b>Total 2021/22</b>	-	<b>155,601</b>	<b>155,601</b>

Recurring fair value measurements:	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31st March 21 £000
<b>Financial Liabilities</b>			
PWLB Loans	-	154,517	154,517
<b>Total 2020/21</b>	-	<b>154,517</b>	<b>154,517</b>

For the remaining £15.9m of financial liabilities, the carrying value has been used as a proxy for fair value.

The fair value for financial assets and liabilities that are not measured at fair value included in level 3 above has been calculated using a discounted cash flow analysis. They can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Applicable interest rate (repayment rates)
- no impairment or early repayment is recognised
- all loans have fixed rates

There has been no change in valuation techniques used and no transfers between levels 2 and 3 during the year.

### **38. NATURE & EXTENT OF RISKS FROM FINANCIAL INSTRUMENTS**

The authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the authority
- Liquidity risk – the possibility that the authority may not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements

The authority'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 officers using policies approved by the Council in the Treasury Management Strategy which is reviewed annually. This provides written principles for overall risk management and for specific subjects such as interest rate risk, credit risk and the investment of surplus cash.

#### Credit Risk

Credit risk arises from deposits placed with financial institutions, which include fixed interest securities traded in an active market, as well as credit exposures to the authority's customers. The risk is minimised through the adoption of the Annual Investment Strategy published annually on our website.

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury



Management Strategy. These include the UK government, other local authorities, and commercial entities with a minimum long-term credit rating of A-. The list of approved counterparties has been compiled using advice from our independent treasury advisers who have fully researched their background and credit worthiness. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £5m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than UK government). The Council also sets limits on investments in certain sectors. No more than £10m in total can be invested for a period longer than one year.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating at 31<sup>st</sup> March 2022:

Credit Rating	Gross Carrying Amount £000
AAA	14,767
AA	12,400
AA-	0
A+	0
Unrated Local Authorities	0

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. At 31<sup>st</sup> March there were no loss allowances related to treasury investments (2021 £nil).

The authority does not generally allow credit for customers, such that £3.302m (£3.552m in 2020/21) of the £4.987m (£5.041m in 2020/21) balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31st March 2022 £000	31st March 2021 £000
Less than three months	866	1,026
Three to six months	278	485
Six months to one year	993	956
More than one year	1,165	1,085
<b>Total</b>	<b>3,302</b>	<b>3,552</b>

In furtherance of the Council's service objectives, it has lent money to Chesterfield Football Club Community Trust, Staveley Town Council and the Derbyshire Building Control Partnership. The amount recognised on the balance sheet as at 31<sup>st</sup> March 2022 for these instruments totals £597k (31<sup>st</sup> March 2021 £662k).

The Council manages the credit risk inherent in its loans for service purposes in line with its published Investment Strategy. Loss allowances on loans for service purposes and loan commitments have been calculated by reference to the

Council's historic experience of default and to adjust for current and forecast economic conditions. As at 31<sup>st</sup> March 2022 loss allowances on service loans amounted to £5,000 (31<sup>st</sup> March 2021 £5,000).

### Liquidity Risk

The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loan Board (PWLB) so there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replace a significant proportion of its borrowings at a time of unfavourable interest rates. The risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 5% of the Council's borrowing matures in any one financial year.

The maturity analysis of financial liabilities is as follows:

Maturing within	31st March 2022 £000	31st March 2021 £000
1 year	18,952	4,344
1 to 2 years	3,081	2,971
2 to 5 years	7,917	8,587
5 to 10 years	15,215	13,908
10 to 15 years	25,196	22,625
15 to 20 years	24,970	24,600
20 to 25 years	17,640	18,400
25 to 30 years	17,717	17,000
30 to 35 years	6,805	8,200
35 to 40 years	6,903	6,000
40 to 45 years	-	1,200
<b>Total</b>	<b>144,396</b>	<b>127,835</b>

All trade and other payables are due to be paid in less than one year.

### Market Risk

#### Interest Rate Risk

The authority is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- Borrowings at fixed rates – fair value of liabilities borrowings will fall

- Investments at variable rates – interest income credited to the Surplus or Deficit on the Provision of Services will rise
- Investments at fixed rates – fair value of assets will fall

Investments measured at amortised cost and loans taken out are not carried at fair value, so changes in their value would not impact on the Comprehensive Income & Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income & Expenditure.

Changes to interest rates are reviewed quarterly and used to update the annual budget setting information. This allows any adverse changes to be accommodated.

At 31 March 2022, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	2021/22 £000
Increase in interest receivable on variable rate investments	(129)
Decrease in fair value of investments held at FVPL	18
Impact on other Comprehensive Income & Expenditure	(111)
Decrease in fair value of fixed rate borrowing (no impact on Comprehensive Income & Expenditure)	14,205
Decrease in fair value of loans and investments at amortised cost (no impact on Comprehensive Income & Expenditure)	2

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

### Price Risk

The authority may at times hold some financial instruments whose capital value may fluctuate as a result of market conditions. However these instruments would all be kept on a 'hold to maturity' basis and therefore any temporary fluctuations in the market value of these products would have no impact on the authority's finances.

### Foreign Exchange Risk

The authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to losses arising from movements in exchange rates.

### 39. USABLE RESERVES

	31st March	
	2022 £000	2021 £000
Earmarked Reserves - Capital	1,875	2,066
Earmarked Reserves - Revenue	20,567	23,165
Total Earmarked Reserves (GF)	22,442	25,231
General Fund (GF) Working Balance	1,500	1,500
HRA Working Balance	13,572	20,460
Earmarked Reserves - HRA	5	5
Usable Capital Receipts Reserve	4,244	3,393
Capital Grants Unapplied	6,772	5,521
<b>Total Usable Reserves</b>	<b>48,535</b>	<b>56,110</b>

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement. A detailed breakdown of the Council's earmarked reserves is provided in Note 11. Two further reserves are included in the balance sheet within the Usable Reserves category and the details of these are shown below:

<u>Usable Capital Receipts Reserve</u>	2021/22 £000	2020/21 £000
<b>Brought forward 1 April</b>	3,393	4,093
Additions	6,423	4,111
Capital Receipts Pooled	(925)	(925)
Capital Receipts returned to Government	-	-
Capital Receipts used for financing	(4,647)	(3,886)
<b>Carried forward 31 March</b>	<b>4,244</b>	<b>3,393</b>

<b><u>Capital Grants Unapplied</u></b>	<b>2021/22 £000</b>	<b>2020/21 £000</b>
<b>Brought forward 1 April</b>	<b>5,521</b>	4,255
Additions	<b>1,285</b>	1,395
Transfers (to)/from revenue	<b>(34)</b>	-
Financing of capital expenditure	-	(129)
<b>Carried forward 31 March</b>	<b>6,772</b>	5,521

#### 40. **UNUSABLE RESERVES**

	<b>31st March</b>	
	<b>2022 £000</b>	<b>2021 £000</b>
Revaluation Reserve	<b>67,799</b>	56,137
Capital Adjustment Account	<b>297,097</b>	300,071
Financial Instruments Adjustment Account	-	(8)
Pensions Reserve	<b>(72,950)</b>	(103,222)
Deferred Capital Receipts Reserve	<b>149</b>	155
Collection Fund Adjustment Account	<b>(4,192)</b>	(7,797)
Accumulated Absences Account	<b>(385)</b>	(390)
<b>Total Unusable Reserves</b>	<b>287,518</b>	244,946

#### 41. **REVALUATION RESERVE**

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1<sup>st</sup> April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	<b>2021/22 £000</b>	<b>2020/21 £000</b>
Balance brought forward 1st April	<b>56,137</b>	30,936
Revaluation gains	<b>17,517</b>	27,565
Revaluation & impairment losses	<b>(1,406)</b>	(316)
Amounts t/f to Cap Adj Account (Depreciation)	<b>(3,675)</b>	(1,794)
Amounts t/f to Cap Adj Account (Disposals)	<b>(774)</b>	(254)
<b>Balance carried forward 31st March</b>	<b>67,799</b>	56,137

