

Staffordshire Moorlands Statement of Accounts 2023/24 – Chief Finance Officer Review

- 1. Please provide the most significant reasons for the 2023/24 operating deficit of £416,265.**

The £0.416million deficit is identified on page 5 of the Narrative Statement.

Actual spend on activities during 2023/24 was £0.855m more than anticipated, this is mainly due to an increase in the Waste Collection service spend, due to reduced income and increased costs due to closure of Leek Transfer Station.

Further explanations for the variances contributing to the overall overspend were reported within the Quarter Four (Provisional Outturn) Financial Report reported to Finance & Performance Committee on 23rd July 2024.

- 2. Please explain the movement between years on the following lines on the Balance Sheet (highlighted yellow):**

31st March 2023	Balance Sheet	31st March 2024	Major Variances (2023/24 compared to 2022/23)
34,698	Property, Plant & Equipment	36,370	1,672
584	Heritage Assets	584	0
4,228	Investment Properties	4,375	147
236	Intangible Assets	194	(42)
10,052	Long-term Debtors	10,122	70
49,798	TOTAL LONG TERM ASSETS	51,645	1,847
7,465	Short-term Investments	5,641	(1,824)
79	Inventories	84	5
4,283	Short Term Debtors	4,767	484
9,570	Cash & Cash Equivalents	8,841	(729)
21,397	TOTAL CURRENT ASSETS	19,333	(2,064)
0	Cash & Cash Equivalents	0	0
(3,038)	Short-term Borrowings	(3,084)	(46)
(7,468)	Short-term Creditors	(8,739)	(1,271)
(758)	Provisions	(696)	62
(11,264)	TOTAL CURRENT LIABILITIES	(12,519)	(1,255)
(4,604)	Long-term Borrowing	(4,604)	0
(7,357)	Pensions Liability	(10,737)	(3,380)
(216)	Other Long-term Liabilities	(203)	13
(999)	Grant Receipts in Advance - Capital	(1,931)	(932)
(13,176)	TOTAL LONG TERM LIABILITIES	(17,475)	(4,299)
46,755	TOTAL NET ASSETS	40,984	(5,771)
15,737	Useable Reserves	13,409	(2,328)
31,018	Unusable Reserves	27,575	(3,443)
46,755	TOTAL RESERVES	40,984	(5,771)

Property, Plant and Equipment (£1.672m)

This reflects the increase in the revaluation of the Council's assets.

Short-term Investment (£1.824m)

A change of limited significance as it represents the impact of operational Treasury Management cash flow requirements at and around the balance sheet date.

Short-term Creditors (£1.271m)

The main reason for the variance is due to incorporating Alliance Norse accounts onto the Council's balance sheet.

Pensions Liability (£3.38m)

The increase in pension liability arises from the year end valuations performed by the Scheme Actuary.

Grant Receipts in Advance (£0.932m)

The increase is due to the Council receiving Capital & Revenue UKSPF (UK shared Prosperity Fund) monies in advance with Conditions attached to them.

Useable Reserves(£2.328m)

The decrease in useable reserves primarily reflects the £0.426m operating deficit; a £0.8m usage of the Capital Grants Unapplied; £0.87m reduction in earmarked reserve due to the usage of the Capital Reserve being used to fund capital, reducing the borrowing requirement.

Unusable Reserves(£3.443m)

The decrease in unusable reserves primarily reflects a £5.109m increase in pension liability arising from the year-end valuations performed by the Scheme Actuary. There is also a £0.806m change on the Revaluation Reserve and a £2.795million change on the Capital Adjustment Account.

