

High Peak Statement of Accounts 2023/24 – Chief Finance Officer Review

1. Please provide the most significant reasons for the 2023/24 operating surplus of £700,024.

The £0.700 million surplus is identified on page 6 of the Narrative Statement. The main reason was due to actual spend on activities during 2023/24 being £1,399,709 less than anticipated.

Further explanations for the variances contributing to the overall underspend were reported within the Quarter Four (Provisional Outturn) Financial Report reported to the Executive.

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

Restated 31st March 2023 £000's		31st March 2024 £000's	Major Variances
272,885	Property, Plant & Equipment	280,606	7,721
514	Heritage Assets	514	0
406	Investment Properties	399	(7)
225	Intangible Assets	183	(42)
186	Long-term Debtors	58	(128)
274,216	TOTAL LONG TERM ASSETS	281,760	7,544

Property, Plant & Equipment (£7.721m)

This reflects a £1.8m increase in the carrying value of the Council's Housing and General Fund stock following the March valuations, and £5.9m increase to the value of capital works in progress.

Restated 31st March 2023 £000's		31st March 2024 £000's	Major Variances
5,026	Short-term Investments	7,641	2,615
79	Inventories	84	5
6,562	Short Term Debtors	11,549	4,987
12,189	Cash & Cash Equivalents	8,299	(3,890)
23,856	TOTAL CURRENT ASSETS	27,573	3,717

Short Term Investments (£2.615m)

This change is considered to be of little significance as it represents the impact of operational Treasury Management (TM) cash flow requirements at and around the balance sheet date of 31st March.

Short-term Debtors (£4.987m)

The increase is largely due to incorporating Alliance Norse's accounts into the Council's balance sheet.

Cash & Cash Equivalents (£3.890m)

This change is considered to be of little significance as it represents the impact of operational Treasury Management (TM) cash flow requirements at and around the balance sheet date of 31st March.

Restated 31st March 2023 £000's		31st March 2024 £000's	Major Variances
(12)	Cash & Cash Equivalents	0	12
(3,250)	Short-term Borrowings	(5,411)	(2,161)
(11,221)	Short-term Creditors	(17,580)	(6,359)
(1,182)	Provisions	(141)	1,041
(15,665)	TOTAL CURRENT LIABILITIES	(23,132)	(7,467)
(58,830)	Long-term Borrowing	(58,830)	0
(1,372)	Pensions Liability	(13,061)	(11,689)
(92)	Other Long Term Liabilities	(129)	(37)
(2,267)	Grant Receipts in Advance - Capital	(2,763)	(496)
(62,561)	TOTAL LONG TERM LIABILITIES	(74,783)	(12,222)

Short Term Borrowing (£2.161m)

This reflects the repayment of Short Term Borrowing within the Council's Treasury Management.

Short Term Creditors (£6.359m)

This reflects an increase that is largely due to incorporating Alliance Norse accounts into the Council's balance sheet.

Provisions (£1.041m)

This reflects a decrease in the NNDR Appeals provision required.

Pensions Liability (£11.689m)

This reflects a change in actuarial valuation - which this year has been impacted by an increase in financial assumptions, which increased the scheme's liability. Note 4f identifies just how sensitive the liability figure is to actuarial assumptions around the discount rate. The present value of a pension benefit is how much it is worth today. By their nature, estimates of future value are imprecise. The discount rate is used to

allocate the cost of future benefits over time, to answer the basic question “how much should we contribute today so we hit our funding target in the future”. The discount rate used is important because, if it is lowered, then it makes pensions appear to be more expensive, because you are assuming that the pension fund will earn less money over time, meaning more money needs to be contributed.

Restated 31st March 2023 £000's		31st March 2024 £000's	Major Variances
35,124	Useable Reserves	33,494	(1,630)
184,722	Unusable Reserves	177,924	(6,798)
219,846	TOTAL RESERVES	211,418	(8,428)

Useable Reserves (£1.630m)

Reflects the HRA use of reserve of £2.066million, and the net increase in the GF reserves of £1.734million. On top of this, there was a decrease in the Capital Grants Unapplied Reserve (Note 12).

Unusable Reserves (£6.798m)

Reflects the £11.689m increase in Pension Liability as a result of the Actuarial valuation, a £4.05m increase in the carrying value of assets following the latest Property valuations and a £0.867m decrease in the Collection Fund adjustment account.