#### **42. 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 enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

This Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1<sup>st</sup> April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2021/22 £000	2020/21 £000
<b>Balance brought forward 1st April</b>	<b>300,071</b>	306,081
<b><u>Reversal of items recognised in the Comprehensive Income &amp; Expenditure Statement</u></b>		
Property, Plant & Equipment: depreciation charges	<b>(15,471)</b>	(11,927)
Property, Plant & Equipment: net revaluation gains/(losses)	<b>(8,166)</b>	(15,362)
Intangible Assets: amortisation charges	-	(140)
Revenue expenditure funded from capital under statute	<b>(4,452)</b>	(2,098)
Disposal/derecognition of non-current assets	<b>(9,271)</b>	(4,723)
Gain/(loss) in fair value of investment properties	<b>2,651</b>	(939)
<b><u>Amounts transferred from the Revaluation Reserve</u></b>		
Depreciation adjustment	<b>3,675</b>	1,794
Disposal/derecognition adjustment	<b>774</b>	254
<b><u>Capital financing provisions</u></b>		
Application of usable capital receipts	<b>4,647</b>	3,393
Application of major repairs reserve	<b>12,135</b>	11,603
Application of revenue balances and direct revenue financing	<b>5,578</b>	4,238
Capital grants/contributions recognised in revenue during the period	<b>2,640</b>	5,639
Application of capital grants unapplied	<b>50</b>	-
Minimum revenue provision	<b>2,236</b>	2,258
<b>Balance carried forward 31st March</b>	<b>297,097</b>	300,071

#### 43. **PENSIONS RESERVE**

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

	2021/22 £000	2020/21 £000
<b>Balance brought forward 1st April</b>	<b>(103,222)</b>	(61,373)
Adjustment to 2020/21 (2019/20) reported valuation	4	672
	<b>(103,218)</b>	(60,701)
Actual gains or losses on pensions assets and liabilities	<b>39,626</b>	(38,092)
Reversal of items relating to retirement benefits debited/credited to Surplus/Deficit on Provision of Services in Comprehensive Income & Expenditure Statement	<b>(15,349)</b>	(9,097)
Effect of Business Combinations	-	(809)
Employers pension contributions	<b>5,991</b>	5,477
<b>Balance carried forward 31st March</b>	<b>(72,950)</b>	(103,222)

#### 44. DEFERRED CAPITAL RECEIPTS RESERVE

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

The balance relates to debt outstanding on assets transferred from North East Derbyshire District Council in 1974 and 1988.

	2021/22 £000	2020/21 £000
<b>Balance brought forward 1st April</b>	<b>155</b>	674
Additions	-	-
Transfer to Capital Receipts Reserve on receipt of cash	<b>(6)</b>	(519)
<b>Balance carried forward 31st March</b>	<b>149</b>	155

#### 45. COLLECTION FUND ADJUSTMENT ACCOUNT

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.



	2021/22 £000	2020/21 £000
<b>Balance brought forward 1st April</b>	(7,797)	462
Amount by which council tax and non domestic rates income credited to Comprehensive Income & Expenditure Statement is different from council tax and non domestic rates income calculated for year in accordance with statutory requirements	<b>3,605</b>	<b>(8,259)</b>
<b>Balance carried forward 31st March</b>	<b>(4,192)</b>	<b>(7,797)</b>

#### 46. ACCUMULATED ABSENCES ACCOUNT

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for paid absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2021/22 £000	2020/21 £000
<b>Balance brought forward 1st April</b>	390	313
Settlement or cancellation of accrual made at end of preceeding year	(390)	(313)
Amounts accrued at end of current year	<b>385</b>	390
<b>Balance carried forward 31st March</b>	<b>385</b>	390

#### 47. CASHFLOW STATEMENT - ADJUST NET SURPLUS/DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH ADJUSTMENTS

	2021/22 £000	2020/21 £000
Depreciation/Impairment	(23,638)	(27,668)
Movement in Fair Value of Investments		
(Increase)/decrease in Creditors	(6,034)	(10,180)
Increase/(decrease) in Debtors	(2,684)	3,324
Increase/(decrease) in Stock	47	23
Movement in Pension Liability	(9,358)	(3,620)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(9,270)	(4,723)
Other non-cash items charged to net surplus/deficit on provision of services	2,874	(1,142)
<b>Total</b>	<b>(48,063)</b>	<b>(43,986)</b>

**48. CASHFLOW STATEMENT - ADJUST FOR ITEMS IN NET SURPLUS/DEFICIT ON PROVISION OF SERVICES THAT ARE INVESTING & FINANCING ACTIVITIES**

	2021/22 £000	2020/21 £000
Proceeds from sale of PPE, investment properties & intangible assets	6,416	3,592
Capital grants	4,497	6,891
<b>Total</b>	<b>10,913</b>	<b>10,483</b>

**49. CASH FLOW STATEMENT – OPERATING ACTIVITIES**

The cash flows for operating activities include the following items:

	2021/22 £000	2020/21 £000
Interest received	(56)	(218)
Interest paid	4,685	4,823
Dividends Received	-	-

**50. CASH FLOW STATEMENT – INVESTING ACTIVITIES**

	2021/22 £000	2020/21 £000
Purchase of non-current assets	55,696	28,433
Purchase of short term and long term investments	12,400	-
Other payments for investing activities	-	487
Proceeds from sale of non-current assets	(6,423)	(4,111)
Proceeds from short term and long term investments	-	(28,000)
Other receipts from investing activities	(4,616)	(8,529)
<b>Net cash flows from investing activities</b>	<b>57,057</b>	<b>(11,720)</b>

## 51. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2021/22 £000	2020/21 £000
Cash receipts of short - and long-term borrowing	(20,000)	-
Repayments of short and long term borrowing	1,941	1,911
Other payments for financing activities	(6,438)	14,074
<b>Net cash flows from financing activities</b>	<b>(24,497)</b>	<b>15,985</b>

## 52. RELATED PARTY TRANSACTIONS

The Code requires that material transactions with third parties that have the potential to control or influence the Council or to be controlled or influenced by the Council are disclosed in the accounts. For this Council, these parties are mainly Central Government, other Local Authorities, subsidiary and associated companies, joint ventures and joint venture partners, Members, Chief Officers, Senior Officers and the pension fund.

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 Authority.

### Central Government

The UK Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills, housing benefits). Grants received from government departments are set out in Note 18 on grant income.

### Members and Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2021/22 is shown in Note 17. In addition, the Council paid grants totalling £248,799 to voluntary organisations in which 11 members had positions on the governing body. In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion relating to the grants.

Council Members and senior officers are required to make annual disclosures of the pecuniary and non-pecuniary interests to the Council's monitoring officer for inclusion in the Register of Members Interests and the Declaration of Personal Interests (Officers). Members are also required to declare any interest on individual committee agenda items being discussed at meetings. Finally, a separate declaration has been returned at year end by all members and senior officers. The returns confirm that there are no material interests in related parties beyond those in voluntary organisations declared above with one exception.

During 2021/22, work to the value of £72,203 was commissioned from a company in which a member of the immediate family of a council member had an interest. Contracts were entered into in full compliance with the council's standing orders.

### **Subsidiary and Associated Companies**

The authority had no interest in subsidiary or associated companies in the year.

### **Staveley Town Deal**

The Authority is the accountable body for the Staveley Town Deal. In 2021/22, it was allocated £25.2m to spend by 2024/25. This money has been allocated to 11 projects, 3 of which are sponsored by the Council and are included in our capital programme. The remaining 8 projects are sponsored by other organisations and as accountable body we provide grant funding to these projects.

### **Other Arrangements**

The Authority is a non-constituent Council in the Sheffield City Region Combined Authority which came into being on 1<sup>st</sup> April 2014. It consists of 9 local authorities who are working together to promote strategic economic development. It is also a partner in the Derby, Derbyshire, Nottingham, Nottinghamshire (D2N2) Local Enterprise Partnership which has similar objectives.

The Council has a shared internal audit consortium with Bolsover and North East Derbyshire District Councils. Other joint arrangements may be explored with neighbouring authorities in the future.

Chesterfield Borough Council is a partner in Chesterfield Waterside Ltd, a public/private partnership created to secure the regeneration of a strategic area within the borough. It has three Board members and the Leader of the Council is our representative.

The authority is a shareholder in Derbyshire Building Control Partnership Ltd. The company provides us with our annual statutory building control services for £41,583. This authority also provided the company with a loan of £250,000 in 2017/18 for cash flow and initial set up costs. This loan is repayable in equal annual instalments over 5 years at an interest rate of 3% above the Public Works Loan Board rate. This equates to an interest rate of 4.85%. A member of the Corporate Leadership Team is acting as interim Managing Director of the company but receives no remuneration for this role. The Council's Chief Executive is also listed as a Director of the company but again receives no remuneration.

## **53. CHESTERFIELD & DISTRICT JOINT CREMATORIUM COMMITTEE**

The Council operates a Crematorium jointly with Bolsover and North East Derbyshire District Councils.

The accounts include our share of all transactions, assets, liabilities, income and expenditure.

The proportion of transactions is based on the number of cremations of residents within the three districts over a rolling 3 year period.

The following percentages have been applied:

Year	Chesterfield Borough Council	North East Derbyshire District Council	Bolsover District Council
2021/22	55%	31%	14%
2020/21	55%	31%	14%

The figures below show Chesterfield Borough Council's share of the Chesterfield & District Joint Crematorium's income, expenditure, assets and liabilities included in the Comprehensive Income & Expenditure Statement and Balance Sheet based on the split outlined above.

