

# 2023/24 STATEMENT OF ACCOUNTS



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# NARRATIVE REPORT FROM THE SERVICE DIRECTOR FOR FINANCE AND SECTION 151 OFFICER

## INTRODUCTION

### Welcome to the Narrative Statement for the Statement of Accounts for Plymouth City Council 2023/24.

The accounts provide a true and fair view of the financial performance of the Council in the delivery of services to the residents of Plymouth. They summarise the overall financial position of the Council for the year ended 31 March 2024. The accounts and accompanying documents are subject to an external independent audit by Grant Thornton LLP and will remain as draft accounts until they have been agreed and signed off by them.



In previous years, this would have seen the final, audited accounts being presented to the Audit and Governance Committee at the end of September 2024. However, there were national issues with audit work programmes and the Accounts and Audit (Amendment) Regulations 2024 came into force on the 30 September 2024 which provided for statutory 'backstop' arrangements to help clear the backlog of audits and rebuild assurance. The 'backstop' date for the 2023/24 Statement of Accounts is the 28 February 2025 and it is our intention to work with our external auditors Grant Thornton to achieve this deadline.

The preparation of the Statement of Accounts provides the opportunity to look back at the past financial year and to report on the current financial and non-financial position of the Council.

We are a large and diverse organisation, and the accounts are therefore complex, and where necessary, we have made estimates and judgements in preparing these accounts, complying with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

The 2023/24 financial year again saw some significant financial pressures on the Council, which the Council has responded to by protecting its existing General Fund (Working Balance) reserve, by releasing available reserves whilst undertaking in year cost control and income maximisation measures.

Plymouth City Council, along with most local authorities across the country, continues to face significant challenges in providing essential services to meet the needs of residents within the level of resources it has at its disposal. This has been added to by the continuing challenging operating environment and increasing and more complex local service demand.

As reported throughout 2023/24 the Council faced the perfect storm of continuing major increases in service demand post the pandemic combined with unavoidable and rapid increases in operating costs across almost every aspect of the authority. This had a huge impact on the Council's approved financial plans for 2023/24 and the general economic climate created serious cost of living challenges for some of our residents.

The most challenging area of concern and level of overspending in 2023/24 has been the cost of externally purchased Children in Care placements. This has been a pressure faced by the Council for several years, but it got significantly worse in 2023/24 and will continue into 2024/25. It is a challenge that is replicated across most upper tier local authorities throughout the country. Residential Care placements are in short supply, and this has pushed up prices significantly for all local authorities. This is of most concern where a child has complex needs and or challenging behaviour. Home to School transport has been under significant pressure due to high inflation, increased number of high cost routes and high needs children being placed outside the city. Adult Social Care has seen continued pressure for emergency accommodation within Community Connections to meet the homelessness demand and the budget for Care Packages has also been under pressure.

## Revenue Outturn

The Council has balanced its budget reporting a breakeven position. The overall net spend matches the net budget of £218.440m.

Within this overall balanced position the following headline financial issues are reported:

- A nil variance on a gross expenditure budget of £560m. This is a significant achievement during a year with continuing cost and demand pressures on services, particularly within Children's Services.
- The 2023/24 budget included ambitious savings targets totalling £23.435m, which were not all achieved in full.
- The drawdown of £1.953m of usable reserves throughout the year and the use of £9.307m of Corporate resourcing adjustments.
- Drawdown from the Working Balance of £8.7m has **not** been required.

## Capital Expenditure

As well as delivering vital day to day services for residents, businesses and visitors, the Council continues to be at the heart of investment in the local area, improving assets to deliver services more efficiently and effectively and creating the right conditions to attract additional private sector investment. Capital spending can generally be defined as that which generates assets that have a life of more than one year. This includes the acquisition or construction of new assets and expenditure that improves, and not merely maintains, the value of existing assets. In 2023/24 the Council invested £91.361m into capital schemes to continue to improve Plymouth as a place to live and a destination to visit.

## Capitalisation Direction

The Council is working with DLUHC (Department for Levelling-Up, Homes and Communities) plus the external auditors – Grant Thornton, to resolve an outstanding technical issue relating to the Statement of Accounts for 2019/20.

The Statement of Accounts for 2019/20, 2020/21, 2021-22, 2022-23 were all published before or by the 'backstop' deadline of the 13 December 2024 and these accounts will be published by the 28 February 2025. The impact of the capitalisation direction will be reflected in the accounting year in which the direction is applied.

## And finally...

Continued vigorous cost management and focused delivery of planned revenue savings will again be key in the new financial year 2024/25. Each Directorate must ensure that it at least manages within its allocated budget and delivers the agreed savings. All effort must be made to finish below budget, through further cost savings and increased income generation.

The Council will submit the draft Statement of Accounts 2023/24 to the Audit and Governance Committee 23 July 2024.

In this document, the Council demonstrates that it has a secure and sustainable financial standing. The Council has fulfilled its stewardship function for all the public money entrusted to it in a cost effective and appropriate manner.

David Northey FCCA  
Service Director for Finance and Section 151 Officer  
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# Plymouth

Britain's Ocean City

# THE PLYMOUTH PLAN 2014 - 2034

One of Europe's most vibrant waterfront cities where an outstanding quality of life is enjoyed by everyone

## WHAT WE WANT TO ACHIEVE...

<p><b>HEALTHY CITY</b></p> <p>People live in happy, healthy, safe and aspiring communities</p>	<p><b>GROWING CITY</b></p> <p>A city which has used its strengths to deliver quality and sustainable growth</p>	<p><b>INTERNATIONAL CITY</b></p> <p>Plymouth is internationally renowned as Britain's Ocean City and is the UK's premier marine city, famous for its waterfront, and being home to the UK's first National Marine Park</p>	<p><b>REGIONAL CITY</b></p> <p>Plymouth will be fulfilling its role as a regional city and a major economic driver for the Heart of the South West</p>
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## HOW WILL WE KNOW WE'RE SUCCESSFUL?

<p>People have the best start to life and improved health, increased life expectancy, and a better quality of life</p>	<p>The population has grown close to the city's ambition of 300,000</p>	<p>Plymouth continues to improve its diverse cultural and sporting experience</p>	<p>Plymouth recognised as a key regional economic driver</p>
<p>More people taking care of themselves</p>	<p>Plymouth continues to be recognised as a leading Green City</p>	<p>Plymouth is internationally renowned as a leading UK tourist destination</p>	<p>High quality strategic services and facilities that serve the people of Plymouth and the sub region</p>
<p>More residents are contributing to and being involved in their community</p>	<p>Plymouth has a vibrant, productive, inclusive and innovative business sector with a workforce that is paid a living wage</p>	<p>Plymouth is recognised internationally for expertise in marine science and hi-tech manufacturing</p>	<p>Plymouth's strategic defence role is protected and strengthened</p>
<p>People are well housed, live in good quality, well looked after neighbourhoods where they feel safe and happy</p>	<p>People have the skills to be school ready and work ready</p>	<p>Plymouth's reputation for world class universities and research institutions continues to grow</p>	
<p>Good quality, sustainable health and wellbeing services for people who need them, when they need them</p>	<p>Plymouth continues to strengthen conditions for increased growth, including ensuring effective infrastructure delivery</p>	<p>Plymouth's reputation is strengthened as a welcoming, multicultural city</p>	

## WHAT PRINCIPLES WILL GUIDE US?

**POWER**  
People have confidence that they can influence decisions that affect them

**OPPORTUNITY**  
People have more equal opportunities and the ability to be part of the city's future

**ROOTS**  
People feel like they belong in the community where they live

**CONNECTIONS**  
People mix, interact, learn from each other and work together

**FLOURISH**  
Individuals, communities and businesses thrive in an environment that is creative, enterprising, and diverse







# OUR PLAN

## BUILD A BETTER PLYMOUTH



### CITY VISION: Britain's Ocean City

One of Europe's most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone



**OUR MISSION:** Making Plymouth a fairer, greener city, where everyone does their bit

### WE BELIEVE IN:

**DEMOCRACY**  
Because we listen and hear what people want

**RESPONSIBILITY**  
Because we care about the impact of our decisions and actions

**FAIRNESS**  
Because we want to address inequality and inequity in our city

**CO-OPERATION**  
Because we achieve more together than we would alone

### WE WILL:

Make Plymouth a great place to grow up and grow old  
Minimise the impact of the cost of living crisis

#### OUR PRIORITIES:

-  Working with the Police to tackle crime and anti-social behaviour
-  Fewer potholes, cleaner, greener streets and transport
-  Build more homes - for social rent and affordable ownership
-  Green investment, jobs, skills and better education
-  Working with the NHS to provide better access to health, care and dentistry
-  Keeping children, adults and communities safe

#### DOING THIS BY:

-  Providing quality public services
-  Trusting and engaging our communities
-  Focusing on prevention and early intervention
-  Spending money wisely
-  Empowering and engaging our staff
-  Being a strong voice for Plymouth

[www.plymouth.gov.uk/ourplan](http://www.plymouth.gov.uk/ourplan)

## AIMS, OBJECTIVES AND ACHIEVEMENTS

The Statement of Accounts should be read in conjunction with the Council's Corporate Plan. The Council adopted a revised Corporate Plan in June 2023. The plan reflects the administration's ambition for the city and the Council, takes account of the progress that the Council has made in recent years and address the new challenges that we face. The Council retained and re-endorsed the City Vision: to be one of Europe's most vibrant waterfront cities where an outstanding quality of life is enjoyed by everyone, and revised the Council's mission to better reflect how the Council contributes to the City Vision, with emphasis on fairness, environmental sustainability and co-operation. The Council's adopted values were also revised to fully reflect our expectations of ourselves and each other, and provide a basis on which the Council can be held to account by its citizens.

There are six priority areas for delivery through the Corporate Plan, and the plan highlights the importance of retaining a focus in all of the Council's activities on Plymouth being a great place to grow up and grow old, and on minimising the impact of the cost of living crisis. The Council's Corporate Plan priorities are:

- Working with the Police to tackle crime and anti-social behaviour
- Fewer potholes, cleaner, greener streets, and transport
- Build more homes – for social rent and affordable ownership
- Green investment, jobs, skills, and better education
- Working with the NHS to provide better access to health, care and dentistry
- Keeping children, adults, and communities safe

The Council's business planning and performance management frameworks are the mechanism that drives delivery of the above priorities, and resource allocation is geared to ensure that delivery plans against the priorities are sustainable, alongside the Council's wider range of statutory and discretionary services.

## PLYMOUTH CITY COUNCIL DEMOCRACY AND GOVERNANCE

Democracy and governance plays a huge part for the Council in ensuring good governance and strong decision making across the Council. The Council is a complex and large organisation. Policies are directed by the political leadership (Leader and Cabinet) and implemented and delivered by the Corporate Management Team (CMT) with the support of their Directorate Management Teams (DMT).

The Council is made up of 57 Councillors for 20 wards. The political make-up of the Council during 2023/24 was:

- Labour Party – 32 Councillors
- Conservative Party – 18 Councillors
- Green Party – 2 Councillors
- Independent Alliance – 3 Councillors
- Independent – 2 Councillors

Following the election in May 2023, the Council is controlled by the Labour Party. The Council has adopted the 'Strong' Leader and Cabinet model as its political management structure. The Leader of the Council (Cllr Tudor Evans OBE) has responsibility for the appointment of Members of the Cabinet (also known as the Executive), the allocation of Portfolios and the delegation of executive functions. The Cabinet is the main decision-making body of the Council. It is responsible for policies, plans and strategies, which must be implemented within the budgetary and policy framework adopted by Full Council. The Council elects the Leader each year at the Annual General Meeting (usually held in May).

Councillors are supported by CMT, which is headed by the Council's Chief Executive, Tracey Lee. CMT are responsible for the overall management of the Council, for setting and monitoring overall direction and ensuring high performance in the delivery of council services. Including the Chief Executive, CMT is made up of eight members.

The Council also has a number of committees which include Planning, Licensing, Audit and Governance, various Overview and Scrutiny Committees and a number of others to support the democratic process.

The Council operates by way of the Council Constitution. The Constitution is a legal document and includes items such as Council procedure rules, financial regulations, the scheme of delegation and responsibility for functions. The Council is also required to produce an Annual Governance Statement (AGS) each year to meet the requirements of the Accounts and Audit Regulations 2015 and the principles set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: 'Delivering Good Governance in Local Government'.

### **Plymouth – Britain's Ocean City**

Plymouth City Council is a unitary local authority responsible for over 300 local services including transport, social care and education. With a resident population of 264,700 (2021) and a further 100,000 residents in the travel to work area, Plymouth is the largest city on the South coast and the 15th biggest city in the country. Plymouth is also the most significant urban area on the south west peninsula with an economic output of £5.44 billion (2021), supporting 115,000 jobs and is the key urban hub of the Heart of the South West Enterprise Partnership making it a key location for growth. The city has the highest concentration of manufacturing and engineering employment in the whole of the South of England. 20% of the UK's blue-tech marine companies are based here and 14.6% of Plymouth's jobs are in the manufacturing industry, far exceeding the national average of 8.8% (2019).

Plymouth is 'Britain's Ocean City' and its connections to the sea go back to the sailing of the Mayflower in 1620 and now includes Western Europe's largest naval base, a thriving commercial and ferry port, a significant fishing industry and one of the most significant global concentrations of marine research and production.

### **Regional Influence**

The functions of the Heart of the South West Partnership Local Enterprise Partnership (HotSW LEP) are in the process of transferring to the principal local authorities in Devon and Somerset as part of new Government policy and this will be effective from the 1 April 2024. This means that Plymouth City Council, Devon County Council, Somerset Council and Torbay Council will now individually be responsible for economic strategy, Government programmes such as the Growth Hub and Careers Hub and ensuring local business has a voice in decisions affecting the future of the economy through Economic Growth Boards in their areas. The four councils will continue to work together to ensure sensible collaboration on sector support and strategic partnerships.

### **Future Vision**

The Council's vision for Plymouth is to become one of Europe's most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone. Through the visionary Plymouth Plan which sets out far reaching growth plans to 2034, promoting a shared direction of travel for the long term future of the city bringing together, for the first time in Plymouth (and perhaps in the UK), a number of strategic planning processes into one place. Since its introduction, the Plymouth Plan has been at the heart of policy and plan-making in the city. It sets the direction for the city's economy; it plans for the city's transport and housing needs; it looks at how the city can improve the lives of children and young people and address the issues which lead to child poverty. It sets out the Council's mission to 'Make Plymouth a fairer city, where everyone does their bit'.

The Plymouth Plan includes plans to increase its resident population to 300,000, build an additional 19,000 homes (of which 4,550 are affordable), reduce carbon emissions by 50%, improved broadband

for all premises and to create 20,400 jobs. The Council worked closely with local strategic partners West Devon and South Hams Councils to create 'The Plymouth and South West Devon Joint Local Plan' to support local thriving towns and villages. The three councils joined up to create this plan (now adopted) which looks at every aspect of how we want our cities, towns and villages to look and feel over the next 20 years. The existing policies in the Plymouth Plan will now be combined with the Plymouth-specific policies in the new Joint Local Plan to create one document.

### **National Marine Park (NMP)**

Partners across the city created the UK's first ever National Marine Park in 2019 and the 'Park in the Sea' was awarded £9.5 million in 2021 from the National Lottery Heritage Fund Horizon Awards to fully develop the idea.

The 'Park in the Sea' aims to:

- Support the ongoing enhancement of our world class natural environment and heritage landscape;
- Get the entire city and surrounding communities involved with the Sound;
- Increase access to our heritage so everyone can enjoy the benefits;
- Provide new employment opportunities and career pathways in sustainable future ocean jobs;
- Position Plymouth as a UK top day-visitor destination;
- Champion health and wellbeing with a new generation of engaged volunteers, communities and champions;
- Support the positive transition to net zero carbon by 2030.

In July 2021 the City Council NMP project team outlined its ambition to create five 'gateways' to the park, each with a particular focus that will inspire more people to explore, connect and enjoy the sea. They include:

- Tinside – for health and wellbeing activities;
- National Marine Aquarium – a hub for nature and the environment;
- Mountbatten – active recreation;
- Mount Edgcumbe – learning about the Sound's epic history including over 600 wrecks that lie beneath the waves; and
- Smart Sound – digital harnessing the power of the latest digital technology.

The Council will be consulting with partners over the next two years with a full engagement programme to be developed to ensure everyone has their say in what they would like to see as part of the National Marine Park.

An £11.6m National Lottery Heritage Fund grant was awarded in February 2024 to help with the delivery of the UK's first National Marine Park.

### **Plymouth and South Devon Freeport**

The Plymouth and South Devon Freeport was designated by statutory instrument in October 2022 and the government announced full business case approval in December 2022. The Freeport is a dynamic public/private partnership with Plymouth City Council, South Hams District Council and Devon County Council working alongside Princess Yachts, Carlton Power, the Sherford Consortium and a wide range of stakeholders including the Universities of Plymouth and Exeter, Plymouth port operators, skills providers and the Heart of the South West LEP to ensure its success.

The Freeport represents a unique opportunity to level up, address historical challenges and leverage exciting new opportunities to transform the economy of Plymouth and South Devon through:

- Physical regeneration – by delivering infrastructure to unlock key employment sites and innovation assets, supporting business clustering and clean growth opportunities.
- Economic regeneration – by delivering inward investment, supply chain opportunities and productivity gains within our identified growth sectors.
- Social regeneration – by delivering a pipeline of jobs across the spectrum of employment from entry level to higher skilled/high value with upskilling opportunities.

The Freeport intends to:

- Create a national hub for trading and investment
- Promote regeneration and job creation.
- Create a hotbed for innovation.

The Freeport will continue to build on the extensive partnership work initiated during the last two years and support interested businesses with contracting, designing and planning their place within the Freeport.

During 2023-24 the Freeport formally accepted £19.946m of funding from DLUHC. The grant will unlock essential capital works to key assets, which will benefit the city's residents as well as establish Plymouth as a Net Zero port city with a superb waterfront.

### **Devon Business Rates Pool**

The Devon Business Rates Pool (DBRP) has been operating since April 2013 and each year the pool has delivered a pool gain to its members. The table shown below demonstrates the benefit to pool members for each financial year from 2013 to the end of March 2024. As can be seen from the table below, Plymouth has benefitted from an additional £15.325m since 1 April 2013 and the Devon economy has benefitted overall by £75.025m since the pool's inception in 2013.

The DBRP working group has worked together to produce the forecasts, share best practice and develop the detailed workings which are complex. The group has also been supported by LG Futures who developed the initial workings and have provided support to the Pool since its inception.



Devon Business Rate Pooling Gains 2013 to 2024							
Business Rate Retention Scheme	2013-19	2019/20 50%	2020/21 50%	2021/22 50%	2022/23 50%	2023/24 50%	Total
	£	£	£	£	£	£	£
Devon	19,320,671	2,228,157	2,145,986	2,511,070	2,290,137	2,650,472	31,146,493
East Devon	2,249,581	315,779	303,873	355,874	324,563	390,976	3,940,646
Exeter	2,246,580	682,088	656,335	768,694	701,061	773,790	5,828,548
Mid Devon	500,959	166,760	160,490	187,934	171,399	207,161	1,394,703
North Devon	1,253,133	319,050	307,028	359,561	327,925	370,861	2,937,558
South Hams	611,590	308,947	297,284	348,174	317,541	368,516	2,252,052
Teignbridge	1,067,015	316,768	304,841	356,989	325,580	387,651	2,758,844
Torridge	630,817	139,918	134,669	157,684	143,811	175,409	1,382,308
West Devon	499,813	128,901	124,053	145,268	132,487	156,429	1,186,951
Plymouth	5,218,386	1,904,143	1,837,986	2,145,916	1,957,110	2,261,935	15,325,476
Torbay	1,976,232	922,674	888,429	1,039,828	948,340	1,096,376	6,871,879
<b>Total</b>	<b>35,574,777</b>	<b>7,433,185</b>	<b>7,160,974</b>	<b>8,376,992</b>	<b>7,639,954</b>	<b>8,839,576</b>	<b>75,025,458</b>

## The Council's Approach to Climate Change

In early 2019, Councillors voted unanimously to declare a Climate Emergency, making a pledge to make Plymouth carbon neutral by 2030. The pledge exceeds the climate objectives of the UK and Plymouth have developed a Net Zero Action Plan (NZAP) to work towards the reduction in carbon emissions to ensure the Council is a net zero organisation by 2030.

The NZAP covers two main areas:

- Action commitments to reduce emissions from the facilities we own and the services we deliver.
- Action commitments about how the Council uses its powers to help the city as a whole move towards net zero.

The NZAP has been guided by the Carbon Management Hierarchy (CMH). This aims to give focus first to actions that avoid emissions in the first place, followed by those that reduce emissions.

The key priorities for net zero are:

- Cut our emissions from travel
- Cut our emissions from construction and buildings
- Deliver a step-change in low carbon energy generation
- Consume responsibly and reduce our waste
- Engage the whole city in the net zero mission
- As a last resort, offset the emissions we can't stop

## The Way We Work

The Workforce Modernisation Programme's vision is:

*'To be a modern workforce where our people are empowered to be progressive, responsible and offer great services to customers.'*

The Future Council Programme has fundamentally changed initially in response to the COVID-19 pandemic. The Council's ability to change at pace has enabled the programme to be re-prioritised into

three key projects to be more flexible and responsive. The revised programme will work in a more agile way and covers three work streams; Accommodation, Business Support Review and Digital.

It is expected that the programme will modernise our workforce over the next three years and deliver outcomes that realise four key benefits:

- Reducing expenditure;
- Increasing employee performance and improved staff health and well-being;
- Increasing organisational compliance;
- Improving customer satisfaction.

The future shape of Plymouth City Council will reflect an intelligent organisation making effective use of the data available, working closely with their communities, developing models for alternative service delivery vehicles, supported by streamlined services and placing the customer at the heart of the Council's culture.

Services have been modernised and we have created a number of profitable arms-length companies or Alternative Service Delivery Vehicles (ASDV) to support the Council and partners in the city such as DELT Shared Services Ltd, CATER<sup>ed</sup> Limited, FullyCATER<sup>ed</sup> Limited, ARCA (Plymouth) Limited, @PlymouthCare Limited and Plymouth Active Leisure Ltd.

We have also introduced new technology to provide staff with more efficient ways of working and we are delivering a modern library service that is more focused on the needs of Plymouth residents.

We are now moving into the next stage of our journey, which will enable us to respond to drivers for change including delivering the ambitions for growth set out in the Plymouth and South West Devon Joint Local Plan.

Our priorities include:

- continuing to improve our performance;
- meeting the changing expectations from residents;
- joining up our services with partners to improve efficiency and make things easier for customers;
- supporting the transformation of NHS services through its Strategic Transformation Plan (STP);
- working with schools to change our education services;
- working with our partners across the South West to pursue our shared interests.

## **The Council's Performance**

The Plymouth City Corporate Plan 2023-28 sets out the Council's vision of Plymouth being 'One of Europe's most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone'. This was approved by Full Council in June 2023. The Corporate Plan priorities are delivered through specific programmes and projects which are coordinated and resourced through cross-cutting strategic plans, capital investments and directorate business plans. The key performance indicators (KPIs) and their associated targets are monitored quarterly to inform us on how we are doing in delivering what we have set out to achieve in the Corporate Plan. We have continued to transform how we deliver services to ensure they are more efficient and better focused on customer needs. This includes working in new ways, joining services up with our partners and maximising the opportunities from digital technology.