2022-23			2023-24			Variance >£400k			
Gross Expenditure	Gross Income	Net Expenditure	CIES Variance Analysis	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000	£000	£000	£000
501	0	501	Alliance Leadership Team	400	(1)	399	(101)	(1)	(102)
132	0	132	Audit	106	0	106	(26)	0	(26)
890	(1)	889	ICT	1,126	0	1,125	236	1	236
57	0	57	Human Resources	57	0	57	0	0	0
419	0	419	Member Services	607	0	607	188	0	188
2,454	(870)	1,584	Property Services	2,655	(863)	1,791	201	7	207
10,108	(10,094)	14	Benefits	10,702	(10,849)	(147)	594	(755)	(161)
738	(485)	253	Revenues	854	(317)	537	116	168	284
950	(802)	148	Planning Applications	978	(856)	122	28	(54)	(26)
40	0	40	Building Control	59	0	59	19	0	19
606	(3)	603	Customer Services	636	(4)	632	30	(1)	29
282	(14)	268	Legal Services	256	(10)	246	(26)	4	(22)
62	(21)	41	Electoral Services	217	(53)	164	155	(32)	123
1	(237)	(236)	Licensing & Land Charges	2	(133)	(132)	1	104	104
834	(171)	663	Regeneration	809	(478)	331	(25)	(307)	(332)
446	(27)	419	Communities & Cultural	531	(30)	501	85	(3)	82
405	(280)	125	Housing Strategy	480	(363)	117	75	(83)	(8)
267	0	267	Transformation	330	0	330	63	0	63
161	(20)	141	Community Safety & Enforcement	229	(45)	184	68	(25)	43
445	0	445	Finance & Procurement	444	0	444	(1)	0	(1)
662	(120)	542	Corporate Finance	612	(232)	379	(50)	(112)	(163)
5,769	(2,539)	3,230	Waste Collection	6,834	(2,784)	4,050	1,065	(245)	820
870	(371)	499	Street Scene	903	(334)	569	33	37	70
1,113	(123)	990	Leisure Services	1,587	(234)	1,353	474	(111)	363
944	(273)	671	Horticulture	950	(237)	712	6	36	41
1,535	(1,906)	(371)	Environmental Health	3,402	(1,983)	1,420	1,867	(77)	1,791
30,691	(18,357)	12,334	Cost Of Services	35,766	(19,806)	15,956	5,075	(1,449)	3,622
1,511	(21)	1,490	Other Operating Expenditure	1,703	(82)	1,621	192	(61)	131
782	(1,046)	(264)	Financing & Investment Income & Ex	378	(1,482)	(1,104)	(404)	(436)	(840)
(12,187)		(12,187)	Taxation & non-specific Grant		(16,481)	(16,481)	0	(4,294)	(4,294)
		1,373	(Surplus) or Deficit on Provision of Services			(8)			(1,381)
		(4,504)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipme			(14)			4,490
		(22,974)	Remeasurement of the net defined pension benefit liability			5,792			28,766
		(27,478)				5,778			33,256
		(26,105)				5,770			31,875

3. Can you please provide an explanation for the increase in gross expenditure and income for the Benefits service

This reflects more benefits being paid out, as entitlement has increased. As income reclaimed is based on expenditure incurred (that is, the majority is claimed back from Government), it too has increased by a similar amount, leaving the net cost fluctuating by a far lesser amount between the two years.

4. Please explain the increase in gross expenditure for the Waste Collection service

This reflects the increase in costs incurred by Alliance Environmental Services (AES) £0.206m was due to a temporary closure of Leek Transfer Station by Staffordshire County Council; and a shortfall on recycling income of £0.564m due to the reduction in the market value of recyclate materials.

5. Please explain the increase in gross expenditure for Leisure service

This reflects a £0.290m increase in Capital charges (depreciation), and an increase in consultancy costs of £0.157m relating to Biddulph Valley LC.

6. Please explain the increase in gross expenditure for Environmental Health

This reflects an increase of £1.841m in the Disabled Facility Grant expenditure which is shown as REFCUS (Revenue Expenditure funded under capital statue).

7. Please explain the Financing & Investment Income & Expenditure change in figures from 2021/22 to 2022/23

This is due to a decrease in the Pension interest cost and expected return on pension assets (£0.436m) and an increase in Interest received (£0.436m) this arises from when the base rate increased to 5.25% in 2023/24 and remained at that level for the rest of the year.

8. Please explain the Taxation and Non-specific Grant change in figures from 2022/23 to 2023/24.

This is mainly due to the Council receiving two large grants relating to Levelling up Fund (£1.532m) and the Public Sector Decarbonisation scheme (£1.814m).

9. Please explain the “(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets” change in figures from 2022/23 to 2023/24.

The note in the Statement of Accounts on the Revaluation Reserve (Note 13a) on provides more detail.

10. Please explain the Remeasurement of the net defined pension benefit liability change in figures from 2022/23 to 2023/24.

A £5.792m increase in pension liability arises from the year end valuations performed by the Scheme Actuary.