### Income & Expenditure Account

2020/21 Net Expenditure £000		2021/22		
		Expenditure £000	Income £000	Net Expenditure £000
(30)	Health & Wellbeing	1,060	(1,153)	(93)
(30)	Net Cost of Service	1,060	(1,153)	(93)

### Balance Sheet

2020/21 £000		2021/22 £000
	<u>Long Term Assets</u>	
1,066	Other Land & Buildings	988
-	- Vehicles, Plant, Furniture & Equipment	14
30	Investment Properties	30
	<u>Current Assets</u>	
2	Stock	1
179	Debtors	193
1,223	Cash	1,409
	<u>Current Liabilities</u>	
(179)	Creditors	(161)
	<u>Long Term Liabilities</u>	
1,351	Pension Scheme Assets	1,462
(2,081)	Pension Scheme Liabilities	(2,004)
<b>1,591</b>	<b>Net Assets</b>	<b>1,932</b>
231	Revaluation Reserve	231
852	Capital Adjustment Account	787
(730)	Pensions Reserve	(542)
1,016	Earmarked Reserves	1,141
222	Balances - Revenue Surplus	315
<b>1,591</b>	<b>Total Reserves</b>	<b>1,932</b>

## 54. CONTINGENT LIABILITIES

### NNDR Appeals

The Collection Fund account includes a provision for appeals against business rate valuation assessments which were lodged by 31<sup>st</sup> March 2022. Further appeals against valuations on the 2017 valuation list may be received in future years. The value of the liability cannot be estimated for unknown claims which have not yet been received.

### Municipal Mutual Insurance

The Scheme of Arrangement was enacted in 2012/13. The liability on the Council as a scheme creditor cannot be fully estimated at this stage for unknown claims incurred but not yet reported. Whilst the Council has considered the financial impact in producing the Statement of Accounts, there is a risk that the Council's financial liability could increase from this level.

### Water Charges

On 29 November 2019 the High Court handed down judgment in the case of *Royal Borough of Kingston upon Thames v Moss (2019)*. This judgment impacts on social housing landlords who resold water and sewage services to its tenants for the purposes of the Water Industry Act 1991 under an agreement. Until 31 March 2018, the Council had such an agreement with Severn Trent Water Authority (STWA). The High Court's decision was subsequently appealed to the Court of Appeal. The judgment of the Court of Appeal in the *Royal Borough of Kingston upon Thames v Moss [2020]* was published on 27th October 2020. The result of that case is that Kingston lost its appeal to the Court of Appeal over the earlier High Court ruling that it overcharged tenants for water.

As a result of this judgement, it is likely that the Council is bound by the maximum charges provisions of the Water Resale Orders 2001 and 2006, it will have charged tenants sums in excess of the maximum charges and tenants will have a right to recover overpayments of charges. No claims have been received to date. The estimated liability at 31 March 2022 for the refund of these earlier years' charges is a provision of around £0.9m. This is not regarded as material in value and the provision has not been included in the 2021/22 Financial Statements.

## **HOUSING REVENUE ACCOUNT (HRA) INCOME & EXPENDITURE STATEMENT**

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost.

The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

## HOUSING REVENUE ACCOUNT (HRA) INCOME & EXPENDITURE STATEMENT

	Notes	2021/22 £000	2020/21 £000
<b><u>Income:</u></b>			
Dwellings Rents	1	35,681	35,391
Charges for Services and Facilities		436	376
Non-Dwelling Rents		748	764
Contribution towards Expenditure		543	649
<b>Total Income</b>		<b>37,408</b>	37,180
<b><u>Expenditure:</u></b>			
Supervision & Management: General		7,538	6,883
Special		2,504	2,440
Rents, Rates, Taxes & Other Charges		391	268
Repairs and Maintenance		10,552	9,604
Depreciation & Impairment of non-current assets	7 & 8	(1,142)	24,384
Debt Management Costs		51	37
REFCUS		-	-
Movement in the allowance for bad debts		155	317
<b>Total Expenditure</b>		<b>20,049</b>	43,933
<b>Net Expenditure/ (Income) of Services as included in the Comprehensive Income &amp; Expenditure Statement</b>		<b>(17,359)</b>	6,753
HRA share of Corporate & Democratic Core		211	43
<b>Net Expenditure/ (Income) for HRA Services HRA share of the operating income and expenditure included in the Comprehensive Income &amp; Expenditure</b>		<b>(17,148)</b>	6,796
(Gain)/Loss on Disposal of HRA non-current assets		2,907	1,681
HRA share of interest payable & similar charges		4,537	4,621
Interest & Investment Income		(2)	-
Change in Market Value of Investment Properties		(2)	(245)
Income & Expenditure re Investment Properties		(63)	(65)
<b>(Surplus)/Deficit on HRA Services</b>		<b>(9,771)</b>	12,788



<b>Movement on the HRA Statement</b>	<b>2021/22 £000</b>	<b>2020/21 £000</b>
Balance on HRA at end of previous year	<b>(20,460)</b>	(24,734)
(Surplus)/Deficit for year on HRA Income & Expenditure Statement	<b>(9,771)</b>	12,788
Adjustments between accounting basis and funding basis under statute (note 9)	<b>16,659</b>	(8,475)
<b>Net (Increase)/Decrease before transfers to or from reserves</b>	<b>6,888</b>	<b>4,313</b>
Transfers to/(from) reserves	-	(39)
<b>(Increase)/decrease in year on HRA</b>	<b>6,888</b>	<b>4,274</b>
<b>Balance on HRA at end of current year</b>	<b>(13,572)</b>	<b>(20,460)</b>

## **NOTES TO THE HOUSING REVENUE ACCOUNT**

The Council had 8,884 dwellings available for rent during 2021/22. Its activities as a housing landlord must, by law, be shown in a separate account, the Housing Revenue Account. The law prescribes what must be included in this Account and prevents transfers to or from the General Fund except in closely defined circumstances.

### **1. RENT OF DWELLINGS**

This is the total rent income collectable for the year after allowance is made for empty properties. During the year, £764.911 (2.14%) of rental income was lost due to vacant properties, in 2020/21 the figure was £753,914 (2.13%). The average weekly rent in 2021/22 was £77.24 (52 week year), an increase of £1.38 (1.82%) on the previous year.

### **2. HOUSING STOCK**

The Council's housing stock at 31st March, 2022 was as follows:

	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Houses	<b>4,366</b>	4,436
Flats & maisonettes	<b>3,084</b>	3,102
Bungalows	<b>1,393</b>	1,394
Others	<b>41</b>	40
<b>Total</b>	<b>8,884</b>	8,972

The number of properties sold under the 'Right to Buy' legislation in 2021/22 was 104 (57 in 2020/21).

### **3. RENT ARREARS**

Rent arrears at the year-end totalled £2,622,883. This compares with £2,345,159 at 31st March, 2021. A provision of £976,111 (£845,082 in 2020/21) has been made in the Balance Sheet for uncollectable housing rent debts.

### **4. VALUATION OF ASSETS**

An annual desk top review of HRA assets was undertaken as opposed to a comprehensive revaluation as at 31<sup>st</sup> March 2022 in accordance with the 'DCLG's Guidance on Stock Valuation for Resource Accounting'. The review comprised updating the valuations for residential property by applying selective indices of property prices, adjusted to reflect local market conditions in Chesterfield and comparison with valuation evidence, analysed down to estate level. The figure for 31<sup>st</sup> March 2022 excludes depreciation and disposals over the period.

<b>Balance Sheet Valuations of HRA Assets</b>		
	<b>As at 31st March 2022 £000</b>	<b>As at 31st March 2021 £000</b>
Council Dwellings	385,603	357,178
Other Land & Buildings	3,445	3,435
Vehicles, Plant, Furniture & Equipment	187	148
Assets Under Construction	11,580	10,390
Surplus Assets Not Held for Sale	791	771
Investment Property	839	837
Investment Property Held for Sale	3,017	3,017
<b>Total</b>	<b>405,462</b>	<b>375,776</b>

The balance sheet valuations for dwellings in the table above are calculated on the basis of rents receivable from existing tenancies. The rents are less than those that could be obtained on the open market. The balance sheet value defined as Existing Use Value – Social Housing (EUV-SH) is therefore less than the Open Market Value (OMV). The difference between the two values represents the economic cost of providing social housing at less than market value.

The factor used to convert the OMV of the stock to EUV-SH for inclusion in the balance sheet was increased from 34% to 42% with effect from 1<sup>st</sup> April, 2016.