## **FINANCIAL PERFORMANCE**

## Strategy and Resource Allocation – The Council’s Budget and Medium-Term Financial Plan 2023/24 to 2027/28

The Council’s gross revenue budget for 2023/24 was £560.189m, which after adjusting for income equates to a net budget requirement of £218.440m. This was approved by Full Council on the 27 February 2023. The budget was developed following input and reviews with Directors and other officers and Members, including Cabinet. The budget was formulated having regard to a number of factors including funding availability; risks and uncertainties; inflation; priorities; demography and service pressures. The savings plans included in the budget take into account Council priorities and are assessed against an agreed set of impact criteria and equality assessments. Budget monitoring and scrutiny arrangements were in place throughout the year, which included arrangements for the identification of early remedial action supported by a clear action plan, reporting and regular monitoring.

A summary of the overall budget position is shown below, which includes the Medium-Term Financial Plan for the next five years (2023/24 to 2027/28). The Medium-Term Financial Plan is integral to the Budget Preparation process and is regularly reported to Members as part of the budget updates through the year:

Medium Term Financial Strategy	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Forecast	2027/28 Forecast
	£m	£m	£m	£m	£m
<b>Core Resources</b>					
Revenue Service Grant	(11.562)	(12.188)	(12.257)	(12.259)	(12.340)
Council Tax	(130.625)	(138.979)	(144.138)	(149.480)	(154.525)
Business Rates	(75.253)	(77.728)	(77.406)	(77.409)	(77.516)
Reserves	(1.000)	0	0	0	0
<b>Core Resources Total</b>	<b>(218.440)</b>	<b>(228.895)</b>	<b>(233.801)</b>	<b>(239.148)</b>	<b>(244.381)</b>
<b>Net Expenditure</b>					
Expenditure Brought Forward	218.440	218.440	240.109	248.119	258.130
Add Right-Sizing Costs / Adjustments	0.000	10.835	6.467	6.230	6.724
Add Demand-Led Pressures	0.000	10.834	1.543	3.781	4.035
<b>Net Expenditure Total</b>	<b>218.440</b>	<b>240.109</b>	<b>248.119</b>	<b>258.130</b>	<b>268.889</b>
<b>Forecast Shortfall</b>	<b>0.000</b>	<b>11.214</b>	<b>14.318</b>	<b>18.982</b>	<b>24.508</b>

### Key Financial Planning Considerations:

- Continuing one-year Revenue Support Grant settlement, with annual inflation uplift.
- The cap on council tax increases, reflecting central Government’s direction of the confirmed 2.99% for 2024/25, will revert to 1.99%.
- The forecast, reflecting central Government’s direction, assumes there will be a further 2% Adult Social Care precept in 2024/25 with 1% modelled for future years. The final decision on core Council Tax and ASC Precept changes will require Full Council approval as part of the annual budgets.
- Uncertainty to future funding due to the delay in 100% Business Rates Retention. Assumption is the current system remains, with assumed annual inflation uplift.
- Reductions in other Government grant funding without matching reductions and responsibility for related services provision.
- Uncertainty about any future Fair Funding Review.

- A continuing range of increasing costs in order to meet the demands on the Council and maintain key services, particularly in Adult Social Care, Children's Social Care and Homelessness.
- Increased costs of meeting new initiatives.
- General inflation relating to external spend and contracts have not been accounted for on the understanding that smarter procurement practices will continue to contain significantly increased spending.

## 2023/24 Revenue Outturn

The Council has balanced its budget, reporting a breakeven position for 2023/24. The overall net spend matches the net budget of £218.440m. Within this overall balanced position the Council has overcome £20m of additional in-year costs and pressures. The setting aside of resources, as approved by Full Council on the 27 February 2023, has assisted in balancing the 2023/24 Revenue Budget.

Across the Council, management actions to reduce the potential of a business as usual overspend being incurred included a review of all discretionary spend and delayed expenditure wherever possible.

Directorates, with the exception of Executive Office, Customer and Corporate Services and People, came in on or under budget for their business-as-usual activity.

The net revenue budget of £218.440m was allocated to council services as follows:

Directorate	2023/24 Net Budget Expenditure	Provisional Outturn	Year-End Over/ (Under) Spend	Status
	£m	£m	£m	
Executive Office	6.403	6.739	0.336	Over
Customer and Corporate Services	51.070	53.682	2.612	Over
People Directorate	159.839	174.640	14.801	Over
Office for the Director of Public Health	2.829	2.802	(0.027)	Under
Place Directorate	29.617	28.875	(0.742)	Under
Corporate Items	(31.318)	(48.298)	(16.980)	Under
<b>Total</b>	<b>218.440</b>	<b>218.440</b>	<b>0.000</b>	<b>Even</b>

## The People Directorate

**Children's Services** reported an adverse outturn position of £11.629m against the £63.493m budget. Within the Directorate, Children, Young People and Families (CYPF) recorded a £8.893m overspend, and the Education, Participation and Skills (EPS) department had an overspend of £2.737m. Within CYPF, pressures were experienced due to continued high numbers of packages in Residential, Supported Living & Bespoke settings, with an increased number of placements costing between £12k – £25k per week plus Supported Living placements in situ averaging 15 more than the previous financial year. Children in Care and associated costs accounted for all the pressure reported. Due to increased volumes of placements the Service were unable to achieve savings targets that were associated with reductions in numbers of Looked After Children. Within EPS, SEND Home to School transport saw additional costs of £1.827m, reflecting inflationary pressures on transport costs and an increasing number of high cost routes, as high needs students are placed outside of the city.

**Adult Social Care** reported an overall overspend of £3.172m, of which £2.298m is within Community Connections and relates to continued pressures for emergency nightly paid accommodation to meet the increasing homelessness demand. Within Adult Social Care, the budget for Care Packages had a pressure of £6.430m, this was offset by additional short term grant funding received, vacancy savings and released funding from reserves and provisions. The final outturn figure was £0.874m.

As homelessness has increased, the use of temporary accommodation has increased also. At the same time the move-on options to affordable housing have reduced as the private rented sector has become unaffordable and social housing availability has reduced and fails to meet demand. This has resulted in existing temporary accommodation becoming silted up and more utilisation of bed and breakfast and expensive nightly paid alternatives (holiday lets).

**Office of the Director of Public Health (ODPH)** reported an underspend of £0.027m. Their budget is ringfenced and not included in the outturn position for the Council.

**Place Directorate** achieved an underspend of £0.742m. Management actions to compensate for budget pressures have included non-essential spend limitation and savings through the re-negotiation of commercial contracts.

**Executive Office** ended the year with an overspend of £0.336m due to additional election costs and unachieved efficiencies.

**The Customer and Corporate Services Directorate** reported an overall overspend of £2.612m. This reflects a mix of variations across the departments, including Facilities Management (FM) with an overall pressure of £1.542m. This includes pressures of £1.264m on Repairs and Maintenance budgets, and £0.695m additional costs associated with holding Windsor House and Midland House for an extended period ahead of their planned disposal.

**Corporate Items** came in £16.980m under budget, despite covering additional costs for the following.

- An additional pressure of £1.190m due to the pay award announced in November 2023, which was an average increase of over 5% compared to the budgeted 4% estimate.
- There were also additional costs of £0.105m relating to Operation Foster (Keyham Bomb Incident) which were required to be met Corporately. These fell short of the Bellwin scheme threshold for Government financial support, which in 2023/24 for Plymouth was £0.437m
- The Council also incurred a HSE Fine of £0.200m, for failures associated with exposure to hard arm vibration whilst carrying out grass cutting and arboriculture work.

The favourable position was achieved through £8.116m savings made within Corporate and contingency budgets. Additionally, £7.159m additional resource adjustments from Non-Domestic Rates and the Devon Business Rates pooling gain, and £2.148m from Council Tax. £0.890m was released to corporate budgets and £1.063m to Directorate budgets from usable reserves not required (total £1.953m).

### Working Balance

The Working Balance as at 31 March 2024 after the adjustments for the transaction of £73.375m is a negative balance of £60.138m (prior to this adjustment the Council's Working Balance was £8.743m). It is expected that the Working balance will return to this level once the Capitalisation Direction is awarded by Government.

### Other Financial Performance

In addition to the financial outturn reports within this report there were a range of other significant performance achievements which have contributed to the year-end position. In year collection targets are set for our Council Tax, Business Rates, Commercial Rents, and Sundry Debt Income including our Trade Waste Income. The 2023/24 revenue budget was based on the achievement of the required targets.

We continue to increase our collection rates in core income streams and explore alternative ways of making further improvements. For example, we created a new team within existing resources to focus on recovering debt due to the Council with a specific focus on reducing housing benefit overpayments.

Some key indicators are:



- 96.50% of Council Tax collected in year for 2023/24 towards the total collection target of 96.50% (96.66% in 2022/23). This equates to £153.018m (£145.755m in 2022/23). This was slightly below the percentage collected in 2022-23.
- 98.80% of NDR collected in year for 2023/24 towards the total collection target of 99.00% (99.01% in 2022/23). This equates to £82.367m (£84.964m in 2022/23).
- Average borrowing rate of 3.23% was achieved below target of 4.0% in 2023/24 (2.73% in 2022/23). An additional net £97m borrowing was taken between December 2023 and March 2024 to support cashflow needs through Public Loans Work Board (PWLB) at an average rate of 5.26%, this exceeded the 4% new borrowing target and was taken mainly for periods ranging from 12 to 18 months with the expectation that rates will come down by the time debt matures as indicated by Arlingclose, the Councils Treasury Management advisors.
- Average investment return of 5.33% was achieved against target of 2.0% in 2023/24 (3.93% in 2022/23).

## Capital

During the year 2023/24 the Council spent £91.361m on capital projects within the city. This is shown by Directorate in the following table. This is within the approved five-year (2023-28) Capital Budget of £363.957m reported to Full Council on 27 February 2023.

Directorate	Approved Capital Budget 2023/24	Latest Forecast December 2023	Approvals Post December	Re-Profiling	Variation & Virements	2023/24 Capital Spend
	£m	£m	£m	£m	£m	£m
Place Directorate	173.823	87.578	1.385	(24.091)	(0.426)	64.446
People Directorate	8.390	12.304	0.988	(1.028)	(1.124)	11.140
Customer and Corporate Services	7.672	4.718	1.028	(0.568)	(0.064)	5.114
Office for the Director of Public Health	10.682	11.580	0.033	(1.009)	0.057	10.661
<b>Total Capital Programme</b>	<b>200.567</b>	<b>116.180</b>	<b>3.434</b>	<b>(26.696)</b>	<b>(1.557)</b>	<b>91.361</b>

Throughout the year, the capital programme has continued to experience the ongoing challenges through high inflation and increased borrowing costs. This has resulted with targeted review and the reprofiling of projects being financed by corporate and service borrowing. Forecasts were updated following a further successful change request submitted to Department of Transport for Transforming Cities Funding Tranche 2 being granted allowing an extension of spending plans into 2024/25.

## Capital Funding 2023-28

The latest capital programme is summarised as follows, this does not reflect the impact of the re-profiling of the budget for 2023/24 which is shown above:

Directorate	2023/24 Actual	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	Total
	£m	£m	£m	£m	£m	£m
Place Directorate	64.444	155.370	84.459	42.075	11.629	357.977
People Directorate	11.140	27.078	9.960	0.220	0.000	48.398
Customer and Corporate Services	5.116	5.287	1.545	0.710	0.280	12.938
Office for the Director or Public Health	10.661	6.167	0.105	0.000	0.000	16.933
<b>Total</b>	<b>91.361</b>	<b>193.902</b>	<b>96.069</b>	<b>43.005</b>	<b>11.909</b>	<b>436.246</b>

### Capital Financing 2023/24

The following table shows the final financing of the 2023/24 capital programme:

Method of Financing	Total	Funding
	£m	%
Capital receipts	3.924	4
Grants (Government, HLF, LEP, Environment Agency)	41.268	45
Contributions, S106 & CIL (neighbourhood elements)	0.855	1
Borrowing:		
Corporately funded	25.158	28
Service borrowing (revenue budget funded)	20.156	22
<b>Capital Programme Financings 2022/23</b>	<b>91.361</b>	<b>100</b>

### Cash Flow Management

The Council has a comprehensive cash flow management system to ensure that:

- surplus cash is invested wisely;
- it can always meet its liabilities as they fall due.

Cash and short-term investment holdings at 31 March 2024 were £26.998m and are held to meet the Council's capital financing and cash flow requirements while obtaining a return on these investments. The Council also uses short-term borrowing from other local authorities to meet some of the funding of the Council's ambitious capital programme. As at 31 March 2024 the Council held £170.954m short-term borrowing and £493.106m long term borrowing which is within the Council's approved limits.

## Balance Sheet Position

The Council's Balance Sheet position is as follows:

Position	Balance as at 31 March 2023	Balance as at 31 March 2024
	£000	£000
Non-current assets - principally land, buildings and equipment used to deliver council services	1,393,271	1,438,840
Net current assets - current assets less current liabilities	(297,778)	(254,755)
Long-term liabilities and provisions (including pensions) see points 1 and 2	(632,224)	(708,215)
<b>Net Assets</b>	<b>463,269</b>	<b>475,870</b>
<b>Represented by:</b>		
Usable reserves (see point 3)	72,170	74,525
Unusable reserves	391,099	401,345
<b>Total Reserves</b>	<b>463,269</b>	<b>475,870</b>

- The Council's largest balance sheet liability is the £493.106m of long-term borrowing which supports the capital programme. Until last year the Pension liability was the largest balance sheet item, but due to improvements in the triennial valuation the liability has now increased to £64.372m (£27.465m in 2022/23).
- The Council has a number of liabilities at the year-end for which it has made provision. The most significant of which are:
  - The provision for Chelson Meadow which is a closed landfill site. The provision of £6.523m has been calculated on the future maintenance costs over the next 45 years and is reviewed each year;
  - In addition, the Council has set aside a provision for business rate appeals of £4.747m due to the COVID-19 pandemic and the uncertainty over business rates (£6.013m at 31 March 2023).
- Usable reserves are currently split between those earmarked for capital investment and those allocated to revenue support and service development. Usable reserves also include £3.154m held on behalf of schools.
- The Council holds a number of unusable reserves, the majority of which are required to be held for statutory reasons and some which are needed to comply with proper accounting practice. A further breakdown of unusable reserves can be found in the [Notes to the Financial Statements](#) section of the Statement of Accounts.

## FINANCIAL MANAGEMENT AND IDENTIFYING RISKS

The Finance Service provides a high quality financial management service for the Council. In addition to the statutory reporting function for the Statement of Accounts, a key task is financial planning over a three year medium term timescale. Alongside budget preparation, the ability to look strategically beyond the current budget period is crucial to supporting the Council's long-term financial sustainability and resilience. Given the current level of uncertainty, the unknown impact of Brexit and the ongoing widespread pressures on revenue budgets, it is essential that the Finance Teams are planning effectively for the future.

The Council approves a number of key documents before the start of each financial year:

- a five-year Medium Term Financial Plan (MTFP);

- a Treasury Management Strategy which includes our investment and borrowing strategies and includes the Council’s ‘Prudential indicators’;
- Annual Revenue Budget.

These documents are continually updated and reviewed on a quarterly basis. The MTFP is wide ranging and includes estimates of future income and expenditure. It allows the Finance team to balance the financial implications of the Council’s Corporate Plan, service objectives and policies with the constraints in resources. This year’s budget (2023/24) and the modelling for future years budgets were prepared prior to the Ukrainian war taking place and they will be revisited in 2024/25 to determine what action needs to be taken to balance the budget.

The Department for Levelling Up, Homes and Communities (DLUHC) and CIPFA have published revised guidance and an updated Prudential Code to cover local authorities who invest in properties to obtain an income. The Council’s Property Regeneration Fund has been set up to invest in property in areas requiring regeneration.

**Risk Management**

The Council has a Strategic Risk and Opportunity Register and there are clear and consistent processes for identifying, assessing, managing, controlling, reviewing and reporting risks. These are subject to regular review and update. Some of the strategic risks which have been rated as high risk are shown as follows:

Risk	Link to Corporate Plan	Impact	Mitigation
<b>Financial</b>			
The Council’s expenditure exceeds the resources available to meet that expenditure within the medium term financial plan period (2022/23-2025/26).	Spending Money Wisely	Risk to services not delivering within reduced budgets and to delivery of the Plymouth Plan from reduced revenue and funding of the Capital Programme	System of monthly financial reporting to DMT’s, CMT, and Cabinet and Quarterly to Full Council, with monthly consideration of directorate level financial issues at each Scrutiny Committee. In addition the Council has introduced a system of detailed monitoring of they delivery of savings targets so that a view is published monthly in Cabinet reports. The Council also holds an annual review of fees and charges and has annual and ongoing programmes of work to identify and understand potential savings opportunities. The governance system of the Council - as unpacked in the Annual Governance Statement comprise a rigorous system of financial control.
Lack of adult social care workforce and growing fragility of Adult Social Care Market leading to inability of Authority to meet statutory duties and meet eligible need.	Working with the NHS to provide better access to health, care and dentistry. Keeping children, adults and communities safe.	Council failure to meet statutory duty to the adult population of Plymouth	Health & ASC Winter Plan which will bring in additional elements of contingency planning, uplift in fee rate to help support the market. Risk to be monitored through contract monitoring and market intelligence.

Risk	Link to Corporate Plan	Impact	Mitigation
<b>Operational/Service Delivery</b>			
A Cyber-attack renders all of the Council's IT inaccessible for an extended period of time therefore impacting on the Council's ability to deliver services.	Focusing on prevention and early intervention	Impact on Council's ability to provide services and to operate	Cyber Security Briefings now part of CMT quarterly reports. DELT Cyber Security plan now developed for CMT sign off. The council has undertaken significant action to mitigate against cyberattacks, however the threat remains constant as such the probability of attack remains high.
IT supply chain constraints results in increased costs and extended lead times for equipment.	Spending Money Wisely	High risk of further waves of infection, timing uncertain	PCC to pre plan as far ahead as possible on any purchases of technical goods or services, notifying Delt during the planning phase of such work. Delt have been provided with Capital Plan for 2022/23
There is a significant demand for homelessness services, leading to pressure on service delivery and statutory targets with additional significant budget implications.	Keeping children, adults and communities safe	Council failure to meet statutory duty to the adult population of Plymouth	Homelessness Recovery Plan has been developed. Housing Task Force providing strategic leadership and is driving the recovery plan this includes representation from across the council to ensure that the organisation has the appropriate focus on this priority area - this is led by the Relevant Cabinet Member and the Chief Executive. The Homelessness Recovery Board is managing / delivering operational elements of the recovery plan, and reports onto the Taskforce.

## LOOKING FORWARD

The Budget report presented to Full Council on 8 March 2024 set out the national context for large reductions in local government funding and the Local Government Finance Settlement. The 2024/25 Budget Report contains a commitment that the 24/25 budget will feed into the revised 5-year Medium Term Financial Plan (MTFP) that will be presented to Full Council in September 2024, reflecting the Council's financial response to ongoing inflation and demand pressures.

The impact of pressures within Social Care in both adults' and children's services continues to have a significant impact upon the Council's resources. We are also seeing an increase in the demand or cost pressures in both homelessness and bed and breakfast accommodation or in delivering our statutory responsibility to provide home to school transport for our most vulnerable children. Nationally and locally the costs of providing health and wellbeing services are rising as demand increases. Plymouth has an ageing population with more complex needs and higher levels of young children requiring our services.

To balance the budget there will be a continuing need for transformation, efficiencies and other financial initiatives for the foreseeable future.

## STATEMENT OF ACCOUNTS 2023/24

The Statement of Accounts sets out the Council's income and expenditure for the year and its financial position as at 31 March 2024. The format and content of the statements is prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA), Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. This is based on International Financial Reporting Standards (IFRS) adapted for use in a public sector context. Accounting policies are applied in accordance with these standards. The Statement of Accounts comprises:



Statement of Responsibilities for the Statement of Accounts	This sets out the respective responsibilities of the Council and the Chief Finance Officer (Service Director for Finance).
Auditor's Report	This gives the auditor's opinion of the financial statements and of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.
<b>Core Financial Statements:</b>	
Comprehensive Income and Expenditure Statement (CIES)	This shows the net cost of providing services for the year, including that for Plymouth's maintained schools. The top half of the statement provides an analysis by service area, on the same basis that these services are managed by the Council. The bottom half of the statement deals with in accordance with generally accepted accounting practices. The Expenditure Funding Analysis (note 7) compares the CIES with levels of income and expenditure which are taken into account when setting the annual budget and council tax since certain amounts are disregarded by statute.
Balance Sheet	The Balance Sheet shows a 'snapshot' of the Council's financial position at year end. The top half of the Balance Sheet sets out the Council's assets and liabilities, including provision for known liabilities from past events that can be reliably estimated. The lower half of the Balance Sheet shows the Council's reserves. Usable reserves reflect actual cash amounts and unusable reserves result from accounting adjustments required by statute or accounting standards and cannot be spent.
Movement in Reserves Statement (MIRS)	This shows the movements in reserves during the year, analysed into the different funds held by the Council and classified as either 'usable' reserves which can be used to fund future expenditure or 'unusable' reserves which are maintained to meet specific statutory responsibilities and adjustments (e.g. valuation reserves showing the change in book value of assets and liabilities).
Cash Flow Statement	This financial statement shows how changes in balance sheet accounts and income affect cash and cash equivalents. It breaks the analysis down to operating activities, investing activities (including capital spend and disposals) and financing activities (such as repayment of borrowing and other long-term activities).
<b>Supplementary Statements and Notes:</b>	
Collection Fund	This account demonstrates how income raised from local taxpayers has been redistributed to the Council and other precepting authorities for the provision of services.
Statement of Accounting Policies	Sets out the accounting policies that have been followed in preparing the accounts and how the Code requirements have been met in practice.
Disclosure Notes	These provide more detail about individual transactions and balances.

## ANNUAL GOVERNANCE STATEMENT

The Code also sets out the statutory requirement, under the Accounts and Audit (England) Regulations 2015, for every local authority to conduct a review, at least once a year, of the effectiveness of its system of internal control and to include a statement reporting on the review with the Statement of Accounts. This review takes the form of the Annual Governance Statement (AGS).

The AGS will be reported to and approved by the Audit Committee on the 23 July 2024. This can then be found on the Council's website.

## CONCLUSION

The formal audit of the Draft Statement of Accounts will commence as soon as is practicably possible and in line with our statutory duty the accounts will be made available for scrutiny by interested members of the public from 3 June to 1 August 2024.

Following any adjustments, as a result of the audit and/or post balance sheet events, we will present the final Statement of Accounts to the Audit Committee and following formal sign off, we will endeavour to publish them on our web pages soon after.

Local Audit and Accountability Act 2014 and Accounts and Audit (England) Regulations 2015:

- a) Any person interested may inspect and make copies of the accounts to be audited.
- b) A local government elector for the area may question the auditor about the accounts and object to any items of unlawful expenditure, loss due to wilful default, failure to bring a sum of income into account, or any other matter of public interest. Persons wishing to question the auditor should do so by prior arrangements by contacting 020 7728 3180.
- c) If any elector intends to object they must give the auditor prior written notice of any objection and its grounds and send a copy of the notice to the City Council.