2022-23			2023-24			Variance > Net £750k		
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000	£000	£000	£000	£000	£000	£000
408	(1)	407	401	(1)	400	(7)	0	(7)
99	0	99	99	0	99	0	0	0
990	(268)	722	1,245	(201)	1,044	255	67	322
50	(1)	49	55	0	55	5	1	6
320	(50)	270	525	0	525	205	50	255
4,465	(1,456)	3,009	4,219	(1,632)	2,587	(246)	(176)	(422)
13,818	(13,527)	291	14,000	(13,970)	30	182	(443)	(261)
680	(516)	164	810	(357)	453	130	159	289
1,077	(472)	605	1,176	(819)	357	99	(347)	(248)
50	1	51	64	0	64	14	(1)	13
710	(33)	677	663	(20)	643	(47)	13	(34)
399	(34)	365	274	(16)	258	(125)	18	(107)
52	(19)	33	204	(49)	155	152	(30)	122
24	(322)	(298)	4	(203)	(199)	(20)	119	99
995	(651)	344	2,173	(2,237)	(64)	1,178	(1,586)	(408)
359	(41)	318	407	(47)	360	48	(6)	42
5,557	(4,598)	959	2,132	(1,687)	445	(3,425)	2,911	(514)
338	0	338	327	0	327	(11)	0	(11)
162	(39)	123	146	(41)	105	(16)	(2)	(18)
306	96	402	361	119	480	55	23	78
810	(1,419)	(609)	750	(1,205)	(455)	(60)	214	154
5,087	(2,141)	2,946	5,917	(2,230)	3,687	830	(89)	741
823	(237)	586	871	(220)	651	48	17	65
262	(65)	197	262	(143)	119	0	(78)	(78)
1,657	(1,114)	543	2,202	(1,107)	1,095	545	7	552
1,221	(706)	515	2,611	(1,075)	1,536	1,390	(369)	1,021
10,568	(15,484)	(4,916)	12,497	(16,197)	(3,700)	1,929	(713)	1,216
51,287	(43,097)	8,190	54,395	(43,338)	11,057			
9,522	(2,153)	7,369	7,989	(1,489)	6,500	(1,533)	664	(869)
4,364	(552)	3,812	2,550	(1,048)	1,502	(1,814)	(496)	(2,310)
	(18,304)	(18,304)		(16,823)	(16,823)	0	1,481	1,481
		1,067			2,236			(1,698)
		(14,210)			(6,673)			7,537
		(35,177)			12,865			48,042
		(49,387)			6,192			55,579
		(48,320)			8,428			53,881

3. Can you please provide an explanation for the £1.178m increase in expenditure, and a £1.586million increase in Income for Regeneration Services?

The UKSPF project shows £0.48m of expenditure & income. The remaining difference is due to a full year's impact of the Springs being in Operation.

4. Can you please provide an explanation for the £3.425million decrease in expenditure and a £2.911million decrease in Income for Housing Strategy?

This is due to in 2022/23 there was £3.628 million worth of REFCUS (Revenue Expenditure funding by Capital under Statue) expenditure and £3.158million of REFCUS funding, this mainly relates to the developments around Fairfield Roundabout.

5. Can you please provide an explanation for the £1.390million increase in expenditure Income for Environmental Health?

This is due an increase in spend on Disabled Facilities Grant (REFCUS)

6. Can you please provide an explanation for the £1.929million increase in expenditure Income for HRA?

Please see HRA Account for variance

7. Please explain the £1.533m decrease in Other Operating Expenditure change in figures from 2022/23 to 2023/24?

This is due to a decrease in derecognition on Assets of £1.105 million, and a decrease in the disposal value of fixed assets £0.56million.

8. Please explain the £1.814m decrease in Financing & Investment Expenditure change in figures from 2022/23 to 2023/24?

The Net interest charge on Pension has reduced by £0.923 million, and the interest charged during the financial year has also reduced by £0.891 million

9. Please explain the £1.481m decrease in Taxation & Non-Specific Grant change in figures from 2022/23 to 2023/24?

In 2022/23 the Council received £6million for the Future High Street Fund, in 2023/24 the Council received £2million, offsetting this is £0.36million from an increase in Council Tax receipts, £1.631 million increase in Business Rates monies & £0.56million increase in Government Grants received.

10. 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) provides more detail, where the effect of last year's downward revaluation of assets reflects the Valuer's use of the Modern Equivalent Assets methodology as part of the DRC (depreciated replacement cost) valuations.