## **5. HRA CAPITAL EXPENDITURE & FINANCING**

<b>Capital Expenditure</b>		<b>Capital Financing</b>	
	<b>£000</b>		<b>£000</b>
Council Dwellings	17,525	Borrowing	
Assets Under Construction	4,111	Capital Receipts Reserve	4,066
Vehicles, Plant, Machinery & Equipment	76	Major Repairs Reserve	12,135
REFCUS	-	Grants & Contributions	
		Revenue Balances & Direct	
		Revenue Financing	5,511
<b>Total</b>	<b>21,712</b>		<b>21,712</b>

## 6. HRA CAPITAL RECEIPTS

HRA Capital Receipts	2021/22 £000	2020/21 £000
Council Dwellings	5,842	3,021
Other Land & Property	-	20
<b>Total</b>	<b>5,842</b>	<b>3,041</b>

## 7. DEPRECIATION

HRA Depreciation	2021/22 £000	2020/21 £000
Council Dwellings	11,988	9,118
Other Land & Property	110	110
Vehicles, Plant, Furniture and Equipment	37	34
<b>Total</b>	<b>12,135</b>	<b>9,262</b>

## 8. REFCUS, REVALUATION AND IMPAIRMENT LOSSES

Any revaluation/impairment losses (or reversals of past revaluation/impairment losses), amounts in respect of Revenue Expenditure Funded From Capital Under Statute (net of related grant income) and movements in the fair value of investment property were recognised in Surplus/Deficit on the Provision of Services and then reversed out in the Movement in Reserves Statement by means of a transfer to/from the Capital Adjustment Account.

REFCUS, Revaluation and Impairment Losses	2021/22 £000	2020/21 £000
Council Dwellings	(13,267)	15,122
Other Land & Buildings	(10)	
Surplus Assets Not Held for Sale		
<b>Revaluation and Impairment Losses</b>	<b>(13,277)</b>	<b>15,122</b>
REFCUS - Social Mobility Scheme	-	-
Movements in the fair value of investment property	(2)	(245)
<b>Total</b>	<b>(13,279)</b>	<b>14,877</b>

## 9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS & FUNDING BASIS UNDER REGULATIONS

	2021/22 £000	2020/21 £000
Net gain/(loss) on sale of HRA non-current assets	(2,907)	(1,681)
HRA share of contributions to or from the Pensions Reserve	(1,124)	(410)
Capital expenditure funded by the HRA	5,511	4,151
Transfer to/(from) Major Repairs Reserve	-	2,341
Movement in Market Value of Investment Properties (note 8)	2	245
Transfer to/(from) Capital Adjustment Account (note 8)	13,277	(15,122)
Voluntary Repayment of Debt	1,897	1,926
Short Term Accumulated Absences	3	75
<b>Total Adjustments</b>	<b>16,659</b>	<b>(8,475)</b>

## COLLECTION FUND

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

2020/21		2021/22		
Total £000		Business Rates £000	Council Tax £000	Total £000
	<b>Income</b>			
(53,905)	Council Tax (Note 1)	-	(56,309)	(56,309)
(19,641)	Business Rates (Note 2)	(30,910)	-	(30,910)
(73,546)		(30,910)	(56,309)	(87,219)
	<b>Expenditure</b>			
	<b>Apportionment of Previous Year Surplus/(Deficit)</b>			
242	Central Government	(8,953)	-	(8,953)
534	Chesterfield Borough Council	(7,163)	(26)	(7,189)
978	Derbyshire County Council	(1,612)	(191)	(1,803)
50	Derbyshire Fire Authority	(179)	(11)	(190)
114	Derbyshire Police & Crime Commissioner	-	(33)	(33)
1,918		(17,907)	(261)	(18,168)
	<b>Precepts, Demands &amp; Shares</b>			
18,904	Central Government	19,198	-	19,198
20,544	Chesterfield Borough Council	15,358	5,593	20,951
42,778	Derbyshire County Council	3,456	40,481	43,937
2,646	Derbyshire Fire Authority	384	2,320	2,704
6,613	Derbyshire Police & Crime Commissioner	-	7,072	7,072
91,485		38,396	55,466	93,862
	<b>Charges to Collection Fund</b>			
285	Transitional Protection Payments	463	-	463
591	Increase/(Decrease) in bad debts provision (Note 5)	67	398	465
355	Increase/(Decrease) in provision for appeals (Note 6)	895	-	895
163	Cost of Collection Allowance	161	-	161
21,251	<b>(Surplus)/Deficit arising during year</b>	(8,835)	(706)	(9,541)
(1,706)	<b>(Surplus)/Deficit Brought Forward</b>	19,474	71	19,545
19,545	<b>(Surplus)/Deficit as at 31st March (Note 3 &amp; 4)</b>	10,639	(635)	10,004

## COLLECTION FUND

### NOTES TO THE ACCOUNTS

#### 1. COUNCIL TAX

The Council's Tax Base i.e. the number of chargeable dwellings in each band converted to an equivalent number of Band D dwellings was calculated as follows:-

<b>Band</b>	<b>Estimated No. of Properties</b>	<b>Ratio</b>	<b>Band D Equivalents</b>
A disabled	43	5/9	24
A	17,104	6/9	11,403
B	8,457	7/9	6,578
C	5,426	8/9	4,823
D	3,555	9/9	3,555
E	1,859	11/9	2,272
F	543	13/9	784
G	196	15/9	327
H	12	18/9	24
Totals	37,195		29,790
Less adjustment for collection rate			-521
<b>Council Tax Base</b>			<b>29,269</b>

The basic amount of Council Tax for a Band D property was £1,878.83 (£1,823.56 2020/21).

#### 2. BUSINESS RATES

Central Government specifies the annual amount payable by businesses (51.2p in 2021/22 and 51.2p in 2020/21) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

A small business rate relief scheme was introduced by central government in 2005/06 and for those businesses eligible for this relief the multiplier is 49.9p for 2021/22 (49.9p in 2020/21).

The Council is responsible for collecting business rates due in its area. In previous years the proceeds were paid into the N.N.D.R. Pool administered by the Government. The Government redistributed the sums paid into the Pool back to local authorities through the Formula Grant process each year.

From 2013/14, this has been replaced by the Business Rate Retention Scheme. Income collected is now shared between the Council, Central Government and major preceptors in proportions laid down by Government. Councils are now able to retain a share of any growth in business rate income.

The total non-domestic rateable value at 31st March 2022 was £101,871,326 (£102,235,331 at 31<sup>st</sup> March 2021).

With effect from 1<sup>st</sup> April 2015, the Council became a member of the Derbyshire Business Rates Pool which is administered by Derby City Council. The advantage of the pool is that it creates an opportunity to generate additional business growth through collaborative working and to smooth out the impact of volatility in business rates income across a wider economic area.

Under the accounting arrangements for the Derbyshire Pool, instead of each authority paying a proportion of their growth in business rates above a baseline to central government, it pays this levy to the pool and receives a redistribution of growth back from the pool at the end of each financial year.

### **3. COLLECTION FUND SURPLUS/(DEFICIT) – COUNCIL TAX**

Surpluses or deficits relating to the Council Tax are shared between Derbyshire County Council, Derbyshire Police & Crime Commissioner, Derbyshire Fire Authority and the Borough Council in proportion to the precepts and demands issued and must be used to adjust the Council Tax. An estimated surplus of £600,100 was assumed when setting the Council Tax for 2022/23. The improvement in the outturn position of £35,257 will be accounted for in the tax calculation for 2023/24.

<b>ALLOCATION OF SURPLUS/(DEFICIT) ON COUNCIL TAX AT 31ST MARCH</b>		
	2022 £000	2021 £000
Derbyshire County Council	464	(55)
Derbyshire Police & Crime Commissioner	81	(6)
Derbyshire Fire Authority	26	(3)
<b>Chesterfield Borough Council</b>	<b>64</b>	<b>(7)</b>
Council Tax (Deficit)/Surplus	635	(71)

The surplus attributed to Chesterfield Borough Council is initially included in the Comprehensive Income & Expenditure Statement, although the element that is redistributed in the tax calculation in 2023/24 is subsequently reversed out and included in the balance sheet as part of Unusable Reserves. The proportion of the collection fund attributable to the three precepting authorities is included in the accounts as a debtor.

### **4. COLLECTION FUND SURPLUS/(DEFICIT) – BUSINESS RATES**

From 2013/14, surpluses or deficits relating to Business Rates are shared between Derbyshire County Council, Derbyshire Fire Authority, Central Government and the Borough Council in proportions fixed by Government. A deficit of £7,054,463 was assumed in the calculation of business rate income in 2022/23. The increase in deficit of £3,584,774 will be distributed in the income calculation for 2023/24.