The Council's Service Director for Finance (Section 151 Officer) is required to sign the final accounts by a statutory deadline of 31 May 2024 or to issue a public notice stating why this has not been possible.

Further information is available:

- on the Council's website; or
- from Carolyn Haynes, Head of Finance, Ballard House West Hoe Road, Plymouth PL1 3BJ, email [corporateaccountancy@plymouth.gov.uk](mailto:corporateaccountancy@plymouth.gov.uk).

David Northey

Service Director for Finance and Section 151 Officer

Ballard House

West Hoe Road

Plymouth

PL1 3BJ

Dated: XXXX

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Service Director for Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

### The Service Director for Finance (Section 151 Officer) Responsibilities

The Service Director for Finance is responsible for the preparation of the Council's Statement of Accounts, which is 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 for Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- complied with the Local Authority Code.

The Service Director for Finance has also:

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

In signing these accounts, the Service Director for Finance confirms that these statements give a 'true and fair' view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year ended 31 March 2024.

David Northey

Service Director for Finance and Section 151 Officer  
Ballard House  
West Hoe Road  
Plymouth  
PL1 3BJ

Dated: XXXX

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

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. Councils raise taxation to cover expenditure in accordance with statutory regulations; 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.

2022/23 Gross Expenditure	2022/23 Gross Income	2022/23 Net Expenditure		Note	2023/24 Gross Expenditure	2023/24 Gross Income	2023/24 Net Expenditure
£000	£000	£000			£000	£000	£000
7,061	(508)	6,553	Executive Office		7,080	(599)	6,481
9,113	(41,334)	(32,221)	Corporate Items		7,161	(44,934)	(37,773)
106,702	(66,524)	40,178	Customer and Corporate Services		108,088	(64,634)	43,454
326,543	(148,506)	178,037	People Directorate		354,470	(170,881)	183,589
21,885	(22,360)	(475)	Public Health		31,093	(25,775)	5,318
115,452	(50,652)	64,800	Place Directorate		86,717	(54,978)	31,739
<b>586,756</b>	<b>(329,884)</b>	<b>256,872</b>	<b>(Surplus)/Deficit on Continuing Operations</b>		<b>594,609</b>	<b>(361,801)</b>	<b>232,808</b>
11,857	(2,593)	9,264	Other Operating Expenditure	11	19,064	(1,367)	17,697
56,121	(39,785)	16,336	Financing and Investment Income and Expenditure	13	57,829	(33,266)	24,563
0	(241,867)	(241,867)	Taxation and Non-Specific Grant Income	14	0	(295,379)	(295,379)
<b>654,734</b>	<b>(614,129)</b>	<b>40,605</b>	<b>(Surplus)/Deficit on Provision of Services</b>		<b>671,502</b>	<b>(691,813)</b>	<b>(20,311)</b>
		(26,756)	(Surplus)/deficit on Revaluation of Non-Current Assets	22.1			(35,505)
		(356,018)	Re-measurement of the Net Defined Benefit Liability (Assets)	22.4			43,272
		(2,703)	Other recognised (gains)/losses				(56)
		<b>(385,477)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>7,711</b>
		<b>(344,872)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(12,600)</b>

## MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/(Decrease) line shows the statutory General Fund Balance movements in the year following those adjustments.

Movement in Reserves Statement	Note	General Fund Balance	Earmarked General Fund	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2022		(60,138)	95,808	35,670	16,982	15,129	67,781	50,616	118,397
<b>Movement in Reserves 2022/23</b>									
Total comprehensive income and expenditure		(40,605)	0	(40,605)	0	0	(40,605)	385,477	344,872
Adjustments between accounting basis and funding under regulations	10	21,211	0	21,211	225	23,558	44,994	(44,994)	0
<b>Net Increase/(Decrease) Before Transfer to Earmarked Reserves</b>		<b>(19,394)</b>	<b>0</b>	<b>(19,394)</b>	<b>225</b>	<b>23,558</b>	<b>4,389</b>	<b>340,483</b>	<b>344,872</b>
Transfer (to)/from reserves	12	19,394	(19,394)	0	0	0	0	0	0
<b>Net Increase/(Decrease) in 2022/23</b>		<b>0</b>	<b>(19,394)</b>	<b>(19,394)</b>	<b>225</b>	<b>23,558</b>	<b>4,389</b>	<b>340,483</b>	<b>344,872</b>
Balance at 31 March 2023		(60,138)	76,414	16,276	17,207	38,687	72,170	391,099	463,269
<b>Movement in Reserves 2023/24</b>									
Total comprehensive income and expenditure		20,311	0	20,311	0	0	20,311	(7,711)	12,600
Adjustments between accounting basis and funding under regulations	10	(16,256)	0	(16,256)	(2,868)	1,168	(17,956)	17,956	0
<b>Net Increase/(Decrease) Before Transfer to Earmarked Reserves</b>		<b>4,055</b>	<b>0</b>	<b>4,055</b>	<b>(2,868)</b>	<b>1,168</b>	<b>2,355</b>	<b>10,245</b>	<b>12,600</b>
Transfer (to)/from reserves	12	(4,055)	4,055	0	0	0	0	0	0
<b>Net Increase/(Decrease) in 2023/24</b>		<b>0</b>	<b>4,055</b>	<b>4,055</b>	<b>(2,868)</b>	<b>1,168</b>	<b>2,355</b>	<b>10,245</b>	<b>12,600</b>
Balance at 31 March 2024		(60,138)	80,469	20,331	14,339	39,855	74,525	401,345	475,870



## BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities recognised by the Council as at the Balance Sheet date. The net assets of the Council are matched by the reserves held. Usable reserves are those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). Unusable reserves are those that the Council is not able to use to provide services, including reserves that hold unrealised gains and losses (for example the Revaluation Reserve), and reserves that hold timing differences shown in the Movement in Reserve Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2023		Note	31 March 2024
£000			£000
1,018,586	Property, Plant and Equipment	15	1,072,298
46,459	Heritage Assets	16	51,236
238,435	Investment Properties	17	223,724
80,179	Long-Term Investments	18.1	81,333
9,612	Long-Term Debtors	19.2	10,249
<b>1,393,271</b>	<b>Non-Current Assets</b>		<b>1,438,840</b>
597	Inventories		970
65,734	Short-Term Debtors	19.1	109,380
30,182	Cash and Cash Equivalents	23.4	26,998
330	Assets Held for Sale		2,803
<b>96,843</b>	<b>Currents Assets</b>		<b>140,151</b>
(120,727)	Short-Term Borrowing	18.1	(170,954)
(124,103)	Short-Term Creditors	20.1	(115,396)
(7,593)	Short-Term Provisions	21	(6,626)
(9,793)	Grants Received in Advance - Revenue	29.2	(9,830)
(132,405)	Grants Received in Advance - Capital	29.3	(92,100)
<b>(394,621)</b>	<b>Current Liabilities</b>		<b>(394,906)</b>
(10,178)	Long-Term Creditors	20.2	(9,376)
(9,684)	Long-Term Provisions	21	(9,388)
(444,223)	Long-Term Borrowing	18.1	(493,106)
(27,465)	Long-Term Liabilities Pensions	34.3 & 34.9	(64,372)
(108,550)	Other Long-Term Liabilities	20.3	(103,561)
(32,124)	Grants Received in Advance - Capital	29.3	(28,412)
<b>(632,224)</b>	<b>Long-Term Liabilities</b>		<b>(708,215)</b>
<b>463,269</b>	<b>Net Assets</b>		<b>475,870</b>
72,170	Usable Reserves		74,525
391,099	Unusable Reserves	22	401,345
<b>463,269</b>	<b>Total Reserves</b>		<b>475,870</b>

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income, or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (that is borrowing) to the Council.

2022/23		Note	2023/24
£000			£000
(40,605)	Net Surplus/(Deficit) on the Provision of Service	23.1	20,311
111,350	Adjustment to the Net Surplus/(Deficit) on the Provision of Service for non-cash movements	23.1	(24,619)
(39,301)	Adjustments for items included in the Net Surplus/(Deficit) on the Provision of Service that are investing and financing activities	23.1	(81,401)
<b>31,444</b>	<b>Net Cash Flows from Operating Activities</b>		<b>(85,709)</b>
(55,269)	Investing activities	23.2	(31,812)
13,780	Financing activities	23.3	114,337
<b>(10,045)</b>	<b>Net Increase/(Decrease)in Cash and Cash Equivalents</b>		<b>(3,184)</b>
40,227	Cash and cash equivalents at the beginning of the reporting period	23.4	30,182
<b>30,182</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>		<b>26,998</b>

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## **I Accounting Policies**

### **I.1 General Principles**

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year ended 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 (as amended), which require the 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 2023/24 (The Code), supported by International Financial Reporting Standards (IFRS).

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

These Accounts have been prepared on a going concern basis and it has been assumed that the functions of the Council will continue in operational existence for the foreseeable future. The Code requires that local authorities prepare their accounts on a going concern basis as they can only be discontinued under statutory prescription and there is no notice from Government to that effect.

### **I.2 Accruals of Income and Expenditure**

Activity is accounted for in the year it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies and services are recorded as expenditure when they are consumed or received. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the balance sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when the payments are made.
- Interest payable on borrowings and receivable on investments is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### **I.3 Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in 90 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

## **1.4 Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the CIES or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

## **1.5 Benefit Payments**

Benefit payments are accounted for as they are incurred with no accrual being made for payments in advance or arrears at the year-end. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

## **1.6 Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors**

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

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

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

## **1.7 Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets 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 the losses can be written off;
- amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue, called the Minimum Revenue Provision (MRP), towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## **1.8 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 proportionately the risks and rewards that the amount of Council Tax and NDR collected could be less or more than predicted.

### **Accounting for Council Tax and NDR**

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the CIES 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 (MiRS).

The Balance Sheet includes the Council's share of the end of year balances in respect of Council Tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), 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 cash flows.

## **1.9 Employee Benefits**

### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, flexi and time off in lieu (TOIL) as well as bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

### **Termination Benefits**

Termination benefits (e.g. redundancy payments) are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service, or where applicable the Corporate Service line in the CIES at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises the cost of restructuring.

### **Post-Employment Benefits (Pensions)**

Employees of the Council are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE);
- The Local Government Pension Scheme, administered by Devon County Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions) earned whilst employees worked for the Council.

### **Teachers' Pension Scheme**

The arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Educational Services line in the CIES is charged with the employer's contributions payable to Teachers' Pensions in the year.

However, the Council is able to supplement teachers' statutory retirement benefits with locally determined decisions (discretionary payments). The future liability for such decisions is a true cost to

the Council and is assessed annually by the Actuary and included within the total pension liability on the Balance Sheet.

### The Local Government Pension Scheme

All Council employees (with the exception of teachers) are eligible to join the Local Government Pension Scheme (LGPS). The Local Government Scheme is accounted for as a defined benefits scheme.

The liabilities of the Devon Pension Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of future earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.9%.

The assets of the Devon Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price;
- unquoted securities – professional estimate;
- unitised securities – current bid price
- property – market value.

The change in the net pension 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 CIES to the 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 CIES as part of corporate items.
- Net interest on the net defined liability/(asset) i.e. net interest expense for the Council – the change during the period on the net defined liability/(asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the CIES 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/(asset) during the period as a result of contribution and benefit payments.
- Re-measurement of the return on plan assets – excluding amounts included in the net interest on the net defined liability/(asset)- charged to the pension reserve as Other Comprehensive Income and 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 Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Devon County Pension Fund – cash paid as employer’s contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.
- Effect of the asset ceiling – the limitation on the Council’s ability to realise pension assets through reductions in future employer’s contributions as result of minimum funding requirements.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not



the amount calculated according to the relevant accounting standards. In the MIRS this means that there are appropriations to and from the Pensions Reserve to remove notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary Benefits**

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

### **1.10 Events After the Balance Sheet Date**

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

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

### **1.11 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 are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the comprehensive income and expenditure statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Non-derivative financial liabilities are subsequently measured at amortised cost.

For most of the borrowings that the Council has, this means that the amount presented in the balance sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the general fund balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund balance is managed by a transfer to or from the financial instrument adjustment account in the Movement in Reserves Statement.

#### **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 cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss (FVPL), and;

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

### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that 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.

Any gains or losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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 and Loss**

Financial assets that are measured at FVPL are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

### **Fair Value Measurement of Financial Assets**

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Council's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price;
- other instruments with fixed and determinable payments – discounted cash flow analysis.

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

- Level I inputs – quoted prices (unadjusted) in active markets for identical assets that the Council 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 that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the comprehensive income and expenditure statement.

### **Financial Derivatives**

Financial derivatives are measured at FVPL and therefore all gains and losses are taken to the Financing and Investment Income and Expenditure line in the CIES.

### **1.12 Revenue Recognition**

With the adoption of accounting standard IFRS 15, 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. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

The analysis carried out to date indicates that there will be no material impact on the revenue recognised in relation to the significant contracts entered into by the Council. A review will take place each year to identify whether any disclosure is necessary.

### **1.13 Government Grants and Contributions**

Whether paid on account, by instalments, or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council 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 CIES until the conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as stated, or future economic benefits or service potential must be returned to the transferor (grant provider).

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MiRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### **1.14 Joint Operations**

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and

resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation;
- its expenses, including its share of any expenses incurred jointly.

### **I.15 Interests in Companies and Other Entities**

An assessment of the Council's interests has been carried out during the year in accordance with the Code of Practice to determine the group relationships that exist. Inclusion in the group is dependent upon the extent of the Council's control over an entity. The Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Council does have a number of interests in companies and other entities, none of which would be material on consolidation due to the elimination of group transactions. Thus the production of group accounts is not required for these interests.

### **I.16 Investment Properties**

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

Investment properties are measured initially at cost and subsequently at fair value, 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. Properties are not depreciated but are revalued annually according to market conditions at year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the general fund balance in the MIRS and posted to the capital adjustment account and the capital receipts reserve.

### **I.17 Heritage Assets**

The Box is responsible for over 800,000 artefacts and a proportion of the collections have been held on display in the museum, council buildings and other historic sites. These collections span a wide range of fine and decorative art, archaeology, world cultures, social and natural history and local and maritime history. These are held in support of the primary objective of the Council to ensure that these objects are preserved in trust for future generations because of their cultural, environmental or historical associations.

The Council classifies its Heritage Assets into five main categories – historic buildings and monuments, fine art and world cultures collections, gold, silver and jewellery, special books and natural history, decorative art and other miscellany collections which are being formally recognised on the balance Sheet on the basis of their insurance valuation.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets, detailed as follows.

Where a historic building is being used significantly for the provision of services (for example Mount Edgcombe House or The Box) this will be recognised as Other Land and Buildings rather than as a Heritage Asset.

The Council's collections are accounted for as follows:

- **Historic Buildings and Monuments**

Historic buildings and monuments classified as Heritage Assets include Smeaton's Tower.

The list is relatively static and acquisitions and donations are rare. Where they do occur acquisitions would be initially recognised at cost and donations would be recognised at insurance value which is based on market values.

As these are deemed to have an indefinite life, the Council does not consider it appropriate to charge depreciation.

- **Fine Art and World Cultures Collection**

The Council has a large and important fine art collection comprising paintings, watercolours, drawings, prints, miniatures and sculptures. Highlights include the outstanding Cottonian Collection and works by local artists such as Sir Joshua Reynolds, and this represents the largest fine arts collection in the south west. The world cultures collection consists of objects collected from foreign countries spanning the globe.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at insurance values, usually based on valuations provided by external valuers and with reference to appropriate commercial markets using the most relevant information from sales at auction.

As these items are deemed to have an indefinite life, the Council does not consider it appropriate to charge depreciation.

- **Gold, Silver and Jewellery Collection**

The collection of gold, silver and jewellery includes local pieces dating from the 18th to 20th century and is representative of the thriving local community. Key pieces in the collection include the Eddystone Lighthouse Salt and the Drake Cup.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at insurance values, usually based on valuations provided by external valuers and with reference to appropriate commercial markets using the most relevant information from sales at auction.

- **Special Books Collection**

The Libraries Service maintains a collection of special books including The Ptolemy Atlas, Naval Collection and Moxon Collection.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at insurance values, usually based on valuations provided by external valuers and with reference to appropriate commercial markets using the most relevant information from sales at auction.

- **Natural History, Decorative Art and other Miscellany Collections**

This collection is made up of a wide range of Archaeological, social & maritime, imagery and natural history collections.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at insurance values, usually based on valuations provided by external valuers and with reference to appropriate commercial markets using the most relevant information from sales at auction.

The Council's policy for the acquisition, preservation and management of museum assets can be found on The Box website.

The carrying amount of Heritage Assets are reviewed on a regular basis to assess whether there has been any evidence of impairment caused by physical deterioration or breakage, or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairments – see note [1.20](#) in this summary of significant accounting policies. If there is any occasion where a Heritage Asset is disposed of, the proceeds of such items are accounted for in accordance with the Council's general provisions for the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the Notes to the Financial Statements (see note [15.4](#)) and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts – see note [1.20](#) in this summary of significant accounting policies.

### **1.18 Assets Held for Sale**

When it becomes probable that the value of an asset will be recovered principally through a sale rather than through its continuing use, and the asset is being actively marketed, it is reclassified as an Asset Held for Sale. The asset is revalued and held at the lower of this amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale.

Assets that are no longer used for operational purposes but are not actively being marketed are revalued and reclassified as surplus but still retained within Property, Plant and Equipment and transferred to Assets Held for Sale only when a decision is made to actively market the asset.

### **1.19 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 property, plant or equipment 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 that 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.

### **The Council as the Lessee (Leased in Assets)**

#### **Finance Leases**

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements.

Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund balance, by way of an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement for the difference between the two.

### Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

Schools may make their own arrangements for operating leases using income from their schools budget share. These are included within total lease payments.

### The Council as the Lessor (Assets Leased Out)

#### Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the (Surplus)/Deficit on Continuing Operations in the CIES. Credits are made on a straight-line basis over the life of the lease.

#### IFRS 16 Leases

CIPFA/LASAAC have deferred implementation of IFRS 16 for Local Government to 1 April 2024. IFRS 16 will impact the way in which the council reports operating leases. Under IFRS 16 the Council will be required to recognise a right of use asset and a lease liability on the Balance Sheet (subject to certain exemptions); currently the Council includes these costs as operating lease payments in the CIES.

Under IFRS 16 a lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time. A contract can be (or contain) a lease only if the underlying asset is 'identified'. Having the right to control the use of an identified asset means having the right to direct, and obtain all of the economic benefits from, the use of that asset. These rights must be in place for a period of time and/or a specified amount of use.

Types of assets that may be suitable for leasing include the following:

- Transport (vehicles and cars);
- Equipment;
- Property;
- Land;
- Technology (including computers, telephony and other communications equipment);
- Plant,
- Furniture, Fixtures and Fittings,
- Leisure Equipment; and



- Managed Service Contracts (embedded leases)

Under IFRS16 there are two types of leases; non-residual based, and residual based.

Non-residual based: there is no assumed residual value, repayments cover all the principal with interest, there are no return conditions and there is an entitlement to any sales proceeds.

Residual based: there is an assumed residual value, repayments are the principle with interest (exclude the residual value amount), there are return conditions and there is no entitlement to sales proceeds.

### Recognition Exemptions

There are two specific exemptions for lessees from applying the detailed accounting requirements to transactions that would meet the definition of a lease:

#### Short-term leases

Leases that have a lease term of 12 months or less at the commencement date. Any lease that contains a purchase option is automatically excluded from the definition. Contracts that might meet the criteria as short-term include property tenancies with notice periods of less than 12 months, hire agreements for vehicles, plant and equipment.

Leases where the underlying asset is of low value.

The Code allows authorities to elect not to apply the lease accounting provisions to leases where the underlying asset is of low value, even if the impact of doing so would be material. Leases that have an annual value of less than £10k are deemed to be low value.

## 1.20 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The Council operates a policy of assets capitalisation (including donated assets) with a minimum asset value of £10,000 for land and property and £5,000 for vehicle, plant and equipment. However, there is no minimum level applied for capital spend incurred by individual schools financed from capital grants.

### Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

- infrastructure and community assets – depreciated historical cost;
- assets under construction – historical cost;
- surplus assets – fair value;

- the Tamar Toll Bridge - depreciated replacement cost;
- all other assets – current value in their existing use.

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

Assets that Local Authorities intend to hold in perpetuity and have no determinable useful life and may have restrictions in their disposal are classified as community assets, and in this instance are generally valued at a nominal £1.

Assets included in the Balance Sheet at current or fair value are revalued regularly and are reviewed at the year-end to ensure that their carrying amount is not materially different from their fair value.

### Impairment

Assets are assessed at each year-end to determine whether there is any indication that an asset may be impaired. Where indications exist and any possible differences 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 for the shortfall.

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets revalued as part of the 5 year rolling programme by the systematic allocation of their remaining depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life such as freehold land and certain Community Assets, and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on a straight line basis over the useful life of the asset as determined by the valuer. Depreciation is charged to the CIES based on values as at the start of the year. No depreciation is applied in year of acquisition or construction. The depreciation periods currently used are:

#### Operational Buildings:

Car parks	5 to 50 years
Schools	5 to 50 years
Other buildings	5 to 60 years
Tamar Bridge	120 years
Infrastructure	20 to 40 years
Vehicles and Plant	5 to 25 years

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

### Componentisation

The Council's componentisation policy is as follows:

- **Materiality Level**

Assets with a building value of £2.5m or above are considered for componentisation on an individual asset basis. Consideration is also given to groups of similar assets that individually are below the materiality level for componentisation but may collectively be material.

- **Significance**

Components with a value of 20% or above of the overall asset value are significant components.

In terms of schools, components are defined as separate school blocks or buildings and componentisation applied where the values meet the 20% criteria.

- **Different Asset Life**

The difference in life between the host asset and the component must be over 5 years for componentisation to be recorded.

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

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued at year-end before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and revalued at year-end. Any subsequent move in value up or down will be treated in the same way as any other asset revaluation.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are required to be credited to the Capital Receipts Reserve. Capital receipts can then only be used for:

- new capital investment;
- set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement).

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

### **Highways Infrastructure Assets**

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

- **Recognition**

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably.

- **Measurement**

Highways infrastructure assets are generally measured at depreciated historical cost. Plymouth City Council was incorporated as a unitary authority on the 1 April 1998 and the highways infrastructure assets was transferred from Devon County Council and

recognised in the Balance Sheet at nil value. This means that the current highways infrastructure asset value only represents capital expenditure that has incurred since that time. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

- **Depreciation**

Depreciation is provided on the parts of the highways infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year.

- **Disposals and Derecognition**

When a component of the highways infrastructure asset is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

## **1.21 Private Finance Initiative (PFI) and Similar Contracts**

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the Property, Plant and Equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The Council's original recognition of PFI assets are based on the cost of construction or purchase cost of the property and is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year;
- finance costs – an interest charge on the outstanding Balance Sheet liability;
- contingent rent – increases in the amount to be paid for the property arising during the contract;
- payment towards finance liability – applied to write down the Balance Sheet liability towards the PFI operator;
- lifecycle costs – costs to maintain assets used to operationally acceptable standard.

### **Schools PFI Credits**

The Council receives a grant towards the cost of the PFI scheme. The grant is allocated to meet the finance costs in the first instance. The amount required to meet the finance lease liability, interest and

contingent rent charge is allocated to the Taxation and Non-Specific grant income in the CIES. The remaining grant is treated as a specific grant and included within the Children's and Education service line.