11. Can you explain the following major variations (highlighted in yellow) on the Collection Fund?

2022/23			2023/24			Major Variances		
Council Tax £000	Business Rates £000	Total £000	Council Tax £000	Business Rates £000	Total £000	Council Tax £000	Business Rates £000	Total £000
								Variance >£400k
	(18,792)			(17,292)			1,500	
	5			(1,666)			(1,671)	
(66,230)			(68,745)			(2,515)		
			(123)			(123)		
(66,230)	(18,787)	(85,017)	(68,868)	(18,958)	(87,826)	(2,638)	(171)	(2,809)
	9,724			9,616			(108)	
46,958	1,750		49,101	1,731		2,143	-	19
8,330			8,696			366	-	
2,693	194		2,812	192		119	-	2
7,359	7,780		7,414	7,692		55	-	88
		84,788			87,254			2,466
	(1,133)			213			1,346	
392	(204)		658	38		266		242
69			117			48		0
22	(23)		37	4		15		27
62	(906)		103	171		41		1,077
		(1,721)			1,341			3,062
120	75		202	138		82		63
646	135		(9)	(185)		(655)		(320)
	(336)			(88)				248
	990			(67)				(1,057)
	113			113				0
	0			4				4
		1,743			108			(1,635)
66,651	18,159	84,810	69,131	19,572	88,703			
421	(628)	(207)	263	614	877			
(633)	1,614	981	(212)	(986)	774			
(212)	(986)	774	51	(372)	1,651			

Income due from Business Rates Payers (£1.5m)

An increase in reliefs awarded resulted in a reduction in Income from Business Rates Payers. Where reliefs are implemented by Central Government these are funded by s31 grants in the general fund.

Transitional Protection Payments for Business Rates (£1.671m)

Transitional relief in the first year of a new valuation list is high then decreases over the life of the list – in the previous year, the scheme had ended for the 2017 list, 2023/24 is the first year of the 2023 list.

Income due from Council Tax Payers (£2.515m)

This relates to the Growth in the Council tax collectable between years from both expansion of the taxbase plus an average 4.53% increase in the band D charge from all the preceptors.

Preceptor Staffordshire County Council (Council Tax £2.143m)

The growth in the Council Tax precept between years reflects both expansion of the taxbase plus the 4.99% increase in the individual charges levied by the County Council.

Distribution of Previous Year Surplus/ (Deficit):

Central Government - Business Rates (£1.346m), and Staffordshire Moorlands – Business Rates (£1.077m)

A surplus on the Business Rates Collection Fund was forecast at January 2023 (a deficit in the previous year) as income was greater in the year than the precept requirements and the other forecast charges including changes on the appeals provision. The forecast surplus was distributed in 2023/24.

Increase/ Decrease in Impairment Allowance (£0.655m Council Tax)

Following the larger change to the collection fund impairment allowances in the previous year, a small decrease was required in the current year.

Change to Business Rates Appeals provision (£1.057m)

There was an overall reduction in the level of provision required for business rates appeals as the 2017 valuation list reached the end of its life. A new list is in place from 1 April 2023 with only a small number of appeals outstanding at year end.

12. Are there any major risks to the authority indicated in the accounts? If so, how are these being dealt with?

Narrative Report: this goes into some detail about potential impact on the financial standing of the council in the medium to long term. It also touches upon the level of funding that is now raised and retained locally as opposed to being provided by Central Government. These two issues make the Council more vulnerable to both national and local economic factors (but also more open to benefiting from above average economic growth too).

To manage these risks, there is robust budgetary control (evidenced by the in-year underspend, despite considerable Covid-19 pressures) and the maintenance of adequate reserves - both those that are earmarked to support particular activities and as a contingency against unplanned changes in income and expenditure. At the end of 2023/24, the general revenue reserve stood at £2.690 million.

Balance Sheet and Capital Notes (primarily Note 6): these list the extensive assets of the Authority. Assets such as these can become individual or collective liabilities if they are not adequately maintained. This risk is mitigated by the Council's Asset Management Plan (AMP), which ensures that capital resources are focused on maintaining the structural integrity and value of property assets. The AMP is in the process of being refreshed, with a particular emphasis on obtaining up to date site assessments.

Pension Notes (primarily Note 4): this highlights the pension liability of £12.456m, valuation of which is based primarily on the value of Corporate Bonds. This risk to the medium / long term viability of the Authority is countered by measures adopted by local government pension schemes to increase contributions and reduce entitlements over the medium to long term. Future contribution rates (combined with investment strategies) are designed to ensure that the Fund is in balance over the longer term.

Financial Instrument Notes: This Include a comprehensive analysis of the various risks around the value of all financial assets including cash, receivables and investments. This risk is managed through the Authority's budgetary control and treasury management strategy / procedures. Realistic budgeting is supported by robust risk adverse borrowing and investment strategies.

Contingent Liabilities: Highlights several areas where there may be a future call on the Council's resources if certain actions or events materialise. These items are monitored and managed as part of the Authority's financial planning process. Future budgets can, if necessary, be amended in response to any liability materialising. There are operating reserves available to ameliorate the impact on other services in any particular year.