<b>ALLOCATION OF SURPLUS/(DEFICIT) ON BUSINESS RATES AT 31ST MARCH</b>		
	2022 £000	2021 £000
Central Government	(5,320)	(9,737)
Derbyshire County Council	(957)	(1,753)
Derbyshire Fire Authority	(106)	(195)
<b>Chesterfield Borough Council</b>	<b>(4,256)</b>	<b>(7,789)</b>
Business Rates (Deficit)/Surplus	(10,639)	(19,474)

The deficit attributed to Chesterfield Borough Council is initially included in the Comprehensive Income & Expenditure Statement, although the element that is redistributed is subsequently reversed out in the balance sheet as part of Unusable Reserves. The proportion of the collection fund attributable to the other recipients is included in the accounts as a creditor.

## **5. IMPAIRMENT OF DEBTS – WRITE OFFS & ALLOWANCES**

The arrears figure for Council Tax and Business Rates is disaggregated into an age profile with an assessment of the likelihood of recovery of the outstanding amounts for each year. This assessment is carried out using evidence of local patterns of collection and historical experience.

Individual assessments are carried out for council tax and business rate arrears to reflect the different types of customer and the different characteristics of each of these debt classifications.

The movements on the impairment provisions are shown below:

<b>COLLECTION FUND - IMPAIRMENT ALLOWANCE</b>				
Tax	Brought forward £000	Write-offs in the year £000	Increase / (Decrease) in allowance £000	Carried Forward £000
Business Rates	647	(63)	67	651
Council Tax	1,567	(204)	398	1,761
Total	2,214	(267)	465	2,412

## **6. PROVISION FOR APPEALS – BUSINESS RATES**

Businesses can appeal against their rateable value, set by the Valuation Office Agency and any successful appeals must be met from the Collection Fund. A provision has been established to recognise this liability.

The movement on the appeals provision is shown below:

<b>COLLECTION FUND - APPEALS PROVISION</b>			
Brought Forward	Applied in year	Contribution to provision in year	Carried Forward
£000	£000	£000	£000
6,458	(318)	1,213	7,353

**7. PRECEPTS**

Details of the major precepts on the fund are shown in the expenditure section of the account. The precept paid to Chesterfield Borough Council includes £474,335 parish precepts (Staveley £420,307 and Brimington £54,028).

AUDITORS REPORT (Covering pages 33 – 118)

Expected by 30<sup>th</sup> November 2022

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# Audit Completion Report

Chesterfield Borough Council– Year  
ended 31 March 2022

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November 2022



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Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

Standards and Audit Committee  
Chesterfield Borough Council  
Town Hall  
Rose Hill  
Chesterfield  
S40 1LP

15 November 2022

Dear Committee Members

## Audit Completion Report – Year ended 31 March 2022

We are pleased to present our Audit Completion Report for the year ended 31 March 2022 for the Committee's 23 November 2022 meeting. The purpose of this document is to summarise our audit findings and conclusions from the audit work to date.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented earlier in the year. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We have identified in Section 2 (page 7) of the Report the important elements of the remaining work which need to be finalised before we are able to issue our audit opinion. We will update the Committee at its 23 November 2022 meeting on progress made and advise on any expected changes to our conclusions, timeline for completion and proposed audit opinion.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me at [mark.dalton@mazars.co.uk](mailto:mark.dalton@mazars.co.uk)

Yours faithfully

Mark Dalton, Director

Mazars LLP

Mazars LLP

5<sup>th</sup> Floor  
3 Wellington Place  
Leeds  
LS1 4AP

# 01

## Section 01: **Executive summary**



# 1. Executive summary

## Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2021/22 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Net Defined Benefit Liability valuation; and
- Valuation of Land and Buildings and Investment Properties

## Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total £1.4m.

## Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2021. At the time of writing this report there are some significant areas where work is still in progress, and these are summarised at Section 2.

We will provide updates to you in relation to any significant matters identified at Section 2 as outstanding as part of our presentation to the Committee at its 23 November 2022 meeting and through our normal follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



### Audit opinion

We anticipate issuing an unqualified opinion on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



### Value for Money

Our Value for Money work remains in progress and the results of this will be reported within our Auditor's Annual Report later in the year. At this stage we have no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.



### Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.



### Wider powers





The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. No such correspondence from electors has been received.

# 02

## Section 02: **Status of the audit**

## 2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Land, buildings and Investment Property valuations		We are awaiting residual evidence and explanations from management to support valuation inputs and judgements by the Council's internal valuation expert on our samples selected for testing. Our information request to the Council's valuation team was outstanding for some time and is now being responded to. We will update the Committee at its 23 November 2022 meeting on progress and advise on any expected changes to our conclusions, timeline for completion and proposed audit opinion.
Income, expenditure, debtors and creditors sample testing		We are clearing the small number of remaining queries relating to our transaction testing,
Whole of Government Accounts (WGA)		NAO Group Instructions for local authority audits are not yet available and WGA returns and audit certificates cannot be issued at the present time. We provide more information on this matter at page 14.
Audit Quality Control and Completion Procedures		Our audit work is undergoing final stages of review by the Engagement Lead and further quality and compliance checks. In addition, there are residual procedures to complete, including updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations.



Likely to result in material adjustment or significant change to disclosures within the financial statements.



Potential to result in material adjustment or significant change to disclosures within the financial statements.



Not considered likely to result in material adjustment or change to disclosures within the financial statements.

We will provide the Standards and Audit Committee with a verbal update on 23 November 2022 in relation to these outstanding matters and any additional matters. We will provide the Committee with a further follow-up letter, prior to signing the auditor's report.

Executive summary

Status of audit

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# 03

## Section 03: **Audit approach**

# 3. Audit approach

## Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in March 2022. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

## Materiality

Our provisional materiality at the planning stage of the audit was set at £1.90m using a benchmark of 2% of gross operating expenditure. Our final assessment of materiality, based on the final financial statements is £1.8m using the same benchmark.

## Use of experts

In our Audit Strategy Memorandum we identified the following experts planned to be used by management in preparing the financial statements, and by ourselves in carrying out our audit. There are no changes to the planned approach or other matters to highlight in this report from our consideration of the work of experts.

Item of account	Management's expert	Our expert
Defined benefit liability	Hymans Robertson <i>Actuary for Derbyshire Pension Fund</i>	PWC <i>Consulting actuary appointed by the NAO</i>
Property, plant and equipment valuation	Matthew Sorby <i>Internal valuation specialist</i>	Not applicable
Business Rates Appeals valuation	Inform CPI Ltd <i>Analyse LOCAL Valuation System</i>	Not applicable
Financial instrument disclosures	Arlingclose <i>Treasury management advisors</i>	Not applicable



# 04

## Section 04: **Significant findings**

# 4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 13 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management;
- any significant difficulties we experienced during the audit; and
- modifications required to our audit report.

As part of our planning procedures we considered the risks of material misstatement in the Council's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

## Significant risks

### Management override of controls

#### Description of the risk

Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.

#### How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

#### Audit conclusion

Our audit procedures have not identified any material errors or uncertainties in the financial statements, or other matters that we wish to bring to Members' attention in relation to management override of controls.

# 4. Significant findings

<b>Net Defined Benefit Pension Liability valuation</b>	<p><b>Description of the risk</b></p> <p>The Council's accounts contain material liabilities relating to the local government pension scheme. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.</p>
<p><b>How we addressed this risk</b></p> <ul style="list-style-type: none"> <li>Critically assessed the competency, objectivity and independence of the Derbyshire Pension Fund's Actuary;</li> <li>Liaised with the auditors of the Derbyshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This included confirming that the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate;</li> <li>Tested payroll transactions at the Council to provide assurance over the pension contributions which are deducted and paid to the Pension Fund by the Council;</li> <li>Reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information provided by PWC, the consulting actuary engaged by the National Audit Office; and</li> <li>Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.</li> </ul>	
<p><b>Audit conclusion</b></p> <p>Our audit procedures have not identified any material errors or uncertainties in the financial statements or other matters that we wish to bring to Members' attention in relation to the valuation of the net Defined Benefit Liability. A non-material unadjusted difference has been identified at Section 6.</p>	

<b>Valuation of Land and Buildings and Investment Properties</b>	<p><b>Valuation of Land and Buildings and Investment Properties</b></p> <p>The Council's accounts contain material balances and disclosures relating to its holding of land, buildings and investment properties which are required to be carried at valuation. Due to high degree of estimation uncertainty associated with those held at valuation, we have determined there is a significant risk in this area.</p>
<p><b>How we addressed this risk</b></p> <p>In relation to the valuation of land and buildings, and investment properties we:</p> <ul style="list-style-type: none"> <li>Critically assessed the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;</li> <li>Considered whether the overall revaluation methodologies used by the Council's valuer's were in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;</li> <li>Critically assessed the treatment of the upward and downward revaluations in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice;</li> <li>Critically assessed the approach that the Council adopts to ensure that any assets not subject to revaluation in 2021/22 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuer's; and</li> <li>Considered movement in market indices between revaluation dates and the year end in order to determine whether these indicate that values have moved materially over that time.</li> </ul>	
<p><b>Audit conclusion</b></p> <p>This work is in progress, and there are several queries outstanding, but our audit procedures have not, to date, identified any material errors or uncertainties in the financial statements in relation to the valuation of land, buildings and investment property assets. We have highlighted on page 13 the difficulties experienced in carrying out this testing and, as mentioned at page 7, we are working with management to complete the remaining work in this area.</p>	

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# 4. Significant findings

## Qualitative aspects of the Council’s accounting practices

We have reviewed the Council’s accounting policies and disclosures and concluded they comply with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Council’s circumstances.