Government grants received for PFI schemes, in excess of current levels of net expenditure, are carried forward as an earmarked reserve to fund future contract expenditure.

### **South West Devon Energy from Waste (EfW) PFI**

For the Energy from Waste Scheme there is the additional element of deferred credit from the write down of the long-term liability for the expected third party income received during the year.

## **1.22 Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, usually a cash payment, or service potential, and a reliable estimate of the amount of the obligation can be made, but where the timing of the transfer is uncertain.

Provisions are charged to the appropriate service in the year that the Council becomes aware of its obligation. It can only be used for the purpose for which it was established.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

### **Contingent Liabilities**

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in note [35.2](#).

### **Contingent Assets**

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts, note [35.1](#), where it is probable that there will be an inflow of economic benefits or service potential.

## **1.23 Reserves**

The Council maintains a number of reserves which may be required for statutory purposes or set up voluntarily to earmark resources for future spending plans or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the MiRS.

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 CIES. The reserve is then appropriated back into the General Fund Balance in the MiRS 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, local taxation, retirement and employee benefits and do not represent usable resources for the authority – these reserves are explained in the relevant policies.

### **1.24 Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the MiRS from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

### **1.25 Accounting for Schools**

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for Local Authority maintained schools lies with the Local Authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the Local Authority financial statements. Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council. The Council has the following types of maintained schools under its control:

- community; and
- voluntary controlled.

School non-current assets are recognised on the Balance Sheet where the Council directly owns the assets or where the school or the school governing body own the assets but the Council is deemed to exercise control.

When a maintained school converts to an Academy, Voluntary Aided or Foundation Trust/Foundation; the school's non-current assets held on the Council's Balance Sheet are treated as a disposal. The carrying value of the asset is written off to Financing and Investment Income and Expenditure in the CIES. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written off asset value is not a charge against the General Fund, as the cost of non-current asset disposals resulting from schools transferring to Academy status is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the MiRS.

The income and expenditure is included within the People directorate in the CIES. The reserves are included in the Education Reserve balance, which forms part of the Council's Useable reserves.

### **1.26 Value Added Tax**

Value Added Tax payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

### **1.27 Fair Value Measurement of Non-Financial Assets**

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be receivable to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

### **Level 1 – Quoted Prices (Unadjusted)**

There is no active market for assets that the council can access at the measurement date, therefore, there will not be any non-financial assets valued in this way.

### **Level 2 – Significant Observable Inputs**

The Current Value (Fair Value) for the surplus and investment property portfolio has been based on the market approach using comparable evidence from recent property transactions in the Plymouth area and by analysing other relevant information. Market Conditions are such that similar properties are actively purchased and sold with the level of observable inputs significant. This has led to the properties being categorised at Level 2 in the fair value hierarchy.

In relation to the housing sites, each of the housing sites have been marketed on the open market by Plymouth City Council, with offers received subject to various conditions (including but not limited to planning or category of those specifications). These offers have been adjusted accordingly to reflect the individual conditions.

### **Level 3 – Significant Unobservable Inputs**

Assets categorised at Level 3 in the fair value hierarchy have been assessed where there is a significant level of unobservable inputs. Where there is no reasonably available market evidence available in the Plymouth area to determine the Current Value (Fair Value) the Valuer will use considered assumptions such as the potential yields, rental growth and occupancy levels.

### **Highest and Best Use**

In estimating the fair value of the Council's surplus and 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 surplus and investment properties.

## **1.28 Rounding Convention**

Unless otherwise stated the convention used in these Financial Statements is to round amounts to the nearest thousand pounds. All totals are the rounded additions of unrounded figures, and therefore may, from time-to-time, not be the strict sums of the figures presented in the text or tables.



## 2 Material Items of Income and Expenditure

This note identifies material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement. The Council has no material items which need to be disclosed.

The Council took the decision to make an early payment of £72m towards the Devon LGPS pension deficit. This was made to generate ongoing revenue savings over 21 years. In the draft accounts this transaction was treated as capital. However, following extensive third party legal and accounting advice and discussion with our auditors, we have now accounted for the transaction as a revenue transaction. The revenue treatment of this transaction means that the Council's income for 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24 was insufficient to meet its expenditure. Due to this change in accounting treatment it has been necessary for the Council to request a retrospective Capitalisation Direction from Government.

## 3 Critical Judgements in Applying Accounting Policies

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

### Tamar Bridge Valuation – Departure from the Code of Practice

The Tamar Bridge is a toll bridge that is jointly owned by Cornwall Council and Plymouth City Council. The Code of Practice on Local Authority Accounting requires infrastructure assets to be accounted for using depreciated historic cost, however both Councils use depreciated replacement cost (DRC) to value the asset. This is because the Tamar Bridge is an income generating asset and the income generated is used to maintain its upkeep. It is therefore treated as a separate class of asset and the reader of the Council's accounts might reasonably expect there to be a relationship between the income raised in tolls and the cost of maintaining and ultimately replacing the bridge. The current DRC value of the bridge is £83.084m, if the bridge was valued at its depreciated historic cost in line with other infrastructure assets the value would be £27.337m, so would therefore be misleading to use historic cost as a basis for valuation.

The Council has concluded that, taking account of the above, the financial statements present a true and fair view of the Council's financial position, financial performance and cash flows and has complied with the Code in all other respects.

### Pension Asset Ceiling

In calculating the net pensions asset, the Council has made a judgement that the statutory framework for setting employer's contributions under the Local Government Pension Scheme constitutes a minimum funding requirement. As a result, the Council's ability to realise the full economic benefits of the net pensions asset calculated under the Accounting Code's provisions for post-employment benefits through reductions in future employer's contributions is limited. An asset ceiling therefore applies. The fact that the Council has a right under the current funding strategy for the Scheme to recover a smaller surplus of £89.873m means that the asset ceiling has reduced what would otherwise be the net pensions asset of £65.662m to a liability of £64.262m.

The practical effect of this is to move the basis of measurement for the net pensions asset/liability closer to the assumptions made in the triennial valuation of the Scheme under which the employer's contributions were set by the Scheme's actuaries. It does not indicate that the Council has paid excess amounts into the Scheme that it will never be able to recover.

## 4 Accounting Standards that have been Issued but Not Yet Adopted

Where a new standard has been published but has not yet been adopted by the Code, the Council is required to disclose information relating to the impact of these accounting changes. This requirement

applies to International Financial Reporting Standards (IFRS) that have not been applied in the 2023/24 Code and that came into effect on or before 1 January 2024.

For the 2024/25 financial year, the Council must implement IFRS 16 *Leases*, applying the provisions as they have been adopted in the 2024/25 Accounting Code.

The main impact of IFRS 16 will relate to property that the Council holds under operating leases, for which assets and liabilities are not recognised and rents are generally charged as revenue expenditure when they are payable. Under IFRS 16, the accounting treatment for all leases (except those with a term of less than 12 months and those involving low value items) will be to recognise a right-of-use asset in the Balance Sheet, measuring the value of the Council's right to use the property over the remaining term of the lease. The Balance Sheet will also include a liability for the rents payable before the lease expires.

When rents are paid, they will be applied partly to write down the liability and partly charged as interest on the outstanding liability. The cost of the right-of-use asset will be reflected in depreciation charges in the Comprehensive Income and Expenditure Statement. However, statutory arrangements are in place that will allow the impact on the General Fund Balance to be unchanged – i.e. that the overall charge for each year will be the rents payable in that year.

Based on the minimum lease payments outstanding at 31 March 2024 disclosed in note [32](#), it is estimated that the transition will result in the recognition of new assets and liabilities in the Balance Sheet.

Apart from IFRS16 there are no changes in accounting requirements for 2024/25 that are anticipated to have a material impact on the Council's financial performance or financial position.

## 5 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

In preparing the Statement of Accounts, there are areas where estimates have been made. Estimates are made taking into account historical experience, current trends and other relevant factors. These include the amount of arrears that will not be collected (based on past experience of collection for the different types of debt); useful lives and valuations of properties which are estimated by qualified valuers (for further details see note [1.20](#)); and the liability for future pension payments, which carries the most significant risk of material adjustment.

Item	Uncertainties	Consequences (if actual results differ from assumptions)
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>Barnett Waddingham are the consultant actuaries for the pension scheme providing expert advice about the assumptions to be applied. Those assumptions are detailed in note <a href="#">34</a> to the accounts. The carrying value of this long-term liability at the end of the reporting period was £64.372m.</p>	<p>The impact of a change in the actuarial assumptions will be to increase or decrease the net pension liability shown in the balance sheet and the cost shown in the CIES.</p> <p>The changes do not have an impact on the Council's General Fund position as the Council is not required to fund such non-cash charges from council tax receipts.</p>

## **6 Events After the Balance Sheet Reporting Period**

The Council's Section 151 Officer authorised the Statement of Accounts on 31 May 2024. Events taking place after this date are not reflected in the financial statements. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 7 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by Local Authorities 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 directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

2022/23 Directorate Total Reported for Outturn	2022/23 Adjustment to Arrive at the Net Expenditure Chargeable to the General Fund Balances	2022/23 Net Expenditure Chargeable to the General Fund Balances	2022/23 Adjustments Between the Funding and Accounting Basis	2022/23 Net Expenditure to the CIES		2023/24 Directorate Total Reported for Outturn	2023/24 Adjustment to Arrive at the Net Expenditure Chargeable to the General Fund Balances	2023/24 Net Expenditure Chargeable to the General Fund Balances	2023/24 Adjustments Between the Funding and Accounting Basis	2023/24 Net Expenditure to the CIES
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
5,732	0	5,732	821	6,553	Executive Office	6,739	0	6,739	(258)	6,481
(46,013)	5,376	(40,637)	8,416	(32,221)	Corporate Items	(48,298)	11,801	(36,497)	(1,276)	(37,773)
48,769	(10,961)	37,808	2,370	40,178	Customer and Corporate Services	53,682	(13,974)	39,708	3,746	43,454
163,232	0	163,232	14,805	178,037	People Directorate	174,640	(1)	174,639	8,950	183,589
(545)	2	(543)	68	(475)	Public Health	2,802	0	2,802	2,516	5,318
26,575	(52)	26,523	38,277	64,800	Place Directorate	28,875	(593)	28,282	3,457	31,739
197,750	(5,635)	192,115	64,757	256,872	<b>Net Cost of Service</b>	218,440	(2,767)	215,673	17,135	232,808
		(172,721)	(43,546)	(216,267)	Other Income and Expenditure			(219,728)	(33,391)	(253,119)
		19,394	21,211	40,605	(Surplus)/Deficit on Provision of Service			(4,055)	(16,256)	(20,311)
		(35,670)			Opening General Fund and Earmarked Balance at 31 March			(16,276)		
		19,394			(Surplus)/Deficit on General Fund and Earmarked Balance in Year			(4,055)		
		(16,276)			Closing General Fund Balance at 31 March			(20,331)		

## 8 Note to the Expenditure and Funding Analysis

Adjustments between funding and accounting basis:

Adjustments from General Fund to Arrive at the CIES Amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
2023/24	£000	£000	£000	£000
Executive Office	36	(290)	(4)	(258)
Corporate Items	599	944	(2,819)	(1,276)
Customer and Corporate Services	7,005	(1,071)	(2,188)	3,746
People Directorate	7,167	(2,981)	4,764	8,950
Public Health	4,144	(268)	(1,360)	2,516
Place Directorate	14,142	(2,030)	(8,655)	3,457
<b>Net Cost of Service</b>	<b>33,093</b>	<b>(5,696)</b>	<b>(10,262)</b>	<b>17,135</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	49,101	(1,520)	(80,972)	(33,391)
<b>Difference Between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Service</b>	<b>82,194</b>	<b>(7,216)</b>	<b>(91,234)</b>	<b>(16,256)</b>

Adjustments from General Fund to Arrive at the CIES Amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
2022/23	£000	£000	£000	£000
Executive Office	29	265	527	821
Corporate Items	346	28	8,042	8,416
Customer and Corporate Services	4,308	1,298	(3,236)	2,370
People Directorate	8,729	3,372	2,704	14,805
Public Health	269	274	(475)	68
Place Directorate	42,030	2,533	(6,286)	38,277
<b>Net Cost of Service</b>	<b>55,711</b>	<b>7,770</b>	<b>1,276</b>	<b>64,757</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	37,669	2,432	(83,647)	(43,546)
<b>Difference Between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Service</b>	<b>93,380</b>	<b>10,202</b>	<b>(82,371)</b>	<b>21,211</b>

### Adjustment for Capital Purposes

Adjustments for Capital Purposes – this column adds in depreciation, impairment and revaluation gains/losses in the services 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 throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### Net Charge for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- **Services** – this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs
- **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:

- **Financing and Investment Income and Expenditure** – the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- **Taxation and Non-Specific Grant Income and Expenditure** – the charge represents the difference between what is chargeable under statutory regulations for Council Tax and NDR 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 brought forward in future surpluses or deficits on the Collection Fund.



## 9 Expenditure and Income Analysed by Nature

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

Expenditure/Income	2022/23	2023/24
	£000	£000
<b>Expenditure:</b>		
Employee benefits expenses	142,074	128,320
Other service expenses	419,574	475,503
Depreciation, amortisation, impairment	74,155	44,181
Interest payments	18,931	23,498
<b>Total Expenditure</b>	<b>654,734</b>	<b>671,502</b>
<b>Income:</b>		
Fees, charges and other service income	(134,751)	(137,772)
Interest and investment income	(16,236)	(6,204)
Income from council tax, non-domestic rates, district rate income	(183,403)	(192,523)
Government grants and contributions	(279,739)	(355,314)
<b>Total Income</b>	<b>(614,129)</b>	<b>(691,813)</b>
<b>Surplus or Deficit on the Provision of Service</b>	<b>40,605</b>	<b>(20,311)</b>

## 10 Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

Adjustments Between Accounting Basis and Funding Basis Under Regulations	2022/23				2023/24			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Adjustments involving the Capital Adjustment Account:</b>								
<b>Reversal of Items Debited or Credited to the Comprehensive Income and Expenditure Statement:</b>								
Charges for depreciation and impairment of non-current assets	(39,697)	0	0	39,697	(44,754)	0	0	44,754
Revaluation losses on Property, Plant and Equipment	(13,965)	0	0	13,965	18,802	0	0	(18,802)
Movements in the market value of Investment Properties	(15,198)	0	0	15,198	(12,946)	0	0	12,946
Amortisation of intangible assets	(2)	0	0	2	0	0	0	0
Capital grants and contributions	36,708	0	(36,708)	0	80,212	0	(80,212)	0
Revenue expenditure funded from capital under statute	(12,479)	0	0	12,479	(23,193)	0	0	23,193
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(11,179)	(3)	0	11,182	(20,320)	(1,196)	0	21,516
Deferred credit Energy from Waste	2,324	0	0	(2,324)	2,324	0	0	(2,324)
<b>Insertion of Items not Debited or Credited to the Comprehensive Income and Expenditure Statement:</b>								
Statutory provision for the financing of capital investment	17,995	542	0	(18,537)	18,425	757	0	(19,182)
Capital expenditure charged against the General Fund	704	0	0	(704)	273	0	0	(273)
<b>Adjustments involving the Capital Receipts Reserve:</b>								
Other Capital Receipts credited to the Comprehensive Income and Expenditure Statement	2,590	(2,593)	0	3	196	(196)	0	0
<b>Total C/FWD</b>	<b>(32,199)</b>	<b>(2,054)</b>	<b>(36,708)</b>	<b>70,961</b>	<b>19,019</b>	<b>(635)</b>	<b>(80,212)</b>	<b>61,828</b>

Adjustments Between Accounting Basis and Funding Basis Under Regulations	2022/23				2023/24			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Total B/FWD</b>	<b>(32,199)</b>	<b>(2,054)</b>	<b>(36,708)</b>	<b>70,961</b>	<b>19,019</b>	<b>(635)</b>	<b>(80,212)</b>	<b>61,828</b>
Long term debtor repayments in year	0	(814)	0	814	0	(2,845)	0	2,845
Use of the Capital Receipts Reserve to finance new capital expenditure	0	2,643	0	(2,643)	0	6,348	0	(6,348)
<b>Adjustments Involving the Capital Grants Unapplied Account:</b>								
Use of the Capital Grants unapplied Account to finance new capital expenditure	0	0	13,150	(13,150)	0	0	79,044	(79,044)
<b>Adjustments Involving the Financial Instruments Adjustment Account:</b>								
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	617	0	0	(617)	620	0	0	(620)
<b>Adjustments Involving the Pooled Investments Fund Adjustment Account</b>								
Amount by which Financial Instruments charged to the Comprehensive Income and Expenditure Statement are different from amounts chargeable in the year in accordance of statutory requirements	(5,725)	0	0	5,725	(652)	0	0	652
<b>Adjustments Involving the Pensions Reserve:</b>								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(25,970)	0	0	25,970	(11,751)	0	0	11,751
Employer's pensions contributions and direct payments to pensioners payable in the year	15,838	0	0	(15,838)	18,968	0	0	(18,968)
<b>Adjustments Involving the Collection Fund Adjustment Account:</b>								
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	26,487	0	0	(26,487)	(5,606)	0	0	5,606
<b>Adjustment involving the Dedicated Schools Grant Adjustment Account:</b>								
Transfer of deficit on the Dedicated Schools Grant to the Dedicated Schools Grant Adjustment Account	0	0	0	0	(4,253)	0	0	4,253
<b>Adjustment Involving the Accumulating Compensated Absences Adjustment Account</b>								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(259)	0	0	259	(89)	0	0	89
<b>Total Adjustments</b>	<b>(21,211)</b>	<b>(225)</b>	<b>(23,558)</b>	<b>44,994</b>	<b>16,256</b>	<b>2,868</b>	<b>(1,168)</b>	<b>(17,956)</b>

## General Fund Balances

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

## Capital Receipts Reserve

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

## Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

## 11 Other Operating Expenditure

This contains corporate items of income and expenditure that cannot reasonably be allocated or apportioned to services.

Other Operating Expenditure	2022/23	2023/24
	£000	£000
Levies	119	121
Gains/losses on the disposal of non-current assets	10,388	18,186
Pension administration costs	556	571
Other income *	(1,799)	(1,181)
<b>Total</b>	<b>9,264</b>	<b>17,697</b>

\* Other income generally relates to capital receipts in year for which no asset can be identified on the Balance Sheet, such as repaid discounts from former Council House sales and income received under the stock transfer agreement relating to VAT shelter receipts.

## 12 Movement in Earmarked Reserves

This note sets out the amounts set aside in earmarked reserves to provide financing for future expenditure plans and policy initiatives.

2023/24	Balance as at 31 March 2023	Transfers to Reserves 2023/24	Transfers from Reserves 2023/24	Balance as at 31 March 2024
	£000	£000	£000	£000
<b>Education Reserves</b>	(3,667)	(3,149)	3,662	(3,154)
<b>Other Ringfenced</b>	(3,627)	(801)	0	(4,428)
<b>Other Reserves</b>	(6,061)	(1,628)	1,801	(5,888)
<b>PCC Earmarked Reserves:</b>				
Integrated Finance Reserve	(18,205)	(172)	2,004	(16,373)
Collection Fund Reserve	(792)	(414)	69	(1,137)
Other PCC Earmarked Reserves	(44,062)	(6,520)	1,093	(49,489)
<b>Total Reserves</b>	<b>(76,414)</b>	<b>(12,684)</b>	<b>8,629</b>	<b>(80,469)</b>

2022/23	Balance as at 31 March 2022	Transfers to Reserves 2022/23	Transfers from Reserves 2022/23	Balance as at 31 March 2023
	£000	£000	£000	£000
<b>Education Reserves</b>	(3,121)	(3,914)	3,368	(3,667)
<b>Other Ringfenced</b>	(4,117)	(2,116)	2,606	(3,627)
<b>Other Reserves</b>	(6,486)	(1,598)	2,023	(6,061)
<b>PCC Earmarked Reserves:</b>				
Integrated Finance Reserve	(22,199)	(1,375)	5,369	(18,205)
Collection Fund Reserve	(21,558)	0	20,766	(792)
Other PCC Earmarked Reserves	(38,327)	(25,465)	19,730	(44,062)
<b>Total Reserves</b>	<b>(95,808)</b>	<b>(34,468)</b>	<b>53,862</b>	<b>(76,414)</b>

The main earmarked reserves and their purpose are as follows:

### Education/Schools Reserves

**Education Carry Forwards** – A number of reserves are held on behalf of several educational establishments which operate under devolved budgets, whereby any surpluses or deficits are carried forward to the following financial year.

**School Budget Share** – Represents unspent balances at the year-end against schools' delegated budgets. The 31 March 2024 balance relating to the School budget share was £3.149m (31 March 2023: £3.662m).

**PFI Reserve** – The Council receives PFI credits towards the schools PFI contract at Wood View Campus in equal instalments over the course of the contract. Credits received in excess of costs are carried forward in a reserve to meet future expenditure, thus smoothing expenditure and income over the term of the contract.

**Collection Fund Reserve** – The Collection Fund Reserve holds balances to 'smooth' the impact and movement of grant funding for Business Rates and Council Tax across multiple financial years.

**Interest Rate Swap Reserve** – The Interest Rate Swap Reserve holds gains from fair value movements in interest rate swaps. These gains will reverse over time as the swaps near maturity and are therefore not used to finance revenue expenditure.

### 13 Financing and Investment Income and Expenditure

This contains corporate items of income and expenditure arising from the Council's involvement in financial instruments and similar transactions involving interest or the unwinding of discounts. This heading also includes the income and expenditure relating to investment properties, further details of which can be found in note [17.1](#).

Analysis of Income/Expenditure	2022/23	2023/24
	£000	£000
Interest payable and similar charges	18,972	23,477
Fair value for Financial Instruments	(9,306)	(921)
Pensions interest cost and expected return on pension assets	1,810	(2,029)
Interest receivable and similar income	(4,053)	(5,118)
Gains/losses on disposal of Maintained Schools	0	3,059
(Surplus)/deficit on trading undertakings not included in Net Cost of Service	452	332
Income and expenditure in relation to investment properties and changes in their fair value including (gains)/losses on disposal	8,461	5,763
<b>Total</b>	<b>16,336</b>	<b>24,563</b>

### 14 Taxation and Non-Specific Grant Income and Expenditure

Analysis of Income	2022/23	2023/24
	£000	£000
Council tax income	(125,587)	(131,562)
Non domestic rates	(57,816)	(60,961)
Non-ringfenced government grants	(29,778)	(36,588)
Capital grants and contributions	(28,686)	(66,268)
<b>Total</b>	<b>(241,867)</b>	<b>(295,379)</b>

### 15 Property, Plant and Equipment

#### 15.1 Movement in Year

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The Council continues to maintain that information and does not consider that the non-disclosure will be detrimentally impact on the readers of the Council's accounts and their understanding of the Council's financial position. The Council's reported position of its assets in the Balance Sheet remains unchanged.