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

A £11.689m increase in pension liability arises from the year end valuations performed by the Scheme Actuary

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

2022-23			2023-24			Variance >£750k		
Council Tax	Business Rates	Total	Council Tax	Business Rates	Total	Council Tax	Business Rates	Total
£000	£000	£000	£000	£000	£000	£000	£000	£000
			Income					
	(25,436)			(27,468)			(2,032)	
	91			(935)			(1,026)	
(63,236)			(65,757)			(2,521)		
			(151)			(151)		
(63,236)	(25,345)	(88,581)	(65,908)	(28,403)	(94,311)	(2,672)	(3,058)	(5,730)
			Expenditure					
			Preceptors					
	13,029			13,628			599	
44,649	2,345		46,394	2,453		1,745	108	
7,886			8,369			483	-	
2,534	261		2,694	273		160	12	
7,192	10,424		7,426	10,902		234	478	
	88,320				92,139			3,819
			Distribution of Previous Year Surplus / (Deficit)					
	(694)			665			1,359	
758	(125)		499	120		(259)	245	
132			89			(43)	0	
43	(14)		28	13		(15)	27	
122	(555)		81	532		(41)	1,087	
	(333)				2,027			2360
			Charges to the Collection Fund					
189	52		(274)	105		(463)	53	
693	136		23	150		(670)	14	
	(19)			(1,200)			(1,181)	
	1,182			(1,402)			(2,584)	
	136			137			1	
	2,369			24	(2,437)			-4830
64,198	26,158	90,356	65,329	26,400	91,729			

Income due from Business Rates Payers (variation £2.032m)

A new valuation list for business rates hereditaments commenced in 2023/24 resulting in increased overall income collectible after reliefs.

Transactional Protection Payments for Business Rates (variation £1.26m)

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 (variation £2.521m)

This relates to the Growth in the Council tax collectable between years reflecting both expansion of the taxbase plus an average 4.05% increase in the band d charge from all the preceptors.

Preceptor Derbyshire County Council (Council Tax £1.745m)

The growth in the Council Tax precept between years reflects both expansion of the taxbase plus the 3.75% increase in the individual charges levied by the County Council.

Distribution of Previous Year Surplus/ (Deficit):

Central Government - Business Rates (£1.359m), and High Peak –Business Rates (£1.087m)

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.

Change to Business Rates Appeals provision (£1.181m + £2.584m)

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.

13. 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).

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 maintained adequately. 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 £11.689million, 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 (Note 14): 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 (Note 15): 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.

Housing Revenue Account

2022/23	HRA Income and Expenditure Statement	2023/24	Variance >£750k
£000		£000	
	Expenditure		
5,834	Repairs and Maintenance	6,363	529
2,218	Supervision and Management	2,410	192
142	Rents, Rates, Taxes and Other Charges	86	(56)
2,090	Depreciation and Impairment of Non-Current Assets	3,346	1,256
54	Debt Management Costs	54	0
22	Movement in the allowance for bad debts	39	17
	Sums directed by the Secretary of State that are expenditure in accordance with the Code		0
10,360	Total Expenditure	12,298	1,938
	Income		
(14,676)	Dwelling Rents	(15,395)	(719)
(256)	Non Dwelling Rents	(254)	2
(413)	Charges for Services and Facilities	(437)	(24)
(139)	Contributions towards expenditure	(121)	18
	HRA Subsidy receivable		0
	Sums directed by the Secretary of State that are income in accordance with the Code		0
(15,484)	Total Income	(16,207)	(723)
(5,124)	Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement	(3,909)	1,215
208	HRA Services share of Corporate and Democratic Core	208	0
656	HRA share of other amounts included in whole authority Net Expenditure of Continuing Operations but not allocated to specific services	674	18
(4,260)	Net Income/Expenditure of HRA Services	(3,027)	1,233
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
3,929	(Gain) or loss on sale/disposal of HRA non-current assets	5,343	1,414
1,801	Interest payable and similar changes	2,131	330
(74)	HRA Interest and investment income	(457)	(383)
(98)	Capital grants and contributions receivable	(423)	(325)
0	Loss on Discontinued Operations	0	0
1,298	(Surplus)/Deficit for the year on HRA services	3,567	2,269

Depreciation and impairment of Non Current Assets (£1.256m)

The variance between the two years reflects an increase in Revaluation losses.

(Gain) or loss on sale/disposal of HRA non current assets (£1.414m)

The variance between the two years reflects an increase in the Derecognition amount (£4.272m 2022/23 compared to £5.639m 2023/24) This represents increased capital spend on replacing components such as kitchens and bathrooms. HRA assets are revalued each year; an amount equivalent to the capital investment is de-recognised to avoid double counting.