The draft Statement of Accounts were approved for issue by the 31 July 2022 deadline and were of a good quality.

## Significant matters discussed with management

Significant matters discussed with management during the year include the on-going impact of Covid-19 and the challenging economic situation on the Council’s business, including any potential impact on risks of material misstatement. There are no specific matters that we are required to highlight in this report.

Earlier this year, the Government became aware of an issue relating to the reporting of infrastructure assets, which has led to delays in local authority audits. In response, CIPFA LASAAC Code Board agreed to try to assist in the resolution of the issue through changes to the Code of Practice on Local Authority Accounting (the Code). A proposal has also been made for an accounting statutory override under the Local Government Act 2003 in an attempt by Department for Levelling Up, Housing and Communities to clear the backlog of audit opinions. The net book value of the Council’s infrastructure assets was £1.7m at 31 March 2022. We have discussed this matter with officers and are satisfied that the value is not material and the concerns highlighted by CIPFA do not apply to the Council.

## Significant difficulties during the audit

As noted at pages 7 and 12 there have been significant delays in management responding to our requests for information to support the sample audit testing of property valuations. These were requested in August 2022 and the first batches of information not provided until late in October 2022, which was outside of the period of the main audit work. We have had to reschedule this work and the detailed testing is not expected to start before 7 November 2022. This work is required to address one of the Significant Audit Risks identified and will require further input from the Council’s valuer to respond to auditor queries. We will continue to work with management to complete this and the other remaining audit work identified at page 7, and to resolve any further audit queries. We will provide the 23 November 2022 Standards and Audit Committee meeting with a verbal update on progress and advise on any expected changes to our conclusions, timeline for completion and proposed audit opinion. We have raised an Internal Control Observation relating to this matter at Section 5.

## Modifications required to our audit report

We have not identified any matters from the audit work to date which require modifications to our audit report. Our draft audit report, in full, is set out in Appendix B.

## Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law ; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2020/21 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such questions or objections have been raised

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# 4. Significant findings

## Audit fees

As set out in our Audit Strategy Memorandum, we identified the need for a variation to the published scale fee to take account of several matters. Our current estimate is set out below:

- Additional testing as a result of changes arising from increased audit quality expectations involving the work on the valuation of land and buildings and on the local government pension scheme - £7,952.
- Additional work, not reflected in the published scale fee, as a result of the 2020 Code of Audit Practice and VFM reporting – £8,000.

The difficulties encountered in completing the audit due to the delays in the Council providing the information to support the property valuations has also increased the audit costs. We will agree the final fee, including these and any further variations, with management prior to reporting to the Standards and Audit Committee and before submitting the required fee variation to Public Sector Auditor Appointments Limited.

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## Delay in the audit certificate

The issue of the Audit Certificate confirms that we have discharged all of our audit responsibilities and that the audit is formally 'closed'. The Audit Certificate would normally be published in our Auditor's Report on the Statement of Accounts.

The 2020/21 Audit Certificate is still outstanding as the National Audit Office has not finalised its auditor reporting requirements in respect of that year's Whole of Government Accounts (WGA) return. The NAO has also not issued its auditor instructions for the 2021/22 return.

We expect to issue the 2021/22 audit report but delay the issue of the 2021/22 Audit Certificate until:

- the 2020/21 WGA auditor procedures are completed and that year's Audit Certificate has been issued;
- the 2021/22 WGA auditor procedures have been completed; and
- the 2021/22 Auditor's Annual Report has been issued.

We will update the Standards and Audit Committee when more information is known.

# 05

Section 05:

## **Internal control recommendations**

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# 5. Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	1
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	0

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# 5. Internal control recommendations

## Significant deficiencies in internal control – Level 2

### Description of deficiency

Land and Buildings and Investment Property valuations - there have been significant delays in the Council's valuation team responding to our requests for information to allow us to start the sample audit testing of property valuations. We have had to reschedule this work, which is required to address one of the Significant Audit Risks identified and will require further input from the Council's valuer to respond to the ongoing auditor queries.

### Potential effects

The delay in providing the response to the initial information request has resulted in the work needing to be rescheduled. This has added to the costs of the audit and could lead to a delay in issuing the audit opinion.

### Recommendation

Ensure the information requested to support our 2022/23 audit testing in this area is provided by the agreed date.

### Management response

To be confirmed.

## Follow up on previous internal control points

There are no prior year internal control points to report on.



# 06

Section 06:

## Summary of misstatements

## 6. Summary of misstatements

We are pleased to report that no material misstatements have been identified during our audit work to date.

We have identified the following misstatements during the course of the audit work to date which are above the trivial reporting threshold of £69k. Management do not propose to adjust the financial statements for these matters on the grounds of materiality and we ask the Committee to confirm their agreement to this in the Letter of Representation at Appendix A. We will update the Standards and Audit Committee if any further reportable misstatements are identified as a result of the remaining work summarised at page 7.

Details	Assets £000s	Liabilities £000s	Reserves £000s	Comprehensive Income and Expenditure Statement £000s	
Dr Net Pension Liability		1,119			Mazars has advised management of a matter brought to their attention by the Derbyshire Pension Fund auditors. The Pension Fund auditors have identified a 0.42% difference (increase) between the estimated 2021/22 Fund investment asset value used by the Actuary to prepare the employers' IAS19 valuation reports and the 2021/22 Fund financial statements being audited. As disclosed at Note 16 to the Council's financial statements the value of the Council's share of the Fund's estimated pension scheme assets at 31/3/2022 was £268,444k. The extrapolated 0.42% difference is £1,119k. Management is not proposing on the grounds of materiality to obtain an updated IAS19 valuation report or amend the accounts for these specific extrapolated differences.
Cr Unusable Reserves (Pensions Reserve)			(1,119)		
Cr Provisions		(872)			Note 55 (Contingent Liabilities) discloses the Council's liability for repayment of fees for collection of water rates following the outcome of a court case in 2020/21. Management has determined that there is sufficient uncertainty on this issue, as the Council has received no claims regarding the fees collected, that this represents a Contingent Liability rather than a matter that requires the setting up of a Provision. We believe the circumstances relating to this matter indicate it should be a Provision. Management has estimated the value of the liability as £872k and do not propose to adjust the financial statements on the grounds of their judgement regarding the nature of the liability and materiality.
Dr HRA Expenditure				872	

A small number of disclosure amendments to the notes to the Statement of Accounts have been agreed with management to correct minor errors. None of these are significant and we are not required to highlight them in this report.



# 07

## Section 07: **Value for Money**



# 7. Value for Money

## Approach to Value for Money

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

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

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Council's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report in December 2022.

## Status of our work

We have not completed our work in respect of the Council's arrangements for the year ended 31 March 2022 but we have not identified any risks of or actual significant weaknesses in arrangements that we are required to report to you or on which we need to make a recommendation. Our draft audit report at Appendix B confirms the status of our work in this area. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report in December 2022.

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# Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

# Appendix A: Draft management representation letter

Mark Dalton  
Director  
Mazars LLP  
5<sup>th</sup> Floor  
3 Wellington Place  
Leeds  
LS1 4AP

xx November 2022

Page 171  
Dear Mark

## Chesterfield Borough Council - audit for year ended 31 March 2022

This representation letter is provided in connection with your audit of the financial statements of Chesterfield Borough Council (the Council) for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

### My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

### My responsibility to provide and disclose relevant information

I have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.



# Appendix A: Draft management representation letter (continued)

I confirm as S151 Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

### Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

### Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

### Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable.

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

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# Appendix A: Draft management representation letter (continued)

## Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

## Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

## Fraud and error

I acknowledge my responsibility as Chief Finance Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- All the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;



# Appendix A: Draft management representation letter (continued)

- All knowledge of fraud or suspected fraud affecting the Council involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

### Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed to you in accordance with the requirements of the Code and applicable law.

I have disclosed the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

### Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

### Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

### Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

### Subsequent events

I confirm all events subsequent to the date of the financial statements, and for which the Code and applicable law require adjustment or disclosure, have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.