Property, Plant and Equipment Assets	2022/23	2023/24
	£000	£000
Infrastructure Assets	242,352	243,051
Other Property, Plant and Equipment Assets	776,234	829,247
<b>Total Property, Plant and Equipment Assets</b>	<b>1,018,586</b>	<b>1,072,298</b>

Infrastructure Assets	2022/23	2023/24
	£000	£000
<b>Opening Net Book Value</b>	<b>172,563</b>	<b>242,352</b>
Additions	32,649	12,486
Reclassifications	50,886	6,360
Depreciation	(13,746)	(17,831)
Disposals and Decommissioning	0	(316)
<b>Balance as at 31 March</b>	<b>242,352</b>	<b>243,051</b>

The movement in Property, Plant and Equipment (PPE) in 2023/24 is summarised in the following table:

2023/24	Other Land & Buildings	Vehicles, Plant, Furniture & Fittings	Toll Bridge	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PFI Assets Included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost of Valuation</b>								
At 1 April 2023	638,462	83,915	62,058	3,605	10,044	50,391	848,475	128,935
Additions	10,015	6,276	17	0	27	42,308	58,643	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	9,758	0	0	0	531	0	10,289	(3,000)
Revaluation increases/(decreases) recognised in the surplus/deficit on the Provision of Services	(3,598)	0	21,009	0	(60)	0	17,351	0
Derecognition - disposals	(17,696)	(18,375)	0	0	(84)	0	(36,155)	0
Other movements in cost or valuation	(1,593)	973	0	0	103	(9,982)	(10,499)	0
<b>At 31 March 2024</b>	<b>635,348</b>	<b>72,789</b>	<b>83,084</b>	<b>3,605</b>	<b>10,561</b>	<b>82,717</b>	<b>888,104</b>	<b>125,935</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2023	(12,592)	(57,722)	(585)	(1,302)	(40)	0	(72,241)	(499)
Depreciation charge	(20,694)	(5,522)	(741)	0	(29)	0	(26,986)	(5,988)
Depreciation written out to the Revaluation Reserve	20,313	0	0	0	69	0	20,382	5,956
Depreciation written out to the surplus/deficit on the Provision of Services	262	0	1,326	0	0	0	1,588	0
Derecognition - disposals	677	17,723	0	0	0	0	18,400	0
<b>At 31 March 24</b>	<b>(12,034)</b>	<b>(45,521)</b>	<b>0</b>	<b>(1,302)</b>	<b>0</b>	<b>0</b>	<b>(58,857)</b>	<b>(532)</b>
<b>Net Book Value</b>								
<b>At 31 March 2024</b>	<b>623,314</b>	<b>27,268</b>	<b>83,084</b>	<b>2,303</b>	<b>10,561</b>	<b>82,717</b>	<b>829,247</b>	<b>125,403</b>
<b>At 31 March 2023</b>	<b>625,870</b>	<b>26,193</b>	<b>61,473</b>	<b>2,303</b>	<b>10,004</b>	<b>50,391</b>	<b>776,234</b>	<b>128,436</b>



2022/23	Other Land & Buildings	Vehicles, Plant, Furniture & Fittings	Toll Bridge	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PFI Assets Included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost of Valuation</b>								
At 1 April 2022	632,026	81,810	62,585	3,605	3,820	82,913	866,759	125,616
Prior year adjustment	(10,464)	0	0	0	0	0	(10,464)	0
Additions	8,872	3,665	15	0	6	30,395	42,953	1
Revaluation increases/(decreases) recognised in the Revaluation Reserve	10,462	0	0	0	(356)	0	10,106	3,318
Revaluation increases/(decreases) recognised in the surplus/deficit on the Provision of Services	(12,119)	0	(542)	0	(1,352)	0	(14,013)	0
Derecognition - disposals	(429)	(1,700)	0	0	(131)	0	(2,260)	0
Other movements in cost or valuation	10,114	140	0	0	8,057	(62,917)	(44,606)	0
<b>At 31 March 2023</b>	<b>638,462</b>	<b>83,915</b>	<b>62,058</b>	<b>3,605</b>	<b>10,044</b>	<b>50,391</b>	<b>848,475</b>	<b>128,935</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2022	(20,139)	(54,577)	0	(1,302)	(40)	0	(76,058)	(466)
Prior year adjustment	10,464	0	0	0	0	0	10,464	0
Depreciation charge	(20,076)	(5,324)	(585)	0	(40)	0	(26,025)	(5,586)
Depreciation written out to the Revaluation Reserve	16,614	0	0	0	40	0	16,654	5,553
Depreciation written out to the surplus/deficit on the Provision of Services	219	0	0	0	0	0	219	0
Derecognition - disposals	97	1,646	0	0	0	0	1,743	0
Other movements in depreciation and impairment	229	533	0	0	0	0	762	0
<b>At 31 March 2023</b>	<b>(12,592)</b>	<b>(57,722)</b>	<b>(585)</b>	<b>(1,302)</b>	<b>(40)</b>	<b>0</b>	<b>(72,241)</b>	<b>(499)</b>
<b>Net Book Value</b>								
<b>At 31 March 2023</b>	<b>625,870</b>	<b>26,193</b>	<b>61,473</b>	<b>2,303</b>	<b>10,004</b>	<b>50,391</b>	<b>776,234</b>	<b>128,436</b>
<b>At 31 March 2022</b>	<b>611,887</b>	<b>27,233</b>	<b>62,585</b>	<b>2,303</b>	<b>3,780</b>	<b>82,913</b>	<b>790,701</b>	<b>125,150</b>

## 15.2 Commitments Under Capital Contracts

The capital commitments outstanding on capital and other works contracts entered into as at 31 March 2024 amounted to £35.878m (31 March 2023: £50.283m). The Council is committed to complete these contracts under its latest approved Medium Term Capital Programme. Significant contractual commitments outstanding as at 31 March 2024 were as follows:

Project	Contractor	Amount
		<b>£000</b>
Derriford District Park	ADC Kimerley Ltd	8,700
The Park Crematorium	Kier Construction Ltd	3,030
City Centre Public Realm	Morgan Sindall Group Plc	2,685
Street Scene & Waste Vehicles	Dennis Eagle UK	1,151
Plymouth & South Devon Freepart	Various	6,207
Woolwell to the George	Balfour Beatty Plc/Aecom Ltd	1,129
Accessible Temporary Homes	Bournemouth Churches Housing Association Ltd (BCHA)	2,550
Single People Accommodation	PATH (Plymouth Access to Housing Ltd)	700
Heat Sourcing in Corporate Properties	SunGift Solar Ltd/Vital Energi Utilities	537
Other Contractual Commitments under £500k	Various	9,189
<b>Total</b>		<b>35,878</b>

### 15.3 Revaluations

The Council revalues a significant proportion of its Property, Plant and Equipment (PPE) on an annual basis and then carries out a rolling programme that ensures that all the remaining property required to be measured at fair value is revalued at least every five years. All valuations are carried out internally under the supervision of A Pope, RICS Registered Valuer, except for the Energy from Waste Plant which is revalued by an external valuer appointed by Devon County Council and the Tamar Bridge and Torpoint Ferry properties which are revalued by an external valuer appointed by Cornwall Council.

Revaluations	Other Land & Buildings	Toll Bridge	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Total
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Carried at historical cost	0	0	27,268	0	27,268
<b>Valued at Current Value as at:</b>					
31 March 2024	449,826	83,084	0	10,561	543,471
31 March 2023	23,065	0	0	0	23,065
31 March 2022	143,570	0	0	0	143,570
31 March 2021	3,549	0	0	0	3,549
31 March 2020	3,304	0	0	0	3,304
<b>Total Cost of Valuation</b>	<b>623,314</b>	<b>83,084</b>	<b>27,268</b>	<b>10,561</b>	<b>744,227</b>

## 15.4 Gain/Loss on Disposal of Non-Current Assets

Assets Written Off Balance Sheet	2022/23	2023/24
	£000	£000
Land and property sales	(24)	18,186
Academy and trust schools	10,412	3,059
Investment properties	0	80
<b>Total</b>	<b>10,388</b>	<b>21,325</b>

## 15.5 Fair Value Hierarchy for Surplus Assets

Recurring Fair value Measurement Using	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as at 31 March 2023
<b>2023/24</b>	£000	£000	£000	£000
Development & surplus land	0	10,561	0	10,561
<b>Total</b>	<b>0</b>	<b>10,561</b>	<b>0</b>	<b>10,561</b>

Recurring Fair Value Measurements Using	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as at 31 March 2022
<b>2022/23</b>	£000	£000	£000	£000
Development & surplus land	0	10,004	0	10,004
<b>Total</b>	<b>0</b>	<b>10,004</b>	<b>0</b>	<b>10,004</b>

Please refer to Note [1.27](#) for the policy on Fair Value Measurement of Non-Financial Assets.

## 16 Heritage Assets

The Council holds the following types of heritage assets:

### Historic Buildings and Monuments

Historic buildings and monuments classified as heritage assets on the balance sheet include Smeaton's Tower and various statues and monuments, which have been recognised at insurance valuations.

The Council has a number of other Heritage Assets that are used significantly for the provision of services and therefore are required to be recognised within Property, Plant and Equipment. These include Mount Edcumbe House and The Box.

### Gold, Silver, Jewellery, Fine Art and World Cultures, Decorative Art and Other Miscellany

The Council's gold, silver, jewellery, fine art and world cultures collections are reported in the balance sheet at insurance valuation, which is based on market values.

The Council's policy for the acquisition, preservation and management of museum assets can be found on The Box website.

All heritage assets are recognised at insurance valuations, which are reviewed annually and the value of assets are adjusted accordingly.

In 2023/24 we have added two new classes of heritage asset categories due to the recognition of previously unreported assets as a result of a review of the collection that was undertaken following the remodelling of The Box.

The following table summarises the movement in the balances relating to heritage assets during the year:

Heritage Assets	Buildings	Fine Art & World Cultures	Gold, Silver and Jewellery	Items Over £100k	Natural History, Decorative Art & Other Miscellany	Special Books Collection	Total Assets
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
As at 1 April 2022	3,817	17,109	4,732	17,301	0	3,500	46,459
As at 31 March 2023	3,817	17,109	4,732	17,301	0	3,500	46,459
<b>Cost or Valuation</b>							
As at 1 April 2023	3,817	17,109	4,732	17,301	0	3,500	46,459
Revaluations	0	4,777	0	0	0	0	4,777
Reclassification	0	9,474	0	(17,301)	7,827	0	0
As at 31 March 2024	3,817	31,360	4,732	0	7,827	3,500	51,236

## 17 Investment Properties

### 17.1 Income, Expenditure and Changes in Fair Value of Investment Properties

Investment properties are properties held solely to earn rentals or for capital appreciation or both. In the main, the Council's investment properties consist of offices, various ground rents (including retail, offices and industrial), industrial estates (including out of town), development sites, leisure (including restaurants, cafes and hotels) and retail (both in and out of town).

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the CIES:

Amounts Recognised in the Comprehensive Income and Expenditure Statement	2022/23	2023/24
	£000	£000
Rental income from Investment Property	16,797	18,280
Direct operating expenses arising from Investment Property	(10,061)	(11,017)
<b>Net Gain/(Loss)</b>	<b>6,736</b>	<b>7,263</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal.

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

Analysis of Movement in Investment Properties	2022/23	2023/24
	£000	£000
<b>Balance at 1 April</b>	<b>271,065</b>	<b>238,435</b>
Additions	(5)	0
Disposals	0	(80)
Net gains/(losses) from fair value adjustments	(15,198)	(12,946)
<b>Transfers:</b>		
(To)/from Property, Plant and Equipment	(17,427)	(1,685)
<b>Balance at 31 March</b>	<b>238,435</b>	<b>223,724</b>

## 17.2 Fair Value Hierarchy for Investment Properties

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2024 are as follows:

Recurring Fair Value Measurements Using	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as at 31 March 2024
<b>2023/24</b>	£000	£000	£000	£000
Industrial sites	0	62,124	0	62,124
Miscellaneous ground rents	0	5,731	3,935	9,666
Miscellaneous lets	0	21,365	31	21,396
Retail ground rents	0	23,110	0	23,110
Offices	0	6,790	0	6,790
Out of town retail	0	66,412	0	66,412
Out of town businesses	0	33,358	0	33,358
Development and Surplus Land	0	714	116	830
Lodges	0	38	0	38
<b>Total</b>	<b>0</b>	<b>219,642</b>	<b>4,082</b>	<b>223,724</b>

There were no transfers between Levels 1 and 2 during the year.

Recurring Fair Value Measurements Using	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as at 31 March 2023
2022/23	£000	£000	£000	£000
Industrial sites	0	66,211	0	66,211
Miscellaneous ground rents	0	6,462	3,904	10,366
Miscellaneous lets	0	22,965	35	23,000
Retail ground rents	0	24,916	0	24,916
Offices	0	6,950	0	6,950
Out of town retail	0	69,522	0	69,522
Out of town businesses	0	36,557	0	36,557
Development and surplus land	0	812	50	862
Lodges	0	51	0	51
<b>Total</b>	<b>0</b>	<b>234,446</b>	<b>3,989</b>	<b>238,435</b>

There were no transfers between Levels 1 and 2 during the year.

Please refer to Note [1.27](#) for the policy on Fair Value Measurement of Non-Financial Assets.

### 17.3 Reconciliation of Fair Value Measurements (Using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Funding Hierarchy

Investment Properties Categorised within Level 3	31 March 2023	31 March 2024
	£000	£000
<b>Opening Balance</b>	<b>3,992</b>	<b>3,989</b>
Total gains/(losses) for the period included in the surplus or deficit on the provision of services resulting from changes in fair value	(3)	93
<b>Closing Balance</b>	<b>3,989</b>	<b>4,082</b>

Gains or losses arising from changes in the fair value of the investment properties are recognised in Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

#### 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 internally, in accordance with methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. The authority's valuation experts work closely with finance officers regarding all valuation matters.

## 18 Financial Instruments

### 18.1 Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

#### Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council.

The financial assets held by the Council during the year are accounted for under the following three classifications:

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising:
  - cash in hand;
  - bank current and deposit accounts;
  - fixed term deposits and reverse repurchase agreements with banks and building societies;
  - loans to other local authorities;
  - loans to smaller companies and housing associations;
  - certificates of deposit and covered bonds issued by banks and building societies;
  - treasury bills and gilts issued by the UK Government;
  - loans made for service purposes;
  - leases receivables;
  - trade receivables for goods and services provided.
- Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category).
- Fair value through profit and loss (all other financial assets) comprising:
  - interest rate swaps;
  - pooled funds, equity and property funds managed and held as strategic investments;
  - equity investments held for service purposes;
  - money market funds managed by fund managers;
  - loans where the cash flows are not solely payments of principal and interest;
  - structured deposits with banks and building societies.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

The financial assets disclosed in the Balance Sheet are made up of the following categories of Financial Instruments:



Financial Assets	Fair Value Level	Long-Term		Short-Term		Total	
		31 March 23	31 March 24	31 March 23	31 March 24	31 March 23	31 March 24
		£000	£000	£000	£000	£000	£000
<b>At Fair Value Through Profit or Loss:</b>							
Money Market Fund (MMF)	I	0	0	27,620	22,500	27,620	22,500
Pooled funds	I	53,034	52,382	0	0	53,034	52,382
Interest rate swap	I	27,072	28,878	0	0	27,072	28,878
<b>Amortised Cost:</b>							
Investments	I	73	73	0	0	73	73
Cash and Cash equivalents (less MMF)	I	0	0	2,562	4,498	2,562	4,498
<b>Total Investments</b>		<b>80,179</b>	<b>81,333</b>	<b>30,182</b>	<b>26,998</b>	<b>110,361</b>	<b>108,331</b>
<b>Debtors</b>							
Financial Instruments	I	9,612	10,249	18,227	54,099	27,839	64,348
Non-Financial Instruments	I	0	0	47,507	55,281	47,507	55,281
<b>Total Financial Assets</b>		<b>89,791</b>	<b>91,582</b>	<b>95,916</b>	<b>136,378</b>	<b>185,707</b>	<b>227,960</b>

The fair value of long-term debtors is assumed to be approximate to the carrying amount.

The fair value of short-term financial assets including receivables is assumed to approximate to the carrying amount.

Short-term debtors are split between financial instruments and non-financial instruments depending on whether they are statutory or non-statutory.

## Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised of:

- long-term loans from the Public Works Loan Board;
- short-term loans from other local authorities;
- overdraft;
- lease payables;
- Private Finance Initiative;
- trade payables for goods and services received.

The financial liabilities disclosed in the Balance Sheet are made up of the following categories of Financial Instruments:

Financial Liabilities	Fair Value Level	Long-Term		Short-Term		Total	
		31 March 23	31 March 24	31 March 23	31 March 24	31 March 23	31 March 24
		£000	£000	£000	£000	£000	£000
<b>Loans at Amortised Cost:</b>							
PWLB	2	(355,532)	(410,532)	(43,324)	(76,299)	(398,856)	(486,831)
Market Loans	2	(82,497)	(82,422)	(1,352)	(1,157)	(83,849)	(83,579)
Other borrowing	2	(6,194)	(152)	(76,051)	(93,498)	(82,245)	(93,650)
<b>Total Borrowing</b>		<b>(444,223)</b>	<b>(493,106)</b>	<b>(120,727)</b>	<b>(170,954)</b>	<b>(564,950)</b>	<b>(664,060)</b>
<b>Liabilities at Amortised Cost:</b>							
Other liabilities	2	(108,550)	(103,561)	(5,808)	(6,252)	(114,358)	(109,813)
<b>Creditors</b>							
Financial Instruments	3	0	0	(62,147)	(61,208)	(62,147)	(61,208)
Non-Financial Instruments	3	(10,178)	(9,376)	(56,148)	(47,936)	(66,326)	(57,312)
<b>Total Financial Liabilities</b>		<b>(562,951)</b>	<b>(606,043)</b>	<b>(244,830)</b>	<b>(286,350)</b>	<b>(807,781)</b>	<b>(892,393)</b>

Short-term creditors are split between financial instruments and non-financial instruments depending on whether they are statutory or non-statutory.

LOBOs (Local Authority Lender's Option Borrower's Option loans) of £10m have been included in Market Loans but have a call date in the next 12 months. A call date means that the lender has the option to change the interest rate for the remaining period of the loan. The Council then has the option to accept the new rate or redeem.

### Financial Liabilities Comparison to Fair Values

Financial Liabilities	Balance Sheet	Fair Value	Balance Sheet	Fair Value
	31 March 2023	31 March 2023	31 March 2024	31 March 2024
	£000	£000	£000	£000
<b>Loans at Amortised Cost:</b>				
PWLB	398,856	253,837	486,831	345,869
LOBO loans	65,644	76,944	65,380	74,854
Other market loans	18,205	16,812	18,199	16,974
Other long-term loans	6,194	6,194	152	152
Short-term borrowing	76,051	76,051	93,498	93,498
<b>Total Borrowing</b>	<b>564,950</b>	<b>429,838</b>	<b>664,060</b>	<b>531,347</b>
Other Liabilities	114,358	95,794	109,813	93,508
<b>Total Liabilities</b>	<b>679,308</b>	<b>525,632</b>	<b>773,873</b>	<b>624,855</b>

### 18.2 Equity Instruments Designated to Fair Value through Profit or Loss

The Council has investments made through the CCLA and other pooled funds. Under IFRS 9 the Code now requires that pooled funds are measured at Fair Value through Profit or Loss. However, to mitigate the impact of the change there is a statutory override for a period of five years meaning that there is no impact on the Council's General Fund.

### 18.3 Gains and Losses on Financial Instruments

The income, expense, gains and losses recognised in the CIES in relation to financial instruments are made as follows:

Gains & Losses on Financial Instruments	Surplus or Deficit on the Provision of Service	
	2022/23	2023/24
	£000	£000
<b>Net Gains/Losses on:</b>		
Financial assets measured at fair value through profit and loss	5,725	652
Interest rate swaps at fair value through profit and loss *	(15,031)	(1,573)
<b>Total Net (Gains)/Losses on Financial Instruments</b>	<b>(9,306)</b>	<b>(921)</b>
<b>Interest Revenue</b>		
Investment income from financial assets measured through profit and loss	(3,673)	(4,475)
Interest receivable from financial assets measured at amortised costs	(380)	(643)
<b>Total Interest Revenue</b>	<b>(4,053)</b>	<b>(5,118)</b>
<b>Total Income</b>	<b>(13,359)</b>	<b>(6,039)</b>
Interest expense	18,972	23,477
<b>Total Interest Expense</b>	<b>18,972</b>	<b>23,477</b>
<b>Net (Gain)/Loss for the Year</b>	<b>5,613</b>	<b>17,438</b>

\* SDPS is cash flows plus accrual; OCI is fair value minus accrual.

#### 18.4 Financial Instruments – Fair Value

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms' length transaction. Where liabilities are held as an asset by another party, such as the council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price.

The fair values of other instruments have been taken at cost value, as the council believes that cost may provide an appropriate estimate of fair value. Cost represents the best estimate of fair value:

- a) no significant change in the performance of the investee compared with budget;
- b) no significant change in the market for the investee's products, economic environment in which the entity operates;
- c) no change in expected performance in matters such as fraud, commercial disputes, litigation, changes in management or strategy.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost.

- The value of Lender's Option Borrower's Option (LOBO) loans have been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate;
- Other loans borrowed by the Council have been valued at cost on the basis of that most of the loans are short term loans and/or borrowed from other public sector organisations;

- Shares in limited company have been valued at cost of the investment;
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield;
- Interest rate swaps have been valued using the market forward interest rate curve;
- No early repayment or impairment is recognised for any financial instrument;
- The fair value of short-term instruments, including trade payables and receivables, is assumed to be approximately the carrying amount given the low interest rate environment and the bad debt provisions already included in the statement of accounts.

Fair values are shown in note [18.1](#), split by their level in the fair value hierarchy:

- Level 1 fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices;
- Level 2 fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments;
- Level 3 fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

### 18.5 Nature and Extent of Risks Arising from Financial Instruments

The Council complies with the CIPFA’s Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The strategy sets out the parameters for the management of risks associated with Financial Instruments.

Full details of the Council’s Treasury Management Strategy can be found on the Council’s website.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the DLUHC Investment Guidance for Local Authorities. The guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council’s Treasury Management Strategy, together with its Treasury Management Practices, are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The Council’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 Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

#### Credit Risk

Credit Risk arises from deposits with banks and financial institutions as well as credit exposures to the Council’s customers.

Asset Type	Credit Risk Management	Estimation of Impairment Loss
Loans to other authorities	Guaranteed by statute.	No allowance required.

Banks and financial institutions	Deposits are restricted in line with Council's approved Treasury Strategy.	No historic or forecast losses.
Loans	All loans subject to internal risk appraisal, where appropriate guarantees and/or security is obtained in event of default.	No historic or forecast losses.
Other Debtors	Debtors are not subject to internal credit ratings and have been grouped for the purposes of calculating expected losses.	Expected credit losses (impairment) estimated based on age and type of debt.

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 commercial entities, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap, other contracts and equity prices when selecting commercial entities for investment.

A limit of £25m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in building societies there is a smaller limit of £10m applies. The Council also sets limits on investments in certain sectors.

The following table summarises the credit risk exposures of the Council's treasury management portfolio by credit rating and remaining time to maturity:

Credit Rating	31 March 2023		31 March 2024	
	Long-Term	Short-Term	Long-Term	Short-Term
	£000	£000	£000	£000
AAA	0	0	0	0
AA	0	27,620	0	22,500
A+	0	1,125	0	1,295
A	0	0	0	0
A-	0	0	0	0
Unrated	0	0	0	0
<b>Total</b>	<b>0</b>	<b>28,745</b>	<b>0</b>	<b>23,795</b>
Credit risk not applicable *	80,179	1,437	81,333	3,203
<b>Total Investments</b>	<b>80,179</b>	<b>30,182</b>	<b>81,333</b>	<b>26,998</b>

\* Credit Risk is not applicable to shareholdings and pooled funds where the Council has no contractual right to receive any sum of money.

The Council's maximum exposure to credit risk in relation to its investments with banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with parameters set by the Council.

The Council does not generally allow credit for customers. After 28 days, recovery procedures are undertaken to recover any outstanding debt. The past due amount can be analysed by age as follows:

Past Due Amounts Analysed by Age	31 March 2023	31 March 2024
	£000	£000
Less than three months	9,958	40,159
Three months to one year	2,862	7,573
More than one year	6,002	7,262
<b>Total</b>	<b>18,822</b>	<b>54,994</b>

The credit risk inherent in interest rate swaps is managed by the selection of highly credit worthy counterparties and by the requirement for the counterparty to post cash collateral when the valuation exceeds agreed thresholds. £28.600m cash collateral was held at 31 March 2024 (31 March 2023: £28.530).

### Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board (PWLB). As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments.

It is however exposed to the risk that it will need to refinance a significant proportion of its short-term borrowing at a time of unfavourably high interest rates.

The maturity structure of financial liabilities is as follows (at nominal value):

Loans Outstanding	31 March 2023	31 March 2024
	£000	£000
Public Works Loan Board	(398,856)	(486,831)
Market debt	(83,849)	(83,579)
Temporary borrowing	(76,051)	(87,595)
Other borrowing	(6,194)	(6,055)
Deferred liability (PFI)	(92,916)	(88,681)
Deferred liability (finance leases)	(1,355)	(1,294)
Other liabilities	(20,087)	(19,838)
Creditors	(118,295)	(109,144)
Long-term creditors	(10,178)	(9,376)
<b>Total</b>	<b>(807,781)</b>	<b>(892,393)</b>
Less than 1 year	(244,829)	(286,350)
Between 1 and 2 years	(10,873)	(45,972)
Between 2 and 5 years	(19,197)	(83,368)
Between 5 and 10 years	(112,004)	(72,419)
Between 10 and 20 years	(60,818)	(49,914)
Between 20 and 30 years	(13,987)	(9,544)
Between 30 and 40 years	(17,651)	(16,419)
Between 40 and 50 years	(290,203)	(290,219)
Over 50 years	(38,219)	(38,188)
<b>Total</b>	<b>(807,781)</b>	<b>(892,393)</b>

The Council has £64m (2022/23: £64m) of LOBO loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans.

£170.954m of short-term borrowing in place at 31 March 2024 was taken under approved authority to meet the Council's capital financing and cash flow requirements to the end of the financial year. These loans can be repaid from cash flow maturing deposits and short-term borrowing in 2024/25 if required, thus reducing credit risk.

### Market Risk: Interest Rate Risk

The Council is exposed to risks in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise;
- borrowings at fixed rates – the fair value of the liabilities will fall;
- investments at variable rates – the interest income will rise;
- investments at fixed rates – the fair value of the assets will fall;
- pay fixed receive variable interest rate swaps – the fair value of the assets will rise.



The Council has £170.954m short-term (less than 12 months) loans so there is an interest rate risk if the rates go up. The Council holds a £75m “pay fixed receive variable” interest rate swap to partly offset this risk. If there is a 0.5% increase in the bank rate it will cost an additional £0.201m per year.

The Council has £64m (2022/23: £64m) of LOBO loans with fixed interest rates and with maturity dates between 2031 and 2078 where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and 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. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate. Movements in the fair value of the interest rates swaps will be reflected in the Surplus or Deficit on the Provision of Services.

The Council has a number of strategies for managing interest rate risk. The Council seeks to minimise this risk through expert advice on forecasts of interest rates received from our treasury management consultants. This is used to formulate a strategy for the year for both investments and borrowing. This strategy is periodically reviewed during the year to update for any modifications required in the light of actual movements in interest rates. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. Interest rate risk is also managed using interest rate swaps, and the Council currently holds a £75m interest rate swap maturing in 2040 with a strike rate of 0.56%. Changes in the fair value of the swap are taken to an earmarked reserve.

### Market Risk: Price Risk

The market price of the Council’s units in collective investment schemes are governed by prevailing interest rates and economic conditions and the risk associated with these instruments is managed alongside interest rate risk.

The Council’s investment in a pooled property fund is subject to the risk of falling commercial property prices. The risk is limited by the Council’s maximum exposure to property investment fund of £20,788. A 1% fall in commercial property prices would result in a £0,208m charge to the surplus or deficit on the provision of services, which is then transferred to the pooled investment fund adjustment account.

The Council’s investments in pooled investment funds is subject to the risk of changing share prices. The risk is limited by the Council’s maximum exposure to equity investments of £26.462m. A 1% fall in share prices would result in a £0.218m charge to the surplus or deficit on the provision of services, which is then transferred to the pooled investment fund adjustment account.

## 19 Debtors

### 19.1 Short-Term Debtors

Short-Term Debtors by Category	31 March 2023	31 March 2024
	£000	£000
Central government departments	10,223	8,924
NHS bodies	2,125	2,617
Other local authorities	4,221	5,361
Other entities and individuals	49,165	92,478
<b>Total Short-Term Debtors</b>	<b>65,734</b>	<b>109,380</b>

## 19.2 Long-Term Debtors

Long-Term Debtors by Category	31 March 2023	31 March 2024
	£000	£000
Secured debt	1,086	1,131
Other loans/mortgages	8,526	8,566
Other long-term debts	0	552
<b>Total Long-Term Debtors</b>	<b>9,612</b>	<b>10,249</b>

## 19.3 Bad Debt Provision

Analysis of Bad Debt Provision Held	31 March 2023	Provisions Made in Year	Provisions Used in Year	31 March 2024
	£000	£000	£000	£000
General fund	(4,012)	(637)	1,492	(3,157)
Housing benefit overpayments provision	(5,544)	(364)	774	(5,134)
Collection fund	(8,966)	(1,844)	432	(10,378)
<b>Total Provisions for Bad Debt</b>	<b>(18,522)</b>	<b>(2,845)</b>	<b>2,698</b>	<b>(18,669)</b>

## 20 Creditors

### 20.1 Short-Term Creditors

Short-Term Creditors by Category	31 March 2023	31 March 2024
	£000	£000
Central government departments	(17,716)	(6,181)
NHS bodies	(1,614)	(483)
Other local authorities	(5,676)	(2,185)
Other entities and individuals	(99,097)	(106,547)
<b>Total Short-Term Creditors</b>	<b>(124,103)</b>	<b>(115,396)</b>

### 20.2 Long-Term Creditors

Long-Term Creditors by Category	31 March 2023	31 March 2024
	£000	£000
Other local authorities	(10,022)	(9,171)
Other entities and individuals	(156)	(205)
<b>Total Long-Term Creditors</b>	<b>(10,178)</b>	<b>(9,376)</b>

The amount included within Other Local Authorities relates to a liability to Devon County Council for unfunded pension liabilities in reference to pre-Local Government Re-organisation (that is pre 1 April 1998).

## 20.3 Other Long-Term Liabilities

Analysis of Other Long-Term Liabilities	31 March 2023	31 March 2024
	£000	£000
PFI finance leases	(88,680)	(84,233)
Other finance leases	(1,295)	(1,228)
Cornwall Council - Tamar Bridge and Torpoint Ferry Joint Committee	(18,575)	(18,100)
<b>Total Other Long-Term Liabilities</b>	<b>(108,550)</b>	<b>(103,561)</b>

## 21 Provisions

The Council has a number of budget provisions set up to meet known liabilities. The balance on the provisions at year-end together with movement in the year is outlined as follows:

Analysis of Provisions Held	31 March 2023	Provisions Made in Year	Provisions Used in Year	Unused Amounts Reversed in Year	31 March 2024
	£000	£000	£000	£000	£000
Insurance provision	(4,292)	(2,169)	1,720	0	(4,741)
Landfill site provision	(6,971)	0	391	56	(6,524)
Business rates appeals provision	(6,013)	(2,318)	3,584	0	(4,747)
<b>Total Provisions</b>	<b>(17,276)</b>	<b>(4,487)</b>	<b>5,695</b>	<b>56</b>	<b>(16,012)</b>

The provisions include short-term provisions of £6.626m (2022/23: £1.603m) and long-term provisions of £9.388m (2022/23: £12.931m).

Details about the main provisions held are as follows:

### Insurance Provisions

The Council insures only part of its risks externally through insurance companies, with other risks covered by specific internal funding. The insurance provision receives contributions from charges made to service revenue accounts for insurance, and payments are made from the fund in respect of insurable liabilities, which are covered internally. At the year-end, the balance on the various funds equates to the best estimate of liabilities from claims.

All of the Council's buildings are insured against fire, whilst some are also covered against other perils. Liability cover includes public liability and employer's liability.

### Landfill Site Provision

The Council has a provision of £6.524m as at 31 March 2024 to reflect the Council's on-going liability for the closed landfill site at Chelson Meadow. The provision has been calculated on the future maintenance costs over the next 44 years and is reviewed each year to take into account the actual maintenance costs spent in the year.

## 22 Unusable Reserves

The Council holds a number of unusable reserves in the Balance sheet. Some are required to be held for statutory reasons and some are needed to comply with proper accountancy practice.

Analysis of Reserves	Note	31 March 2023	31 March 2024
		<b>£000</b>	<b>£000</b>
<b>Unusable Reserves:</b>			
Revaluation Reserve	22.1	326,867	333,967
Capital Adjustment Account	22.2	122,567	171,753
Financial Instruments Adjustments Account	22.3	(24,814)	(24,194)
Pensions Reserve	22.4	(37,487)	(73,542)
Collection Fund Adjustment Account	22.5	7,814	2,208
Accumulating Compensated Absences Adjustment Account		(2,042)	(2,131)
Deferred Capital Receipts		285	280
Pooled Investment Fund Adjustment Account		(2,091)	(2,743)
DSG Adjustment Account	28	0	(4,253)
<b>Total Unusable Reserves</b>		<b>391,099</b>	<b>401,345</b>

## 22.1 Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost;
- used in the provision of service and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

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

The following table details the transactions posted to the account for the period:

Movement in Revaluation Reserve	2022/23	2023/24
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>313,175</b>	<b>326,867</b>
Upward revaluation of assets	31,783	42,615
Downward revaluation of assets and impairment losses not charged to the (surplus)/deficit on the Provision of Services	(5,027)	(7,110)
<b>Surplus or (Deficit) on the Revaluation of Non-current Assets Not Posted to the (Surplus) or Deficit on the Provision of Services</b>	<b>26,756</b>	<b>35,505</b>
Release of Investment Property Balance	0	(323)
Difference between fair value depreciation and historical cost depreciation	(9,472)	(9,728)
Accumulated gains on assets sold or scrapped	(3,592)	(18,354)
<b>Amount Written Off to the Capital Adjustment Account</b>	<b>(13,064)</b>	<b>(28,405)</b>
<b>Balance at 31 March</b>	<b>326,867</b>	<b>333,967</b>

## 22.2 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. These are then charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. It also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

The following table shows the transactions posted to the account during the year:

Movement in Capital Adjustment Account	2022/23	2023/24
	£000	£000
<b>Balance at 1 April</b>	<b>162,781</b>	<b>122,567</b>
Release of Investment Property balance in the Revaluation Reserve	0	323
<b>Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income and Expenditure Statement:</b>		
Charges for depreciation and impairment of non-current assets	(39,697)	(44,754)
Revaluation losses on Property, Plant and Equipment	(13,965)	18,802
Amortisation of intangible assets	(2)	0
Revenue expenditure funded from capital under statute	(12,479)	(23,193)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(7,592)	(21,510)
Adjusting amounts written out of the Revaluation Reserve	9,472	28,082
<b>Capital Financing Applied in the Year:</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	2,643	6,348
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	13,150	79,044
<b>Amounts Reserved for Future Capital Funding:</b>		
Statutory provision for the financing of capital investment charged against the General Fund (includes TBTF element)	18,537	19,182
Capital expenditure charged against General Fund	704	273
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(15,198)	(12,946)
<b>Other Movement on the CAA in Year:</b>		
Landfill Site Provision	2,703	56
Write down of long-term debtors	(814)	(2,845)
Deferred credit - Energy from Waste	2,324	2,324
<b>Balance at 31 March</b>	<b>122,567</b>	<b>171,753</b>

### 22.3 Financial Instruments Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for the accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the account to manage premiums paid and discounts received on the early redemption of loans. During the year there was no early redemption of LOBO loans. Premiums are debited and discounts are credited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the

General Fund Balance to the account in the Movement in Reserves Statement. Over time, the net expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on Council Taxpayers. In the Council's case this period is the unexpired term that was outstanding on loans when they were redeemed.

<b>Movement in Financial Instruments Adjustment Account</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>(25,431)</b>	<b>(24,814)</b>
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory	544	544
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	73	76
<b>Balance at 31 March</b>	<b>(24,814)</b>	<b>(24,194)</b>

## 22.4 Pension 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 Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities to recognise and to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. Statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds, or eventually pays any pensions for which it is directly responsible (i.e. enhanced pensions). The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

<b>Movement in Pension Reserve</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>(383,373)</b>	<b>(37,487)</b>
Opening balance adjustment	0	(324)
Actuarial gains or losses on pensions assets and liabilities	356,018	(42,948)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(27,448)	(12,602)
Employer's pensions contributions and direct payments to pensioners payable in the year	15,838	18,968
(Increase)/decrease in Plymouth's share of next deficit in year of Devon County Council Pension Fund	1,478	851
<b>Balance at 31 March</b>	<b>(37,487)</b>	<b>(73,542)</b>

## 22.5 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 taxpayers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the collection fund.

Collection Fund Adjustment Account	2022/23	2023/24
	£000	£000
<b>Balance at 1 April</b>	<b>18,673</b>	<b>(7,814)</b>
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated from the year in accordance with statutory requirements	(26,487)	5,606
<b>Balance at 31 March</b>	<b>(7,814)</b>	<b>(2,208)</b>

## 23 Notes to Cash Flow

### 23.1 Cash Flow Statement – Operating Activities

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

Analysis of Operating Activities	2022/23	2023/24
	£000	£000
<b>Net Surplus/(Deficit) on the Provision of Services</b>	<b>(40,605)</b>	<b>20,311</b>
<b>Adjust Net Surplus/(Deficit) on the Provision of Services for Non-Cash Movements:</b>		
Depreciation	53,663	44,754
Impairment and downward valuations	(9,471)	(18,802)
Adjustment for movements in fair value of investments classified as fair value through profit and loss	(9,337)	(867)
Losses or gains on derecognition of loans and advances in year	3,122	0
Adjustments for effective interest rates	(587)	0
(Increase)/decrease in interest creditors	607	(3,338)
(Increase)/decrease in creditors	47,488	(15,819)
(Increase)/decrease in interest and dividend debtors	0	(287)
(Increase)/decrease in debtors	(6,546)	(51,617)
(Increase)/decrease in inventories	(154)	(373)
Pension liability	10,132	(7,216)
Contributions to/(from) Provisions	(3,946)	(1,263)
Movement on the Dedicated Schools Grant Adjustment Account	0	(4,253)
Carrying amount of short-term and long-term investments sold	11,181	21,516
Movement in Investment Property values	15,198	12,946
<b>Total</b>	<b>111,350</b>	<b>(24,619)</b>
<b>Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing or Financing Activities</b>		
Capital grants credited to surplus/(deficit) on the Provision of Services	(36,708)	(80,211)
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(2,593)	(1,190)
<b>Total</b>	<b>(39,301)</b>	<b>(81,401)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>31,444</b>	<b>(85,709)</b>

The cash flows for operating activities include the following items:



<b>Analysis of Interest Paid and Received</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Interest received	3,466	4,677
Interest paid	(16,727)	(26,636)

### 23.2 Cash Flow Statement – Investing Activities

<b>Analysis of Investing Activities</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(76,019)	(64,721)
Other payments for Investing Activities	(28,531)	(5,642)
Proceeds from the sale of Property, Plant and Equipment, Investment Properties and Intangible Assets	2,596	1,195
Other Receipts from Investing Activities	46,685	37,356
<b>Net Cash Flows from Investing Activities</b>	<b>(55,269)</b>	<b>(31,812)</b>

### 23.3 Cash Flow Statement – Financing Activities

<b>Analysis of Financing Activities</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Cash receipts of short-term and long-term borrowing	157,987	305,209
Billing Authorities - Council Tax and NDR adjustments	(6,237)	11,840
Repayment of short-term and long-term borrowing	(147,485)	(202,958)
Other receipts from financing activities	13,699	4,542
Payments for the reduction of a PFI liability	(4,184)	(4,296)
<b>Net Cash Flows from Financing Activities</b>	<b>13,780</b>	<b>114,337</b>

### 23.4 Cash Flow Statement – Cash and Cash Equivalents

<b>Analysis of Cash and Cash Equivalents</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Cash and bank balances	724	1,890
Cash Investments - regarded as cash equivalents	28,745	23,795
Tamar Bridge and Torpoint Ferry	713	1,313
<b>Net Cash Flows from Cash and Cash Equivalents</b>	<b>30,182</b>	<b>26,998</b>

## 24 Pooled Budgets – Integrated Fund

The Council has a pooled budget arrangement with the NHS Devon Integrated Care Board (Devon ICB), under Section 75 of the NHS Act 2006, to enable an integrated approach to commissioning a range of health, public health and social care services to meet the needs of people living in the Plymouth area. The pooled budget is currently hosted by NHS Devon ICB on behalf of the two partners to the agreement, although the two partners keep their own accounts in their separate ledgers. All spend is allocated a lead commissioner. The risk share allows for the Council and NHS Devon ICB to share the risk and reward of over and under-spends, up to the value of 0.5% of the agreed applicable value of the Integrated Fund, is proportional to the value of the contribution of each party to the Integrated Fund and also ensures that the risk to each partner is capped. In 2020/21, because of the global pandemic, and

its effects on the costs of health and social care, it was agreed to amend the risk share for the year to 0% risk on both parties to the agreement and this was again agreed for 2021/22, 2022/23 and 2023/24. This decision will be reviewed for 2024/25.

<b>Pooled Budget - Integrated Fund</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Contribution to the Pooled Budget:</b>		
Plymouth City Council's contribution:		
Pooled	207,690	215,968
Aligned	66,712	69,514
<b>Total Plymouth City Council</b>	<b>274,402</b>	<b>285,482</b>
NHS Devon ICB's contribution:		
Pooled	176,838	164,583
Aligned	226,057	321,515
<b>Total NHS Devon ICB</b>	<b>402,895</b>	<b>486,098</b>
<b>Total Combined Integrated Fund</b>	<b>677,297</b>	<b>771,580</b>
<b>Expenditure Met from the Pooled Budget:</b>		
Plymouth City Council	280,184	300,284
NHS Devon ICB	399,518	491,390
<b>Total Expenditure on Integrated Fund</b>	<b>679,702</b>	<b>791,674</b>
<b>Net (Surplus)/Deficit on the Integrated Fund During the Year</b>	<b>2,405</b>	<b>20,094</b>

The figures above include amounts of the Plymouth Better Care Fund, of whom the lead commissioners are:

<b>Plymouth Better Care Fund</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
NHS Devon ICB Lead Commissioner	13,541	14,791
Plymouth City Council Lead Commissioner	11,415	8,601
<b>Total Plymouth Better Care Fund</b>	<b>24,956</b>	<b>23,392</b>

## 25 Members' Allowances

Allowances paid to Members of the Council in 2023/24 totalled £1.156m (2022/23: £1.054m). These figures include Members' allowances and expenses. Further information can be found on the Council's website.

## 26 Officers' Remuneration

### 26.1 Senior Employees

Senior employees earning £50,000 or more per annum who have responsibility for the management of the Council or power to directly control the major activities of the Council are required to be listed by way of job title within the accounts. Where an employee's remuneration exceeds £150,000 there is an additional requirement that they are identified by name. Plymouth defines relevant senior staff as members of the Corporate Management Team (Directors) and Departmental Management Teams (Service Directors).

Senior Management Post	Financial Year	Salaries, Fees and Allowances*	Pension Contributions	Total Remuneration	Notes
<b>Salary over £150,000</b>		£	£	£	
Tracey Lee - Chief Executive (Head of Paid Service)	2023/24	184,773	32,356	217,129	Includes election duty payments as the Returning Officer.
	2022/23	177,711	27,879	205,590	Includes election duty payments as the Returning Officer.
<b>Salary over £50,000 but less than £150,000</b>					
Assistant Chief Executive	2023/24	119,975	21,295	141,270	Includes election duty payments as the Deputy Returning Officer.
	2022/23	119,460	19,005	138,465	Includes election duty payments as the Deputy Returning Officer.
Director of Children's Services	2023/24	43,179	8,204	51,383	A new post holder commenced on 27 December 2023.
	2023/24	62,755	11,119	73,874	A new post holder commenced on 31 July 2023 until 26 December 2023 via an Agency. Previous post holder Left the authority on 01 September 2023.
	2022/23	149,368	24,258	173,626	A new post holder commenced on 13 June 2022. Previous post holder left the authority on 30 June 2022.
Director of Public Health	2023/24	118,394	17,025	135,419	
	2022/23	114,390	16,449	130,839	

Senior Management Post	Financial Year	Salaries, Fees and Allowances*	Pension Contributions	Total Remuneration	Notes
		£	£	£	
Director of Resources (Previously Strategic Director of Customer and Corporate Services)	2023/24	47,264	1,768	49,032	Post vacant. Post holder left the authority on 28 April 2023. Includes election duty payments.
	2022/23	132,810	21,960	154,770	Includes election duty payments.
Strategic Director for People	2023/24	141,698	22,327	164,025	Post holder left the authority on 16 February 2024. Includes election duty payments.
	2022/23	143,853	21,782	165,635	A new post holder commenced on 22 October 2022. Previous post holder left the authority on 21 October 2022.
Strategic Director for Place	2023/24	137,394	25,555	162,949	
	2022/23	135,396	22,476	157,872	
Service Director for Children, Young People and Families	2023/24	31,976	0	31,976	A new post holder commenced on 17 July 2023 via an Agency. Previous post holder left the authority on 23 July 2023.
	2022/23	100,227	10,013	110,240	A new post holder commenced on 6 November 2022. Previous post holder left the authority on 5 November 2022.
Service Director for Community Connections	2023/24	82,095	17,053	99,148	Includes election duty payments.
	2022/23	80,809	13,381	94,190	Includes election duty payments.
Service Director for Digital and Customer Services	2023/24	0	0	0	Post vacant.
	2022/23	0	0	0	Post vacant.
Service Director for Economic Development	2023/24	107,257	20,146	127,403	
	2022/23	104,636	17,372	122,008	
Service Director for Education, Participation and Skills	2023/24	13,256	2,519	15,775	A new post holder commenced on 19 February 2024. Post covered via an Agency until 18 January 2024.
	2022/23	63,858	10,600	74,458	A new post holder commenced on 9 January 2023 via an Agency. Previous post holder left the authority on 30 November 2022.