# Appendix A: Draft management representation letter (continued)

## War in the Ukraine

We confirm that we have carried out an assessment of the on-going impact of the war in the Ukraine on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

## Going concern

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

I continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

## Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

## Narrative report

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.



# Appendix A: Draft management representation letter (continued)

**Unadjusted misstatements**

I confirm that the effects of the uncorrected misstatements identified in the Appendix to this letter are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Service Director - Finance

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# Appendix B: Draft audit report

Independent auditor’s report to the members of Chesterfield Borough Council

## Report on the audit of the financial statements

### Opinion on the financial statements

We have audited the financial statements of Chesterfield Borough Council (“the Council”) for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account (HRA) Income and Expenditure Statement, the Movement on the HRA Statement and Collection Fund statements 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 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31<sup>st</sup> March 2022 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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

In auditing the financial statements, we have concluded that the Service Director - Finance’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 Council’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 Service Director - Finance with respect to going concern are described in the relevant sections of this report.



# Appendix B: Draft audit report (continued)

## Other information

The Service Director - Finance is responsible for the 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. 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 of the financial statements, 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 there is 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.

## Responsibilities of the Service Director - Finance for the financial statements

As explained more fully in the Responsibilities for the Statement of Accounts, the Service Director - Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view. The Service Director - Finance is also responsible for such internal control as the Service Director - Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Service Director - Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Service Director - Finance is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

## 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 it 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. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, the Accounts and Audit Regulations 2015, and the Local Government and Housing Act 1989, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Service Director Finance's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Executive summary

Status of audit

Audit approach

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money

Appendices

# Appendix B: Draft audit report (continued)

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Standards and Audit Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Standards and Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Standards and Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Service Director Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in September 2021.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



# Appendix B: Draft audit report (continued)

## Report on the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources

### Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the [Council] has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have not completed our work on the Council’s arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2022.

We will report the outcome of our work on the Council’s arrangements in our commentary on those arrangements within the Auditor’s Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

### Responsibilities of the Council

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

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

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council 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 Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021.

### Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.



# Appendix B: Draft audit report (continued)

## Use of the audit report

This report is made solely to the members of Chesterfield Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council 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 any one other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

## Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Mark Salton, Key Audit Partner  
For and on behalf of Mazars LLP

5<sup>th</sup> Floor, 3 Wellington Place, Leeds, LS1 4AP

Xx November 2022



# Appendix C: Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.



# Appendix D: Other communications

Other communication	Response
<b>Compliance with Laws and Regulations</b>	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations..</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
<b>External confirmations</b>	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
<b>Related parties</b>	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> <li>a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and</li> <li>b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.</li> </ul>
<b>Going Concern</b>	<p>We have not identified any evidence to cause us to disagree with the [Chief Financial Officer] that Chesterfield Borough Council will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

# Appendix D: Other communications

Other communication	Response
<b>Subsequent events</b>	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
<b>Matters related to fraud</b>	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and the Standards and Audit Committee, confirming that</p> <ul style="list-style-type: none"> <li>a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;</li> <li>b. they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud;</li> <li>c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving:               <ul style="list-style-type: none"> <li>i. Management;</li> <li>ii. Employees who have significant roles in internal control; or</li> <li>iii. Others where the fraud could have a material effect on the financial statements; and</li> </ul> </li> <li>d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.</li> </ul>

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# Mark Dalton, Director – Public Services

**Mazars**  
5<sup>th</sup> Floor  
3 Wellington Place  
Leeds  
LS1 4AP

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*where permitted under applicable country laws.

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Mark Dalton  
Director  
Mazars LLP  
5<sup>th</sup> Floor  
3 Wellington Place  
Leeds  
LS1 4AP

Please ask for: Theresa Channell

Email: [theresa.channell@chesterfield.gov.uk](mailto:theresa.channell@chesterfield.gov.uk)

15 November 2022

Dear Mark

**Re: Chesterfield Borough Council - audit for year ended 31 March 2022**

This representation letter is provided in connection with your audit of the financial statements of Chesterfield Borough Council (the Council) for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

**My responsibility for the financial statements and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

**My responsibility to provide and disclose relevant information**

I have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as S151 Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

### **Accounting records**

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

### **Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance, and cash flows.

### **Accounting estimates, including those measured at fair value**

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable.

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

### **Contingencies**

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired, or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

### **Laws and regulations**

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

### **Fraud and error**

I acknowledge my responsibility as Chief Finance Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- All the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All knowledge of fraud or suspected fraud affecting the Council involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

### **Related party transactions**

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed to you in accordance with the requirements of the Code and applicable law.

I have disclosed the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

### **Impairment review**

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

### **Charges on assets**

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

### **Future commitments**

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

### **Subsequent events**

I confirm all events subsequent to the date of the financial statements, and for which the Code and applicable law require adjustment or disclosure, have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

### **War in the Ukraine**

We confirm that we have carried out an assessment of the on-going impact of the war in the Ukraine on the Council, including the impact of mitigation measures and uncertainties, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

### **Going concern**

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

I continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements

### **Annual Governance Statement**

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

### **Narrative report**

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

## **Unadjusted misstatements**

I confirm that the effects of the uncorrected misstatements identified in the Appendix to this letter are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Theresa Channell  
**Service Director-Finance**

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Appendix C (i) to the letter of representation – Unadjusted Misstatements

Details	Assets £000c	Liabilities £000c	Reserves £000c	Comprehensive Income and Expenditure Statement £000c	
Cr Net Pension Liability		(537)			Mazars has advised management of a matter brought to their attention by the Derbyshire Pension Fund auditors. The Pension Fund auditors have identified a 0.2% difference (decrease) between the estimated 2021/22 Fund investment asset value used by the Actuary to prepare the employers' IAS19 valuation reports and the 2021/22 Fund financial statements being audited. As disclosed at Note 16 to the Council's financial statements the value of the Council's share of the Fund's estimated pension scheme assets at 31/3/2022 was £268,444k. The extrapolated 0.2% difference is £537k. Management is not proposing on the grounds of materiality to obtain an updated IAS19 valuation report or amend the accounts for these specific extrapolated differences.
Dr Unusable Reserves (Pensions Reserve)			537		
Cr Provisions		(872)			Note 55 (Contingent Liabilities) discloses the Council's liability for repayment of fees for collection of water rates following the outcome of a court case in 2020/21. Management has determined that there is sufficient uncertainty on this issue, as the Council has received no claims regarding the fees collected, that this represents a Contingent Liability rather than a matter that requires the setting up of a Provision. We believe the circumstances relating to this matter indicate it should be a Provision. Management has estimated the value of the liability as £872k and do not propose to adjust the financial statements on the grounds of their judgement regarding the nature of the liability and materiality.
Dr HRA Expenditure				872	

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## For publication

### Internal Audit Progress Update

<b>Meeting:</b>	Standards and Audit Committee
<b>Date:</b>	23rd November 2022
<b>Cabinet portfolio:</b>	Governance
<b>Directorate:</b>	Finance
<b>For publication</b>	

#### **1.0 Purpose of the report**

- 1.1 To present for members' information a progress report in respect of the 2022/23 Internal Audit Plan.

#### **2.0 Recommendation**

- 2.1 That the report be noted.

#### **3.0 Reason for recommendation**

- 3.1 To update Members on progress against the 2022/23 Internal Audit Plan and to provide assurance on the governance, risk and control processes in place.

#### **4.0 Report details**

- 4.1 The Public Sector Internal Audit Standards require that the Head of the Internal Audit Consortium periodically reports to the Standards and Audit Committee in respect of performance against the audit plan. Significant risk and control issues should also be reported.
- 4.2 The 2022/23 Internal audit plan was approved at the Standards and Audit Committee on the 20th of April 2022.
- 4.3 Attached, as Appendix 1, is a summary of reports issued since this Committee last met in respect of the 2022/23 internal audit plan. This period 4 reports have been issued 1 with substantial assurance and 3 with reasonable assurance.
- 4.4 The assurance level is awarded in respect of the controls in place and the system's ability to meet its objectives and manage risk in line with the

definitions below. The assurance levels have also now been linked to definitions of risk within the risk management strategy.

<b>Assurance Level</b>	<b>Definition</b>	<b>Risk Strategy Link</b>
<b>Substantial Assurance</b>	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.	Negligible/ Low impact – regular reviews plus low - cost improvements
<b>Reasonable Assurance</b>	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.	Low / Medium impact – close monitoring and cost - effective controls required
<b>Limited Assurance</b>	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.	Medium / High impact Unacceptable Risk – Immediate control improvements required
<b>Inadequate Assurance</b>	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.	High / Very High impact Unacceptable Risk – immediate control improvements required

- 4.5 No fraud has been detected.
- 4.6 In terms of recruitment, we have now successfully appointed to the vacant NEDDC Senior Auditor post (internal applicant) and to the BDC Senior Auditor post that will be becoming vacant at the end of December due to the retirement of the current post holder.
- 4.7 The full time Chesterfield Auditor left on the 21st October and the vacant post has been recruited to, a start date is awaited pending the completion of Human Resources pre-employment checks. The promotion of a NEDDC Auditor to Senior Auditor has left another vacant Auditor post and Recruitment to this post is in progress.