Senior Management Post	Financial Year	Salaries, Fees and Allowances*	Pension Contributions	Total Remuneration	Notes
		£	£	£	
Service Director for Finance (Section 151 Officer)	2023/24	108,299	20,089	128,388	Includes election duty payments.
	2022/23	105,266	17,474	122,740	A new post holder commenced on 4 October 2022. Previous post holder left the authority on 3 October 2022.
Service Director for HR and Organisational Development	2023/24	43,249	8,217	51,466	A new post holder commenced on 16 November 2023.
	2023/24	32,986	4,327	37,313	A new post holder commenced on 23 July 23 until 26 November 23 via an Agency. Previous post holder left the authority on 26 June 2023. Includes election duty payments.
	2022/23	101,002	16,766	117,768	
Service Director for Integrated Commissioning	2023/24	0	0	0	Post vacant.
	2022/23	57,043	9,428	66,471	The post holder vacated this post on 21 October 2022. Includes election duty payments.
Service Director for Strategic Planning and Infrastructure	2023/24	111,369	20,727	132,096	
	2022/23	104,648	17,372	122,020	
Service Director for Street Services	2023/24	104,787	19,444	124,231	Includes election duty payments.
	2022/23	99,562	16,494	116,056	Includes election duty payments.
Head of Legal Services (Monitoring Officer)	2023/24	7,263	1,380	8,643	A new post holder commenced on 4 March 2024.
	2023/24	35,057	6,260	41,317	Post holder left the authority on 6 August 2023.
	2022/23	96,925	16,090	113,015	

\* Salaries, Fees and Allowances exclude immaterial expenses such as travel and subsistence

### Election Fees

The allowances for 2023/24 cover one local election and two local by-elections.

The allowances for 2022/23 cover one local election and one local by-election.

## 26.2 Remuneration Above £50,000

The Council is required by statute to disclose the number of employees whose remuneration for the year (excluding employer pension contributions) was £50,000 or more.

The following numbers do not include the senior management as disclosed in note [26.1](#).

Remuneration Bandings	2022/23		2023/24	
	Schools	Non-schools	Schools	Non-schools
£50,000 - £54,999	25	66	17	78
£55,000 - £59,999	8	31	11	36
£60,000 - £64,999	9	20	2	18
£65,000 - £69,999	2	8	3	17
£70,000 - £74,999	0	8	4	10
£75,000 - £79,999	2	4	1	3
£80,000 - £84,999	1	1	0	3
£85,000 - £89,999	4	0	2	3
£90,000 - £94,999	0	2	2	1
£95,000 - £99,999	1	0	2	1
£100,000 - £104,999	0	0	0	0
£105,000 - £109,999	0	0	0	0
£110,000 - £114,999	1	1	0	0
£115,000 - £119,999	0	0	0	0
£120,000 - £124,999	0	0	1	1
<b>Total</b>	<b>53</b>	<b>141</b>	<b>45</b>	<b>171</b>

## 26.3 Employee Exit Packages

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the following table:

Banding	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	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
							£000	£000
£00,001 - £20,000	6	2	4	11	10	13	18	102
£20,001 - £40,000	0	1	0	1	0	2	0	58
£40,001 - £60,000	0	1	0	1	0	2	0	89
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	1	0	0	0	1	0	108
<b>Total</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>13</b>	<b>10</b>	<b>18</b>	<b>18</b>	<b>357</b>

The Council terminated the contracts of a number of employees in 2023/24, including school based staff, incurring liabilities of £0.383m (2022/23: £0.018m). This includes a sum of £0.126m to the pension fund in respect of pensions strain payments (for example, of the payments in the £100,001 - £150,000 band,

67% relates to the strain payment). The Council's expenditure on schools is primarily funded from the Dedicated Schools Grant provided by the Department of Education.

## 27 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts:

Analysis of External Audit Costs	2022/23	2023/24
	£000	£000
Fees payable to Grant Thornton LLP with regard to external audit services carried out by the appointed auditor for the year	191	393
Fees payable in respect of other services provided by Grant Thornton LLP during the year	35	73
<b>Total External Auditor Costs</b>	<b>226</b>	<b>466</b>

## 28 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency (ESFA), the Dedicated Schools Grant (DSG). The DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2023. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable are as follows:



Analysis of Dedicated Schools Grant		2023/24		
		Central Expenditure	Individual Schools Budget	Total
Note		£000	£000	£000
A	Final DSG before academy and high needs recoupment			260,211
B	Academy and high needs figure recouped			(179,636)
<b>C</b>	<b>Total DSG After Academy and High Needs Recoupment</b>			<b>80,575</b>
D	Brought forward from 2022/23			1,174
E	Carry-forward to 2024/25 agreed in advance			0
F	Agreed initial budgeted distribution in 2023/24	37,119	44,631	81,750
G	In year adjustments	0	20	20
<b>H</b>	<b>Final Budgeted Distribution</b>	<b>37,119</b>	<b>44,651</b>	<b>81,770</b>
I	Less actual central expenditure	45,211		45,211
J	Less actual ISB deployed to schools		40,811	40,811
K	Plus Local Authority contribution	0	0	0
<b>L</b>	<b>In-Year Carry-Forward to 2024/25</b>	<b>(8,092)</b>	<b>3,840</b>	<b>(4,252)</b>
M	Plus: Carry-forward to 2024/25 agreed in advance			0
<b>N</b>	<b>Carry-Forward to 2024/25</b>			<b>0</b>
O	DSG unusable reserve at the end of 2022/23			0
P	Addition to DSG unusable reserve at the end of 2023/24			(4,252)
<b>Q</b>	<b>Total of DSG Unusable Reserve at the End of 2023/24</b>			<b>(4,252)</b>
<b>R</b>	<b>Net DSG Position at the End of 2023/24</b>			<b>(4,252)</b>

- A. Final DSG figure before any amount has been recouped from the authority as published March 2024 excluding the adjustment to the 2022/23 DSG for early years made during 2023/24 based on January 2023 numbers or top-up funding.
- B. Figure recouped from the authority in 2023/24 by the DfE for the conversion of maintained schools into academies and for high needs payments made by ESFA.
- C. Total DSG figure after academy and high needs recoupment for 2023/24, as published March 2024.
- D. Figure brought forward from 2022/23.
- E. Any amount which the authority decided after consultation with the Schools Forum to carry forward to 2024/25 rather than distribute in 2023/24.
- F. Budgeted distribution of DSG, adjusted for carry-forward, as agreed with the Schools Forum.
- G. Changes to the initial distribution, for example the final early years block adjustment for 2022/23 made during 2023/24 on the basis of January 2023 numbers. Safety valve payments count as DSG and should be included here if paid in 2023/24.
- H. Budgeted distribution of DSG as at the end of the financial year.
- I. Actual amount of central expenditure items in 2023/24.
- J. Amount of ISB actually distributed to schools.

- K. Any contribution from the Local Authority in 2023/24 that will have the effect of substituting for DSG in funding the schools budget.
- L. In-year position at end of 2023/24:
- For central expenditure, difference between final budgeted distribution of DSG and actual expenditure.
  - For ISB, difference between final budgeted distribution and amount actually deployed to schools, plus any local authority contribution.
- M. Plus/minus any carry-forward to 2024/25 already agreed.
- N. Total carry-forward on central expenditure plus carry-forward on ISB plus/minus any carry-forward to 2024/25 already agreed.
- O. DSG unusable reserve at end of 2022/23.
- P. Any addition to DSG unusable reserve in 2023/24 as a result of an in-year deficit in 2023/24.
- Q. Total of DSG unusable reserve at end of 2023/24.
- R. Net DSG position at the end of 2023/24.

## 29 Grant Income

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

Credited to Taxation and Non-specific Grant Income and Expenditure	2022/23	2023/24
	£000	£000
Section 31 grants	(12,679)	(18,078)
Capital grants and contributions	(28,686)	(66,268)
PFI credits	(7,053)	(6,948)
Revenue Support Grant	(10,046)	(11,562)
<b>Total</b>	<b>(58,464)</b>	<b>(102,856)</b>

Grants Credited to Services	2022/23	2023/24
	£000	£000
Benefits Admin Grant	(923)	0
Dedicated Schools Grant and Other Education Grants	(78,311)	(83,575)
Housing Benefit Subsidy	(55,296)	(56,375)
Learning and Skills Council	(2,742)	(2,440)
Improved Better Care Fund	(12,933)	(12,933)
Transforming Social Care Grant	(13,502)	(21,707)
New Homes Bonus	(1,707)	(22)
Public Health Grant	(15,940)	(16,460)
Troubled Families Grant	(1,089)	(1,009)
Arts Council	(769)	(529)
Department of Health Grant	(54)	(242)
COVID-19 Emergency funding	(16)	0
Household Support Grant	(4,590)	(4,590)
Market Sustainability Fair Costs of Care	(867)	(3,007)
New Burdens - Breathing Space	(4,437)	(2,359)
Other Revenue Grants	(28,099)	(47,210)
<b>Total</b>	<b>(221,275)</b>	<b>(252,458)</b>

## 29.1 Current Liabilities

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the grantor. The grants are held on the Balance Sheet as a creditor in a Grants Receipts in Advance Account and are split between Revenue and Capital Grant Receipts in Advance as follows:

<b>Revenue Grant Receipts in Advance - Current Liabilities</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
RegEnergy	387	434
Sub-National Transport Body	0	485
Domestic Abuse Bill preparation	640	765
Section 256 Revenue Grant (SARC)	573	608
D2 Grids	436	443
Family Hubs Start For Life	402	182
NIHR Plymouth Health Determinants Research	444	241
Afghan Citizens Resettlement Scheme	416	597
Homes for Ukraine	1,342	1,222
Bus Service Improvement Plan	0	712
Nature Based Solutions	0	518
Syrian Resettlement Programme (SRP)	690	313
Changing Futures	499	324
Other	3,964	2,986
<b>Total</b>	<b>9,793</b>	<b>9,830</b>

<b>Capital Grant Receipts in Advance - Current Liabilities</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Department for Transport	40,898	46,324
Department for Environment Food & Rural Affairs	1,478	3,398
Department for Digital, Culture, Media and Sport	3,393	2,063
Football Foundation	921	0
Arts Council	4,175	0
Growth Deal (LEP)	36,180	6,080
Growth & Housing Fund	4,470	0
Get Building Fund (LEP)	7,074	4,087
Department for Levelling Up, Housing & Communities	22,754	23,685
European Regional Development Funding	4,006	0
Department for Business, Energy & Industrial Strategy	4,467	2,452
Department for Education	0	435
Warm Homes Fund	1,060	1,060
Heatnet	0	1,000
NHS England	442	580
Other	1,087	936
<b>Total</b>	<b>132,405</b>	<b>92,100</b>

## 29.2 Long-Term Liabilities

Capital Grant Receipts in Advance - Long-Term Liabilities	2022/23	2023/24
	£000	£000
Department for Transport	6,684	7,596
Heritage Lottery Fund	0	12
SI06	13,486	11,310
Growth Deal	7,154	4,694
Department for Levelling Up, Homes & Communities	4,800	4,800
<b>Total</b>	<b>32,124</b>	<b>28,412</b>

### 30 Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

The following table outlines transactions between the Council and its subsidiaries, associates, jointly controlled and other assisted organisations where the influence is considered to be material, either to the Council or to the organisation.

Related Party Transactions	Details of Arrangement	2022/23			2023/24		
		Receipts	Payments	Outstanding Balances/ Commitments	Receipts	Payments	Outstanding Balances/ Commitments
Subsidiaries, Associates and Joint Arrangements		£000	£000	£000	£000	£000	£000
<b>Subsidiaries</b>							
@ Plymouth Care	@PlymouthCare was incorporated on the 10 June 2021. The company is a wholly owned subsidiary of the Council and was created to help people remain as independent in their own home, by providing support and care services for people.	(13)	498	466	(19)	419	357
Arca (Plymouth) Ltd	Arca is responsible for the administration and management of The Box and St Luke's Church and is a wholly owned by the Plymouth City Council.	(2)	805	(1,076)	(11)	832	0
CATERed Ltd	CATERed is a co-operative trading company which is jointly owned by 67 local schools and Plymouth City Council. Plymouth City Council is the majority shareholder with 51% of the shares.	(205)	1,564	49	(200)	1,254	(131)
Plymouth Active Leisure	Plymouth Active Leisure Limited was incorporated on the 17th November 2021. The company is a wholly owned subsidiary of the Council and took back responsibility for operating the Council's leisure centres from Sports and Leisure Management LTD (SLM) on the 1 April 2022.	(203)	711	245	(164)	402	21
Plymouth Investment Partnerships Ltd (PIP)	PIP invests in the promotion, assistance and establishment of business to improve the employment and economy of Plymouth and its surrounding area. Plymouth City Council has full ownership of PIP.	(106)	0	0	(84)	0	0

Related Party Transactions	Details of Arrangement	2022/23			2023/24		
		Receipts	Payments	Outstanding Balances/ Commitments	Receipts	Payments	Outstanding Balances/ Commitments
<b>Subsidiaries, Associates and Joint Arrangements - Continued</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Joint Arrangements</b>							
DELT Shared Services Ltd	DELT provide ICT and systems to partners. DELT is jointly and equally controlled and owned by Plymouth City Council and Devon CCG.	(199)	12,046	3,175	(198)	11,298	1,197
Plymouth Science Park Ltd	Plymouth Science Park is a science and technology park for businesses and provide provision of support, advisory and facilities management services. Plymouth Science Park is jointly and equally owned by Plymouth City Council and Plymouth University.	(50)	0	(1,956)	(50)	0	(1,956)



## Central Government

Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Housing Benefits). Details of transactions with Government Departments are set out in note [29](#).

## Members

Members of the Council have direct control over the Council's financial and operating policies.

The total of members allowances paid in 2023/24 is disclosed in note [25](#).

Under the Code of Conduct, incorporated in the Council's constitution, Members are required to record in the Register of Members' Interests any financial and other personal interests, together with any gift, hospitality, material benefit or advantage. The register is open to inspection by the public and is available on an individual Member basis on the Council's website. Members who declare an interest do not take part in any discussion or decision relating to grants made or works or services commissioned. Details of all interests declared are recorded in the meetings of relevant meetings.

Members of the Council are nominated to serve on numerous outside bodies some of which either receive funding from the Council or issue levies and precepts to be paid by the Council. When sitting on these bodies Members are expected to act independently and not to represent the views of the Council.

## Senior Officers

Under the Employees' Code of Conduct, officers are required to declare potential conflicts of interest arising from employment arrangements together with gifts or hospitality and offers thereof and, under Section 117 of the 1972 Local Government Act, contractual arrangements where there is a conflict of interest whether it be by direct or indirect involvement. Most professional bodies also have codes of professional conduct to which members of those bodies are expected to adhere. During the financial year 2023/24 17 officers were company directors or board members on behalf of the Council.

## Other Public Bodies

The Council has a pooled budget arrangement with NHS Devon Integrated Care Board (NHS Devon ICB) for the provision of care services. Further details of the arrangement, the transactions and balances outstanding are detailed in note [24](#).

## Other Interests in Companies

There are a number of companies which are also linked to the Council which fall under the definition of an assisted organisation. This includes the provision of financial assistance to voluntary organisations. However they are not considered material in financial terms. Examples include Access Plymouth Ltd, Plymouth Citizens Advice Bureau and the Shekinah Mission (Plymouth) Limited. Independent Futures and the Plymouth City Centre Company Limited are examples of larger organisations supported by the Council.

- **DELT Shared Services Limited**

DELT was launched 1 October 2014 and is a publicly owned private limited company (09098450). It was set up to deliver ICT services and systems to its partners; Plymouth City Council and NHS Devon ICB.

DELT is jointly and equally controlled by its partners with both partners carrying equal full voting rights. The collaborative arrangement is classed as a joint venture.

For more information about DELT and its financial performance, please visit the DELT Services website.

- **CATER<sup>ed</sup> Limited**

CATER<sup>ed</sup> is a cooperative trading company (09355912) which is jointly owned by Plymouth City Council and 67 local schools, providing all school meals in the city. CATER<sup>ed</sup> is 49 per cent owned by schools and 51 per cent by the Council and serves almost 2.5 million meals to Plymouth school children every year.

Plymouth City Council is the majority shareholder of CATER<sup>ed</sup> with 51 per cent of shares and voting rights allocated one vote per share. The collaborative arrangement is classed as a subsidiary of the Council.

For more information about CATER<sup>ed</sup> and its financial performance, please visit the CATER<sup>ed</sup> website.

- **Arca (Plymouth) Limited**

Arca (Plymouth) Ltd (12187662) is a wholly owned subsidiary of the Council which is responsible for the administration and management of The Box and St Luke's Church which opened in September 2020.

- **@PlymouthCare Limited**

@PlymouthCare (13449128) was incorporated on the 10 June 2021. The company is a wholly owned subsidiary of the Council and was created to help people remain as independent in their own home, by providing support and care services for people.

- **Plymouth Active Leisure Limited**

Plymouth Active Leisure Limited (13749536) was incorporated on the 17 November 2021. The company is a wholly owned subsidiary of the Council and took back responsibility for operating the Council's leisure centres from Sports and Leisure Management LTD (SLM) on the 1 April 2022.

## Joint Committees

The Council is a member of a couple of joint committees where local authorities have joined together to provide a service. These are listed as follows:

- **Devon Audit Partnership (DAP)**

From April 2009 Plymouth City Council set up a Joint Committee with Devon County Council and Torbay Council for the provision of a shared internal audit service. The service is also able to provide audit services to other organisations. This is a shared service arrangement and is constituted under section 20 of the Local Government Act 2000.

Devon County Council is the host Council for the Joint Committee with all staff now employed by Devon County Council. Assets and Liabilities of the Joint Committee are split on an agreed basis (number of FTE's on inception of the Committee); Plymouth's share equates to 27 per cent and its contribution to the partnership for 2023/24 was £0.324m (2022/23: £0.324m). The Council also pays DAP for Counter Fraud Services at a cost of £0.228m for 2023/24 (£0.228m for 2022/23).

- **South West Devon Waste Disposal Partnership**

Plymouth City Council, Torbay Council and Devon County Council have jointly contracted a PFI project for an Energy from Waste Plant (based in Plymouth) to dispose of residual waste collected by the three Councils. As part of the Joint Working Agreement between the three Councils the South West Devon Waste Partnership Joint Committee has been established to facilitate the procurement and subsequent operation and management of the facilities (by the selected contractor). The Plant became operational in April 2015.

Plymouth is the Lead Authority with the expenditure associated with this project is incurred and then allocated on an estimated tonnage share basis to Torbay and Devon County Councils. Plymouth's share of the expenditure is reflected within the cost of services on the Comprehensive Income and Expenditure Statement.

For more information about external bodies which Plymouth City Council have an interest in please visit the Council's website.

### 31 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), 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 Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

Capital Financing Requirements	2022/23	2023/24
	£000	£000
<b>Opening Capital Financing Requirement 1 April</b>	<b>765,214</b>	<b>816,483</b>
<b>Capital Investment</b>		
Property, Plant and Equipment	75,602	71,129
Investment Properties	(5)	0
Assets Held for Sale	112	25
Revenue Expenditure Funded from Capital Under Statute	12,479	23,193
Other capital expenditure	130	735
<b>Total</b>	<b>88,318</b>	<b>95,082</b>
<b>Sources of Finance</b>		
Capital receipts	(2,643)	(6,348)
Other movements in Long-Term Debtors	(2,402)	637
Grants and contributions applied in year	(13,150)	(79,044)
Revenue and other funds	(704)	(273)
Minimum Revenue Provision	(18,537)	(19,182)
Use of landfill provision	387	391
<b>Total</b>	<b>(37,049)</b>	<b>(103,819)</b>
<b>Closing Capital Financing Requirement 31 March</b>	<b>816,483</b>	<b>807,746</b>
<b>Explanation of Movement in Year</b>		
Increase in underlying need to borrow	45,192	46,589
Increase in underlying need to borrow resulting from other changes in capital financing requirement	6,077	(55,326)
<b>Increase/Decrease in Capital Financing Requirement</b>	<b>51,269</b>	<b>(8,737)</b>

### 32 Leases

The Council is a lessor of a number of properties, including city centre shops, several retail and industrial units. The future minimum lease payments receivable under non-cancellable leases are:

Operating Leases - Authority as a Lessor	31 March 2023	31 March 2024
	£000	£000
Not later than one year	17,527	17,774
Later than one year and not later than five years	58,318	58,188
Later than five years	213,743	257,034
<b>Total Operating Leases</b>	<b>289,588</b>	<b>332,996</b>

### 33 Private Finance Initiatives (PFI) and Similar Contracts

#### 33.1 Schools PFI

The Council makes an agreed payment each year, part of which is subject to an annual inflation increase, and can be reduced if the contractor fails to meet availability and performance standards in any one year but which is otherwise fixed. A total payment of £6.332m was made in 2023/24 (2022/23: £5.953m). Payments remaining to be made under the PFI contract at 31 March 2024, excluding any estimation of inflation and availability/performance deductions, are as follows:

PFI Outstanding Liabilities	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Total payments to operator in 2023/24	3,133	1,413	1,786	6,332
Payable in 2024/25	3,376	1,409	1,663	6,448
Payable within two to five years	14,654	6,660	5,352	26,666
Payable within six to ten years	17,552	10,968	2,696	31,216
<b>Total</b>	<b>35,582</b>	<b>19,037</b>	<b>9,711</b>	<b>64,330</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred, and interest payable, whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

Movement in PFI Liability	2022/23	2023/24
	£000	£000
Balance outstanding 1 April	21,754	20,449
Payments during the year	(1,305)	(1,413)
<b>Balance Outstanding 31 March</b>	<b>20,449</b>	<b>19,036</b>

The Council has secured PFI credits to the value of £53m, to which interest is added resulting in total Government support of £105.871m over the contract period, and this together with an annual contributions from the Council and the schools which will be used to meet the running costs of the contract, including the loan repayments.

The PFI credits will be paid to the Council at a rate of £3.983m per annum. Spend to be incurred during the contract will vary from year to year as lifecycle works are undertaken. The Council transfers any surplus resources for the PFI scheme to a PFI reserve to match commitments that will be incurred in future years.

### 33.2 South West Devon (SWD) Energy from Waste (EfW) Partnership

2015/16 was the first year of operation of the EfW public/private service concession arrangement whereby the SWD local authority partnership granted the right to MVV Umwelt (MVVU), the operator, to treat and render inert waste that otherwise would have been disposed of in landfill sites. The SWD partnership comprising Plymouth City Council, Devon County Council and Torbay Council appointed MVVU under a fixed price contract to finance, construct and design the 245,000 tonne capacity facility and to maintain it to a minimum acceptable condition over a 50 year term.

PFI Outstanding Liabilities	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Total payments to operator in 2023/24	4,237	498	3,542	8,277
Payable in 2024/25	4,241	716	3,480	8,437
Payable within two to five years	20,113	2,837	13,225	36,175
Payable within six to ten years	26,767	9,112	13,654	49,533
Payable within eleven to fifteen years	31,228	17,187	7,141	55,556
Payable within sixteen to twenty years	5,277	2,612	179	8,068
<b>Total</b>	<b>87,626</b>	<b>32,464</b>	<b>37,679</b>	<b>157,769</b>

The EfW facility is located on MOD land at Camel's Head, North Yard in Devonport Dockyard, Plymouth. The SWD partnership specifies the activities offered by the facility, the opening hours and the expected minimum standard of service to be provided by the operator. MVVU is required to receive all the residual waste from the defined area of the local authority partnership for which the councils are obliged to pay a fixed gate fee based on a guaranteed minimum tonnage of waste, with an additional charge for any extra waste delivered by the councils over and above the contractual waste.

Movement in PFI Liability	2022/23 Plymouth Share	2022/23 Deferred Income	2023/24 Plymouth Share	2023/24 Deferred Income
	£000	£000	£000	£000
Balance outstanding 1 April	33,462	41,826	32,964	39,502
Payments during the year	(499)	(2,324)	(498)	(2,324)
<b>Balance Outstanding 31 March</b>	<b>32,963</b>	<b>39,502</b>	<b>32,466</b>	<b>37,178</b>

Under a separate 25 year agreement between the operator and the MOD, MVVU processes the waste to provide environmentally sustainable heat and electricity to HM Naval Base Devonport. Power is sold at a capped, index linked, guaranteed base price, with any surplus electricity being exported to the National Grid based on a long-term Power Purchase Agreement (PPA) to a company within the MVV group.

The SWD partnership receives 50% of the income earned by EVVU from any excess waste it processes or any excess energy it supplies to third parties. EMVU 3rd party revenues are unrestricted and the SWD partnership is obliged to compensate the operator for any loss of third party income should the councils exceed their contractual maximum tonnage.

Income and expenditure, assets and liabilities are recorded in each of Plymouth City Council, Devon County Council and Torbay Council's Statements of Accounts respectively in the ratio 48:35:17. Plymouth City Council's share of the total construction costs of £195.324m is carried at depreciated replacement cost in its balance sheet as detailed in note [15.1](#) (Property, Plant and Equipment) together with a corresponding liability.

## 34 Pensions

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until the employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

### 34.1 Pension Scheme Accounted for as Defined Contribution Schemes

#### Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension scheme administered by Capita Teachers Pensions on behalf of the Department for Education. The scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the cost by making contributions based on a percentage of member's pensionable salaries.

The scheme is technically a defined benefit scheme. However, the scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2023/24, Plymouth City Council paid £4.624m to Teachers' Pensions in respect of teachers' retirement benefits (2022/23: £3.535m). There were no contributions remaining payable at the year-end. In 2023/24 the minimum member contribution was 7.4 per cent of salary, the maximum was 11.7 per cent.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in note [34.2](#).

### 34.2 Defined Benefit Pension Schemes

#### Local Government Pension Scheme (LGPS)

Plymouth City Council and Tamar Bridge and Torpoint Ferry Joint Committee participate in the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit scheme with benefits earned up to 31 March 14 being linked to final salary. Benefits earned after 31 March 14 are based on Career Average Revalued Earnings (CARE). The Plymouth City Council scheme is administered by Devon County Council, however, the Joint Committee Scheme is administered by Cornwall Council and so separate notes have been included to represent Plymouth City Council's 50 per cent interest.

As a result of the High Court's recent Lloyds ruling on the equalisation of Guaranteed Minimum Pension (GMP), a number of pension schemes have made adjustments to accounting disclosures. On 23 March 2021, the Government published the outcome to its GMP indexation consultation, concluding that all public service pension schemes, including LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016. This outcome is consistent with the approach adopted by the actuary and there are no adjustments to be made to the value placed on liabilities.

The McCloud/Sargeant cases relate to age discrimination within the Judicial and Fire Pension Schemes respectively. Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. The estimated cost of the impact of the McCloud/Sargeant judgement was incorporated

into the pension notes as at 31 March 2022, any changes to these costs in 2023/24 are not expected to be material.

## **PENSION INFORMATION FOR THE PLYMOUTH CITY COUNCIL (PCC) SCHEME**

### **Transactions Relating to Post-Employment Benefits**

The Council recognises the cost of retirement benefits in the surplus/deficit on continuing 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 Council Tax is based on the cash payable in the year, and the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the CIES and the General Fund Balance via the MiRS during the year:



<b>Comprehensive Income and Expenditure Statement</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Cost of Services</b>		
Service cost comprising:		
current service cost	24,980	13,748
past service cost	1	119
(gain)/loss from settlements	(755)	(261)
<b>Financing and Investment Income and Expenditure</b>		
Net interest expense	1,670	(2,069)
<b>Other Operating Expenditure</b>		
Administration expenses	556	571
<b>Total Post-employment Benefit Charged to the Surplus/Deficit on the Provision of Services</b>	<b>26,452</b>	<b>12,108</b>
<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>		
Re-measurement of the net defined benefit liability comprising:		
return on plan assets (excluding the amount included in the net interest expense)	47,049	(56,767)
actuarial gains and losses arising on changes in demographic assumptions	0	(12,778)
actuarial gains and losses arising on changes in financial assumptions	(503,150)	(19,142)
experience gain/(loss) on defined benefit obligation	105,092	2,453
changes in effect of asset ceiling	0	129,924
<b>Total Premeasurements Recognised in the Comprehensive Income and Expenditure Statement</b>	<b>(351,009)</b>	<b>43,690</b>
<b>Total Post-employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(324,557)</b>	<b>55,798</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefit in accordance with the Code	(26,452)	(12,108)
<b>Actual Amount Charged Against the General Fund Balance for Pensions in the Year:</b>		
employers' contribution payable to the scheme	15,382	18,464
retirement benefits payable to pensioners	3,075	3,260
adjustment re: net increase/(decrease) per LGR pension liability	1,478	851

### 34.3 Assets and Liabilities in Relation to Post-Employment Benefits (PCC)

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

2023/24	Scheme Assets	Pension Obligations	Effect of Asset Ceiling	Net Pensions (Liability) or Asset
	£000	£000	£000	£000
<b>Opening balance at 1 April</b>	<b>891,135</b>	<b>(918,063)</b>	<b>0</b>	<b>(26,928)</b>
Current service cost	0	(13,748)	0	(13,748)
Employee contributions	6,701	(6,701)	0	0
Past service cost and gains/losses on settlements	(1,796)	1,938	0	142
Interest Income and Expenses	45,655	(43,586)	0	2,069
Admin expenses	(571)	0	0	(571)
Remeasurements:				
actuarial gains/losses arising from changes in demographic assumptions	0	12,778	0	12,778
actuarial gains/losses arising from changes in financial assumptions	0	19,142	0	19,142
other actuarial gains and losses	56,767	(2,453)	0	54,314
change on the effect of the assets ceiling	0	0	(129,924)	(129,924)
Council employers contribution	18,464	0	0	18,464
Retirement grants and pensions	(41,258)	41,258	0	0
<b>Closing Balance at 31 March</b>	<b>975,097</b>	<b>(909,435)</b>	<b>(129,924)</b>	<b>(64,262)</b>

2022/23	Scheme Assets	Pension Obligations	Effect of Asset Ceiling	Net Pensions (Liability) or Asset
	£000	£000	£000	£000
<b>Opening balance at 1 April</b>	<b>920,884</b>	<b>(1,287,751)</b>	<b>0</b>	<b>(366,867)</b>
Current service cost	0	(24,980)	0	(24,980)
Employee contributions	6,409	(6,409)	0	0
Past service cost and gains/losses on settlements	(2,006)	2,760	0	754
Interest Income and Expenses	34,410	(36,080)	0	(1,670)
Admin expenses	(556)	0	0	(556)
Remeasurements:				
actuarial gains/losses arising from changes in financial assumptions	0	503,150	0	503,150
other actuarial gains and losses	(47,049)	(105,092)	0	(152,141)
Council employers contribution	15,382	0	0	15,382
Retirement grants and pensions	(36,339)	36,339	0	0
<b>Closing Balance at 31 March</b>	<b>891,135</b>	<b>(918,063)</b>	<b>0</b>	<b>(26,928)</b>

The effect of the asset ceiling has been determined by the Scheme's actuaries on the basis of the limitation on the Council's ability to recover the full economic benefit of its assets through reductions in future employer's contributions because of the minimum funding requirement imposed on it by the funding strategy for the Scheme in place at 31 March 2024. Under this strategy, the Council has an obligation to fund a deficit of £64.262m.

The Scheme actuaries have assessed the Council's estimated future service costs less the estimated minimum funding requirement contributions to establish the economic benefit that is available to the Council. The net pensions asset has therefore been adjusted by this effect of the asset ceiling.

### 34.4 Scheme History (PCC)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £64.262m is shown as a negative balance and therefore has an impact on the net worth of the Council as recorded in the Balance Sheet. However the negative balance that arises measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2025 is £18.773m.

### 34.5 Basis for Estimating Assets and Liabilities (PCC)

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, gender, salary levels, investment returns, interest rates, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, with the estimates for the City Council's share of the Fund being based on the latest full valuation of the scheme as at 31 March 2024.

Basis for Estimating Assets and Liabilities	2022/23	2023/24
Mortality assumptions:		
Longevity at 65 for current pensioners:		
men	21.8	21.5
women	22.9	22.7
Longevity at 65 for future pensioners:		
men	23.1	22.8
women	24.4	24.1
Rate of inflation (CPI)	2.95%	2.90%
Rate of increase in salaries	3.95%	3.90%
Rate of increase in pensions	2.95%	2.90%
Rate for discounting scheme liabilities	4.80%	4.90%

Impact on the Defined Benefit Obligation in the Scheme	Decrease in Assumption	No Change	Increase in Assumption
	£000	£000	£000
Longevity (increase or decrease in 1 year)	875,541	909,435	944,797
Rate of increase in salaries (increase or decrease by 0.1%)	908,503	909,435	910,374
Rate of increase in pensions (increase or decrease by 0.1%)	896,692	909,435	922,490
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	923,173	909,435	896,030

### 34.6 Total Assets (PCC)

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

Categories by Proportion of the Total Assets Held	2022/23	2023/24
	%	%
Equities	60	56
Gilts	0	0
Property	18	18
Cash	1	2
Other investments	21	24
<b>Total</b>	<b>100</b>	<b>100</b>

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

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

Pension Assets and Liabilities Recognised in the Balance Sheet	2022/23	2023/24
	£000	£000
Present value of the defined benefit obligation	892,179	885,224
Fair value of plan assets	(891,135)	(975,097)
<b>Net Liability</b>	<b>1,044</b>	<b>(89,873)</b>
Other movements in the liability	25,884	24,211
Impact of Asset Ceiling	0	129,924
<b>Net Liability Arising from Defined Benefit Obligation</b>	<b>26,928</b>	<b>64,262</b>

### PENSION INFORMATION FOR TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE (TBTF)

### 34.8 Transactions in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement (TBTF)

Comprehensive Income and Expenditure Statement	2022/23	2023/24
	£000	£000
<b>Cost of Services</b>		
Service cost	856	455
<b>Financing and Investment Income and Expenditure</b>		
Net interest expense	140	40
<b>Total Post-employment Benefit Charged to the Surplus/Deficit on the Provision of Services</b>	<b>996</b>	<b>495</b>
<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>		
Re-measurement of the net defined benefit liability comprising:		
return on plan assets (excluding the amount included in the net interest expense)	99	(247)
actuarial gains and losses arising on changes in demographic assumptions	(122)	(71)
actuarial gains and losses arising on changes in financial assumptions	(5,920)	(800)
experience gain/(loss) on defined benefit obligation	934	376
other actuarial gains/(losses) on assets	0	
<b>Total Premeasurements Recognised in the Comprehensive Income and Expenditure Statement</b>	<b>(5,009)</b>	<b>(742)</b>
<b>Total Post-employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(4,013)</b>	<b>(247)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefit in accordance with the Code	(996)	(494)
<b>Actual Amount Charged Against the General Fund Balance for Pensions in the Year:</b>		
Employers' contribution payable to the scheme	456	504

### 34.9 Assets and Liabilities in Relation to Post-Employment Benefits (TBTF)

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	2022/23	2023/24
	£000	£000
<b>Opening Balance at 1 April</b>	<b>(16,184)</b>	<b>(12,111)</b>
Current service cost	(856)	(455)
Interest cost	(445)	(576)
Contributions from scheme participants	(124)	(143)
Re-measurement (gain) and losses:		
actuarial gains/losses arising from changes in demographic assumptions	122	71
actuarial gains/losses arising from changes in financial assumptions	5,920	800
experience loss/(gain) on defined benefit obligation	(934)	(376)
Benefits paid	390	589
<b>Closing Present Value of Liabilities</b>	<b>(12,111)</b>	<b>(12,201)</b>

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	2022/23	2023/24
	£000	£000
<b>Opening fair value of scheme assets</b>	<b>11,178</b>	<b>11,574</b>
Adjustment to opening balance	0	(324)
Interest income	305	536
Re-measurement gain/(loss):		
the return on plan assets, excluding the amount included in the net interest expense	(99)	247
Contributions from employer	456	504
Contributions from employees into the scheme	124	143
Benefits paid	(390)	(589)
<b>Closing Fair Value of Scheme Assets</b>	<b>11,574</b>	<b>12,091</b>
<b>Closing Balance at 31 March</b>	<b>(537)</b>	<b>(110)</b>

The liabilities show the underlying commitments that the Joint Committee has to pay in the long run to pay post-employment (retirement) benefits. The total liability of £0.110m has an impact on the net worth of the Council as recorded in the Balance Sheet. However the negative balance that arises measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

The total contributions expected to be made to the Local Government Pension Scheme via the Joint Committee in the year to 31 March 2025 is £0.503m.

#### 34.10 Scheme History (TBTF)

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, gender, salary levels, investment returns, interest rates, etc. The Cornwall Council pension scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, with the estimates for the City Council's share of the Fund being based on the latest full valuation of the scheme as at 31 March 2024.

### 34.11 Basis for Estimating Assets and Liabilities (TBTF)

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, gender, salary levels, investment returns, interest rates, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, with the estimates for the City Council's share of the Fund being based on the latest full valuation of the scheme as at 31 March 2024.

Basis for Estimating Assets and Liabilities	2022/23	2023/24
Mortality assumptions:		
Longevity at 65 for current pensioners:		
men	20.2	19.6
women	22.4	21.7
Longevity at 65 for future pensioners:		
men	22.6	21.5
women	26.2	25.3
Rate of increase in salaries	3.00%	2.75%
Rate of increase in pensions	3.00%	2.75%
Rate for discounting scheme liabilities	4.75%	4.85%

## 35 Contingent Assets and Liabilities

### 35.1 Contingent Assets

The Council has the following contingent assets to report:

#### Plymouth Airport

Plymouth City Airport is let on 150 year lease from 2004. The Council's Lessee served notice of its intention to close the airport in December 2010 because of continuing trading losses. On 23 August 2011 the Council's Cabinet accepted the notice of non-viability from the Lessee following receipt of three independent reviews of the airport business and options for its financial viability. The Airport closed for business in December 2011. The Council's freehold and the Lessee's leasehold interest are due to be merged and the former Lessee will then be responsible for obtaining planning permission and marketing the site. Any eventual net land disposals proceeds will be divided between the Council and the former Lessee 75%/25% less certain deductions. However, the timing and amount of any such receipts, if any, is uncertain; and is subject to a review of strategic policies that are applicable to the site. In February 2024 the Council served Section 146 Notices on Plymouth City Airport Ltd (PCAL) as it considers that PCAL is in breach of the lease terms.

### 35.2 Contingent Liabilities

The Council has no known material contingent liabilities to report.

**COLLECTION FUND FOR THE YEAR ENDED 31 MARCH 2024**

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 the distribution to Local Authorities and the Government of Council Tax and Non-Domestic Rates.



2022/23				Note	2023/24		
Business Rates	Council Tax	Total			Business Rates	Council Tax	Total
£000	£000	£000	Income	£000	£000	£000	
0	(151,981)	(151,981)	Council tax receivable	1	0	(160,460)	(160,460)
(80,732)	0	(80,732)	Business rates receivable	2	(86,183)	0	(86,183)
<b>(80,732)</b>	<b>(151,981)</b>	<b>(232,713)</b>			<b>(86,183)</b>	<b>(160,460)</b>	<b>(246,643)</b>
			<b>Expenditure</b>				
			<b>Apportionment of Previous Year's Surplus/ (Deficit)</b>				
(21,146)	0	(21,146)	Central Government		4,748	0	4,748
(20,723)	(895)	(21,618)	Plymouth City Council		4,653	1,473	6,126
0	(127)	(127)	Devon and Cornwall Police and Crime Commissioner		0	222	222
(423)	(54)	(477)	Devon and Somerset Fire and Rescue Service		95	84	179
<b>(42,292)</b>	<b>(1,076)</b>	<b>(43,368)</b>			<b>9,496</b>	<b>1,779</b>	<b>11,275</b>
			<b>Precepts, Demands and Shares</b>				
38,443	0	38,443	Central Government		43,590	0	43,590
37,674	123,287	160,961	Plymouth City Council		42,719	131,300	174,019
0	18,204	18,204	Devon and Cornwall Police and Crime Commissioner		0	19,588	19,588
769	6,777	7,546	Devon and Somerset Fire and Rescue Service		872	7,249	8,121
<b>76,886</b>	<b>148,268</b>	<b>225,154</b>			<b>87,181</b>	<b>158,137</b>	<b>245,318</b>
			<b>Charges to the Collection Fund</b>				
209	0	209	Renewable Energy Disregard		233	0	233
181	669	850	Write offs of uncollectable amounts		133	443	576
36	274	310	Increase/(Decrease) in Bad Debt Provision		213	1,565	1,778
(2,244)	0	(2,244)	Increase/(Decrease) in Provision for Appeals		(2,584)	0	(2,584)
0	0	0	Interest paid on refunds to ratepayers		80	0	80
308	0	308	Cost of collection allowance		306	0	306
<b>(1,510)</b>	<b>943</b>	<b>(567)</b>			<b>(1,619)</b>	<b>2,008</b>	<b>389</b>
<b>(47,648)</b>	<b>(3,846)</b>	<b>(51,494)</b>	<b>(Surplus)/Deficit for the Year</b>		<b>8,875</b>	<b>1,464</b>	<b>10,339</b>
			<b>Collection Fund Balance</b>				
39,265	(690)	38,575	Balance as at 1 April		(8,383)	(4,536)	(12,919)
(47,648)	(3,846)	(51,494)	(Surplus)/Deficit for the year (as above)		8,875	1,464	10,339
<b>(8,383)</b>	<b>(4,536)</b>	<b>(12,919)</b>	<b>Balance as at 31 March</b>		<b>492</b>	<b>(3,072)</b>	<b>(2,580)</b>
			Allocated to:				
(4,191)	0	(4,191)	Central Government		246	0	246
(4,108)	(3,762)	(7,870)	Plymouth City Council		241	(2,551)	(2,310)
0	(563)	(563)	Devon and Cornwall Police and Crime Commissioner		0	(381)	(381)
(84)	(211)	(295)	Devon and Somerset Fire and Rescue Service		5	(140)	(135)
<b>(8,383)</b>	<b>(4,536)</b>	<b>(12,919)</b>	<b>Total Allocated</b>		<b>492</b>	<b>(3,072)</b>	<b>(2,580)</b>

## NOTES TO THE COLLECTION FUND

### 1 Council Tax Income

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands based on an estimated 1 April 1991 value for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Devon and Cornwall Police and Crime Commissioner, Devon and Somerset Fire and Rescue Authority and the City Council for the forthcoming year and dividing this by the Council Tax base. The tax base is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and estimated collection rates: 74,891 in 2023/24 (2022/23: 73,830).

The basic amount of Council Tax for a Band D property (2023/24: £2,111.56) is multiplied by the proportion specified for the particular band to give an individual amount due. The calculation of the Council Tax Base is shown in the following table:

Band	No of Properties Before Discounts	No of Properties After Discounts	Band D Equivalents	Estimated Collection Rates	Adjusted Band D Equivalents
A	45,035	30,027	20,008	97.5%	19,508
B	31,882	25,930	20,168	97.5%	19,664
C	22,578	20,100	17,867	97.5%	17,420
D	9,520	8,770	8,770	97.5%	8,551
E	4,950	4,681	5,721	97.5%	5,578
F	1,829	1,744	2,519	97.5%	2,456
G	560	531	885	97.5%	863
H	29	22	43	97.5%	42
	<b>116,383</b>	<b>91,805</b>	<b>75,981</b>		<b>74,082</b>
Adjustment for MOD properties					809
<b>Tax Base Totals</b>			<b>75,981</b>		<b>74,891</b>

The Council Tax Base was calculated at the time the 2023/24 budget was set, based on the estimated number of properties and value of discounts applicable to each band at that time. The estimated income, allowing for non-collection, was £158.137m (£2,111.56 x 74,891). In practice, however, the average number of properties and values of discounts vary from the estimates, and the actual income increased to £160.460m (2022/23: £151.981m).

### 2 Income from Business Ratepayers

The Council collects Non-Domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government, this was frozen at 51.2p for 2023/24 at the same level as the rate for 2022/23, the rate for properties in receipt of Small Business Rate Relief was kept at 49.9p.

The administration of NDR is governed by the Business Rates Retention Scheme which was introduced in 2013/14. This aims to give councils a greater incentive to grow businesses but also increases the financial risk due to volatility of the NDR tax base and non-collection of rates due. In the case of Plymouth, the retained proportion of NDR income is 49 per cent. The remainder is distributed to preceptors: 1 per cent to the Devon and Somerset Fire and Rescue Authority (DSFRA) and 50 per cent to Central Government.

The business rates shares payable for 2023/24 were estimated before the start of the financial year as £43.590m to Central Government, £0.872m to DSFRA and £42.719m to Plymouth City Council.

These sums have been paid during 2023/24 and charged to the Collection Fund in year and include the previous year's surplus.

When the scheme was introduced the Government set a baseline funding level (based on local demand for services) for each authority and applied the system of tariffs and top-ups to ensure all authorities receive their baseline amount. In 2023/24 Plymouth had a baseline amount of £60.518m and received a top-up of £15.077m which was charged to the General Fund and included in note [14](#).

In addition to the top-up and tariffs, a safety net figure is calculated by Central Government. This mechanism is designed to protect local authorities from large fluctuation in their business rates income. The safety net threshold for Plymouth is £55.979m. As our adjusted retained income is above this level no safety net payment was due to Plymouth for 2023/24.

Section 31 Grant funding for Business Rate reliefs awarded by Central Government in 2023/24 was £17.992m based on the original estimates made in January 2023. Under the rates retention scheme local authorities became liable for their share of the liability arising from the in-year and backdated impact of successful business rate appeals. Based on the analyses of previous year trends and the list of outstanding appeals provided by the VOA as at 31 March 2024 the Council included a provision of £9.688m.

For 2023/24, the total non-domestic rateable value at the end of the year was £241.199m (2022/23: £227.710m).

### **3 Precepts and Demands**

#### **3.1 Council Tax**

The budgets of the City Council, Devon and Cornwall Police and Crime Commissioner, Devon and Somerset Fire and Rescue Authority are partly financed from the Council Tax. The sums required from Council Tax by the Council, Fire Authority and Police Commissioner are determined by each body as part of the budget process and are called demands (Council) and precepts (Fire and Police). The income from Council Tax payers is paid into the Collection Fund and payments are made from the Collection Fund for the demands and precepts due to the Council, Fire Authority and Police Commissioner.

#### **3.2 Non-Domestic Rates**

As described previously in note [2](#), the administration of NDR is governed by the Business Rate Retention Scheme.

NDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.