## **5.0 Alternative options**

5.1 The report is for information.

## **6.0 Implications for consideration – Financial and Value for Money**

6.1 Internal audit reviews help to ensure that processes and controls are operating effectively thereby contributing to ensuring that value for money is obtained.

## **7.0 Implications for consideration – Legal**

7.1 The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

## **8.0 Implications for consideration – Human Resources**

8.1 None

## **9.0 Implications for consideration – Council Plan**

9.1 Audit reviews help to ensure that the council’s resources and priorities are focused on achieving the objectives within the council plan.

## **10.0 Implications for consideration – Climate Change**

10.1 Whilst there are not considered to be any direct climate change impacts in relation to this report, sound internal control, governance and risk management arrangements will support the achievement of the Council’s objectives.

## **11.0 Implications for consideration – Equality and Diversity**

11.1 None

## **12.0 Implications for consideration – Risk Management**

12.1 Regular audit reviews help to ensure that risk is appropriately managed.

### **Decision information**

<b>Key decision number</b>	N/A
<b>Wards affected</b>	<b>None</b>

## Document information

<b>Report author</b>	
Jenny Williams Head of the Internal Audit Consortium Finance	
<b>Background documents</b>	
None	
<b>Appendices to the report</b>	
Appendix 1	Reports issued in respect of the 2022/23 Internal Audit Plan October 2022
Appendix 2	Progress update on the 2022/23 Internal Audit Plan

**Chesterfield Borough Council – Internal Audit Consortium**

**Report to Standards and Audit Committee**

**Summary of Internal Audit Reports Issued October 2022**

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Report Ref No.	Report Title	Scope & Objectives	Assurance Level	Date			Number of Recommendations	
				Report Issued	Response Due	Response Received	Made	Accepted
6	Council Tax	To ensure that bills are raised promptly and accurately and that there are debt collection procedures in place	Reasonable	26/9/22	17/10/22	27/9/22	2M	2
7	Cash and Banking	To ensure that all income received is banked promptly and allocated to the right accounts	Substantial	28/9/22	19/10/22	N/A	0	0
8	Licensing Income	To ensure licensing income is billed correctly and banked promptly	Reasonable	13/10/22	3/11/22	25/10/22	3 (1M 2L)	3
9	Domestic Waste Collection	To ensure that the contract is appropriately monitored and that charges are accurate	Reasonable	20/10/22	10/11/22		4 (3M 1L)	Note 1

Note 1 Response not due at time of writing Report

H = High Priority M = Medium Priority L = Low priority

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## Chesterfield Borough Council Internal Audit Plan 2022/23

	Complete
	In progress
	Ongoing throughout the year

<b>Main Financial Systems</b>	<b>Priority</b>	<b>Audit Days 2022/23</b>
Main Accounting & the Medium- Term Financial Plan	M	12
HRA Business Plan	M	5
Creditor Payments (Accounts Payable)	H	25
Cash and Banking	H	18
Council Tax	H	20
Housing / Council Tax Benefits	H	20
Gov Grants – Businesses / households	H	15
Housing Rents	H	20
Housing Repairs – Revenue (Voids)	H	20
<b>Total</b>		<b>155</b>
<b>Other Operational Audits</b>		
Brimington Parish Council	N/A	5
Bulky Waste Collection	L	6
Car Parks Income	M	25
Car Allowances / subsistence	L	10
Contract Final Accounts	M	3
Crematorium	M	12
Data Protection – inc PCI compliance	M	12
Economic Development Projects	H	30
EMU Warmth Grants sign off	N/A	5
Homelessness	M	12
Members Allowances / civic expenses	L	10
Private Sector Housing Grants	M	10
Property Rents	M	12
Refuse Collection Domestic	M	12
E.H Other Licences	M	10
Venues	M	20
<b>Total</b>		<b>194</b>
<b>Computer and IT Related</b>		
ICT Transformation Programme	H	12
Network Security / Disaster Recovery	H	15
New system Review / upgrades	N/A	10

	<b>Total</b>		<b>37</b>
	<b>Cross Cutting Issues</b>		
	Corporate Governance and Annual Governance Statement	H	14
	Health & Safety	M	12
	Sickness absence / wellbeing	M	12
	Procurement	H	15
	Risk Management	M	8
	<b>Total</b>		<b>61</b>
	<b>Fraud and Corruption</b>		
	National Fraud Initiative		5
	Anti -Fraud & Corruption Strategy Review		3
	<b>Total</b>		<b>8</b>
	Apprenticeships / Training		30
	Contingency/ Investigations/Emerging risks/ test schedule updates		35
	Financial advice / working groups		25
	Audit Committee / Client Officer Liaison		15
	<b>Planned Total Days 2022/23</b>		<b>560</b>

## Reserve Areas

Leaseholders  
 Rechargeable Repairs  
 Innovation Centres  
 Sales of Land and Property  
 NNDR  
 Social Media  
 Bonus Scheme

**Standards and Audit Committee  
2022/23 Work Programme**

<b>Scheduled meeting dates:</b>	<b>Business items:</b> (please note these are subject to change due to operational or workload pressures)	<b>Function/Lead</b>
20 April, 2022	Update on QPSC and Markets Internal Audit Recommendations	Leisure, Sport and Cultural Services
	Progress update on the 2021/22 Internal Audit Plan	Internal Audit
	Chesterfield Borough Council Internal Audit Plan 2022/23	Internal Audit
	Review of the Code of Corporate Governance and the 2021/22 Annual Governance Statement	Internal Audit
	Updates to the Constitution	Standards and Governance
27 July, 2022	Standards and Audit Committee Annual Report	Internal Audit
	Internal Audit Consortium Annual Report 2021/22	Internal Audit
	Internal Audit Consortium Progress Report	Internal Audit
	Internal Audit Untapped Potential	Internal Audit
	RIPA Annual Report	Standards and Governance
28 September, 2022	Summary of Internal Audit Reports issued and progress update on the 2022/23 Internal Audit Plan	Internal Audit
	Review of the Internal Audit Charter	Internal Audit
	Implementation of Internal Audit Recommendations	Internal Audit

	Ombudsman Annual Review Letter	Standards and Governance
	Treasury Management Annual Report 2021/22 and Monitoring Report 2022/23	Finance
	Report on Officer Delegated Decisions	Democratic Services
23 November, 2022	Summary of Internal Audit Reports issued and progress update on the 2022/23 Internal Audit Plan	Internal Audit
	Review of Unreasonable Complaints Policy	Standards and Governance
	Complaints Policy	Digital, HR and Customer Services
	Audit Report on the 2021/22 Statement of Accounts*	Finance/External Auditors
	Climate Change (briefing note to be sent separately)	Corporate/Climate Change Officer
15 February, 2023	Risk Management Strategy and Strategy Risk Register	Health, Safety and Risk
	Treasury Management Strategy 2023/24	Finance
	External Audit Progress Report	External Auditors
	Audit Strategy Memorandum	External Auditors
	Outstanding Internal Audit Recommendations	Internal Audit
	Progress Update on the 2022/23 Internal Audit Plan	Internal Audit
	Standards and Audit Committee Self-Assessment	Internal Audit
	Standards of Conduct Annual Report	Standards and Governance
	LGA Code of Conduct	Standards and Governance

	Updates to the Constitution	Standards and Governance
26 April, 2023	Progress update on the 2022/23 Internal Audit Plan	Internal Audit
	Chesterfield Borough Council Internal Audit Plan 2023/24	Internal Audit
	CIPFA Fraud and Corruption Survey Results 2022	Internal Audit
	Review of the Code of Corporate Governance and the 2022/23 Annual Governance Statement	Internal Audit
	Audit Strategy Memorandum 2022/23	External Auditors
	2022/23 Audit Progress Report	External Auditors
	RIPA Annual Report	Standards and Governance
<b>Business items scheduled for future years:</b>		
July 2023	Review of the Anti-Fraud, Bribery and Corruption Strategy (including Money Laundering)	Internal Audit
	Appointment of Independent Remuneration Panel	Standards and Governance
TBC	Procurement Update	Procurement
TBC	External Review of Internal Audit	Internal Audit
TBC	Housing Ombudsman Complaints (bi-annual report)	Housing

\*may move to November depending on deadlines.

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